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Mosenthals timber for Katoogen

By IAN MUIR

RDM 14/4/75

PRETORIA'S fast-growing Katzenellenbogen group will acquire the extensive timber interests of the Mosenthals group now being digested by Mercabank.

The deal is as logical as Mercabank's offer of compromise to the Mosenthal group creditors.

Katzenellenbogen will acquire from Mercabank, by means of a combination cash and scrip deal, the entire as-

sets of Mosenthals Timber Holdings which includes, in its numerous subsidiary operations, 75 per cent of Managed Timber Investments, and 100 per cent of Rotchee's Saw Mills (Pty)

According to a joint Mercabank and Barclays National Merchant Bank announcement, the transaction "envisages an increase in the share capital but no change in the present control of Katoogen"

Effective control in the company, about 75 per cent, is held by the Tucker family of Pretoria

Mr Solly Tucker, Katzenellenbogen's chairman and managing director, said yesterday that the deal was "just what we have been looking for"

An excerpt from the company's 1973 interim report backs up this statement and must rank as one of the financial world's most followed-up forecasts

"While our progress has in the recent past emanated from our concentration on internal growth, the time is now ripe for additional acquisitions to be considered in the field of sawmilling, forest products and timber distribution," said Mr Tucker

"In the past we have funded acquisitions from retained earnings and our own resources, thereby avoiding the dilution of shareholders' equity by the issue of new shares"

PACKAGE

The firm has need of opportunities which we are now seeking through judicious acquisitions, however, may well in part be financed by an increase in the company's share capital, either by way of a rights issue or by the issue of additional equity as part consideration for the takeovers contemplated

In the form of Managed Timber Investments, Mr Tucker is getting the sawmilling, forest products and timber distribution

package he wanted, plus a bonus in the form of the much sought-after avenue into the mining timber supply business.

Katzenellenbogen, long admired by the industry for its professional degree of vertical integration, will now be in the timber business from seedlings to knocking the final nail into roof trusses

The announcement says:

In consultation with Katzenellenbogen transactions, may be concluded on behalf of the proposed merger with third parties for disposal of a portion of the timber interests acquired"

This refers to negotiations conducted by Mercabank with prospective piecemeal buyers before Mr Tucker's offer of taking the whole package. Mercabank has indicated, however, a moral obligation to see these discussions through, but will conduct them as an agent for Katzenellenbogen

DOVETAIL

Mr Tucker said that only those assets which would not dovetail, immediately into the group are being discussed

The increased scale of vertical integration will reap rich rewards for the company in the form of profitable rationalisation and co-ordinating economies

For another, the link with Mercabank will no doubt be strengthened as mutual back-scratching will be available through Mercabank's building association. Monday's Sandygray is one area which could provide an important outlet for Katzenellenbogen

Widespread forecasts of hard times ahead for the building industry are debated, but few argue with the point that this view is essentially a short-term one

Building starts are slowing down but population growth is fast outpacing accommodation, and demand will soon start to put pressure on the market

Board plant shutdown

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25/4/75
N. Mercury Reporter

HULETTS Corporation's R5 000 000 Hulsakane factory at Amatikulu is to stop operations until further notice due to the slump in the building and furniture industries.

This was announced soon after it was learned yesterday that production at Masonite Africa's Canelands factory has been reduced and that 258 workers at the Estcourt plant had lost their jobs.

A spokesman for the Huletts Corporation said yesterday that the Hulsakane factory, which manufactures particle board products from sugar cane fibre, would be put in "mothballs" until the state of the market improved. Stocks of finished goods would be sold.

Commenting on yesterday's announcements, Mr. Roland Freakes, director of the Natal Chamber of Industries, said he could not be specific about recessions without going into the particular industries concerned.

"I can say that we have not been deluged with reports of retrenchment. However, certain sectors have been hit harder than others.

"The building industry seems patchy on the information available to me but I have found it hard to pick up a pattern," he said.

Mr Archie Smith, director of the Master Builders' Association, said that the speculative house building industry had taken "a bit of a knock" because of bond money problems.

"If the industry is levelling off then it's doing so at a pretty high level," he said.

The Huletts Hulsakane factory suffered substantial losses in 1973-74, only a year after it was opened in July 1972.

According to the company spokesman there

would be some retrenchment among the staff of more than 100 employees of all races. However, the majority would be found jobs in other parts of the Huletts organisation.

At the time of opening, it was hoped that the mill would be the start of an industrial "explosion" in the area. It was designed to produce 120 tons of building material a day but, in its first year there were start-up losses and production delays.

PROBLEMS

During the 1973-74 period it suffered from technical problems, lack of qualified maintenance staff at the factory and breakdowns in machinery.

The factory was closed from April to May, 1974, for a complete overhaul.

The management and finances were then reorganised and restructured.

Explaining the reasons for the Masonite Africa cutback yesterday the company's chairman, Mr P. B. MacFarlane, said that the export market, particularly in the United Kingdom, showed no sign of revival and the local market was "very sick".

He did not expect a recovery this year.

At the Estcourt factory the hardboard plant is being phased out and will be shut down by the month end. Some workers are being moved

to other parts of the factory in which production will continue, but at least 25 have lost their jobs. They will be retrenched in stages.

About 220 Africans, 11 Indians and 27 Whites are affected by the shutdown.

Softwood row splits industry ⁽¹⁹⁹⁾

Sun Times (Bus Times) 18/5/75

By DAVID PINCUS

ALLEGATIONS that large quantities of imported structural timber are being sold by merchants has stirred up something of a hornets' nest in the South African timber trade.

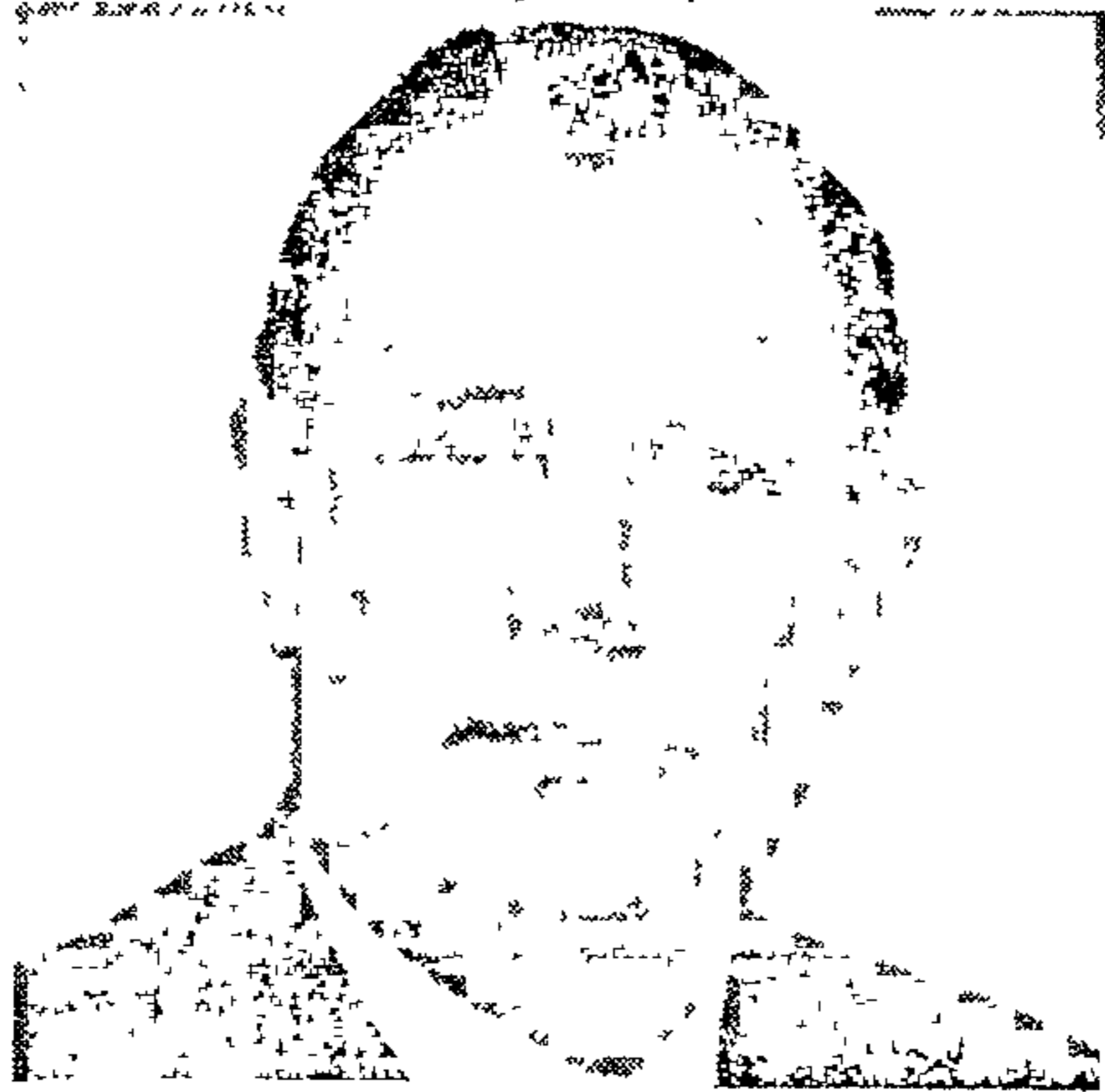
The situation has a Mickel Mouse air about it, because allegation, accusation, and surmise seem to be replacing fact, to a certain degree.

Lumber millers and laminated timber manufacturers say they are 'certain' that imported structural timber is being sold in the country.

Their association the South African Lumber Millers Association (Salma) is also sure that sufficient imported timber is being sold in South Africa right now to affect the sales of SA pine, and knock the bottom out of the market for locally produced laminated timber.

But the association does not know who is selling the timber, so has employed consultants to track down the offenders.

It is so certain that this timber is being sold here that at a recent regional conference in the Eastern Cape it passed a resolution



Dave Eloff, director of Salma . . . "We know there are large quantities of imported softwoods in South Africa."

decrying the practice, pointing out that imports are placing the South African pine and finished products industry in serious danger.

The people who one would normally expect to be selling the imported timber — if in fact, it is being sold at all — adopt an injured 'Who me' — never — attitude, and are quick to point out that the importation of softwood is strictly governed by the Controller of Imports and the Department of Forestry.

In trying to get to the bottom of this affair I was told that some firm (once again no name was mentioned) had imported large quantities of wood to Lourenco Marques before the turnover in control in Mozambique.

The wood was kept in storage there, and sent piecemeal to South Africa.

Apparently, by a brilliant piece of business, the importer was able to move all the wood to a store in South Africa. According to current rumour in the market place, he was able to do this by proving to the authorities that he had paid for it in good, hard currency, and that there was a real danger of it being confiscated if it were left in Lourenco Marques.

The rumour has a few flaws in it. For example, the import authorities know nothing about their having given permits for it to cross the border into South Africa — and it is logical to presume that they would have to give their permission before it could cross the country's borders with Mozambique.

The rumour also does not state who the timber belongs to, or even which town or city in this country it has been moved to.

In my efforts to uncover details I spoke to several prominent timber merchants, and to Salma.

A spokesman for Federated Timber dismissed the allegation as "all nonsense — people aren't going to pay twice as much for imported timber as they pay for the local product."

"Very little timber is being used now, so local producers can supply all we need."

"There is very little bond money available, so few houses are being built. In fact, while on this subject, I must say I am most disappointed with the Government for not giving building societies any leeway in the Budget."

"That would have helped the little man wanting to build his own home and it would have helped the industry."

Harry Levinsohn, chairman of the Timber Association of Southern Africa, which represents the Timber Agents' Association, the Timber and Allied Trades Association, and the Timber Traders' Association, said:

"I want facts and figures,

when I get those we can comment on the allegation. I don't know what they are talking about. The fact is that no permits for the importation of softwoods has been issued so far this year."

Bertie Lubner, managing director of PG Wood said he had heard the rumour but did not know if it was true.

"I hope it isn't true, because if it is, it's a shame," he said. "There is no need to import any softwood at all."

"The little that does come in to the country is brought in for certain specifications that our forests cannot, as yet, supply. But there's no need to import even that because our laminate suppliers can provide all those specifications."

"They can supply everything needed when longer lengths and better performance is required."

"If there was a total ban on the importation of softwoods, the country wouldn't suffer. As our trees get older their quality and size improves. In another five years we will be able to do without imported softwood completely."

Some Cape pine is equal in quality to the best grown anywhere else in the world, and there's really nothing to complain about the run-of-the-mill SA pine. It has improved tremendously because of improved growing, cutting, and curing methods.

"The South African lumber industry needs our assistance now. It needs the boost we can give it to get it over the hump, and because it can supply everything that we will need for at least the next year there is absolutely no need to import any softwood."

Paul Hoogendyk, chairman of South Africa Timber and vice-chairman of the SA Timber Traders' Federation, said: "They (Salma) always overplay it. The only softwood that is imported is for special purposes in the construction industry for which our timber is not suitable."

"It is no threat to our local supplies, because at most, only about five per cent of the timber used in this country for construction is imported."

The South African Lumber Millers' Association does not share that

view. Dave Eloff, director of Salma, told me: "The industry is most perturbed about the excessive imports of softwoods particularly now with the market as depressed as it is."

For four months now, the laminated timber industry in this country has been going through desperate straits because of the imported softwood.

It is obvious that people who have imported softwood on hand will sell that before they sell South African softwood, because they have already paid for it."

Mr Eloff said it is impossible to estimate how much imported softwood there is in the country, except by measuring its effect on the gluelaminate industry.

"We are investigating, and have called in consultants to help us with our investigations," he said.

"We know that there are large stocks of imported softwoods in the country. This is obvious when you go around the coast."

Asked how he thought the wood was getting in to South Africa he replied: "There is possibly something wrong with the control system used for the importation of wood."

"Hardwood can be imported without permits because we do not produce enough in this country to meet the demand."

"Unless the Customs people know the difference between softwoods and hardwoods it can happen that softwoods can be imported as hardwood, and cleared as hardwood."

"We are also concerned that the SAR can import large quantities of softwood without any restriction. Much of their imported softwood comes in short lengths, of which there is an abundant local supply."

Sawmills, he said, were not having any difficulty in selling certain sizes in the best grades but had problems with lower grades, which were normally sold mainly to the gluelaminate industry.

The only bright spot he saw in the picture was that the Government has a number of housing projects in the pipeline.

Fort Hare man will *date: 16/6/75* train 150 000 workers

EAST LONDON — The South African Forestry Council has appointed Professor Wolhuter Backer, 38, an authority on work motivation, as director of training for the timber industry.

Professor Backer, professor of industrial psychology and Dean of the Faculty of Economic Sciences at Fort Hare, takes up his new post on July 1.

He is the author of the book, *Motivating Black Workers*, and is well known for his seminars on personnel management and work

motivation.

Professor Backer will be responsible for training more than 150 000 workers in the timber industry — 95 per cent of them blacks.

The forestry council, a statutory body, has set aside a budget of more than R200 000 to establish the training scheme on a national basis. South Africa's first training school for rural blacks will eventually be established under the scheme. In addition mobile units will reach timber workers in remoter areas. — DDC.



PROF BACKER

Booby-lime blow to timbermen

Sun Times (Bos Taz)
6/7/75

By DAVID PINCUS

THE TIMBER Marketing Bureau (TMB) has cut the flow of structural timber from South African sawmills to merchants by a massive R9-million a year, because of the drop in the number of houses being built.

Sawmills in the Transvaal, Natal and Swaziland have had their basic quotas reduced by 20 per cent, large mills in the Cape have had theirs reduced by 10 per cent, and all small mills — those that have an annual log intake of less than 15 000 cu m — have had theirs cut 5 per cent.

Willie Immelman, chairman of the TMB, which was formed two years ago to rationalise the sale of South African structural timber, told me:

These restrictive quotas apply only to structural timber — timber used for building. They do not apply to timber used for industrial purposes or for the making of blockboard, or doors, or anything like that.

The position is now so serious that we had no difficulty in persuading our members to accept the restrictive quota, nor did we have any difficulty in persuading the Department of Forestry, which is not a member of the TMB, to restrict its production of structural timber.

This is a heavy blow for the industry. The 25 per cent restrictive quota means a reduction of R765 000 on a monthly turnover for the industry of R2 660 000, or a reduction of R9 216 000 on an annual turnover of nearly R32-million, taking the value of timber at an average R63.43 a cu m.

During August to September last year the average amount of structural timber sold a month was

41 900 cu m. It dropped to an average of 29 800 cu m a month during April and May of this year.

Producers say that it need not have dropped by as much as 12 100 cu m a month, on average, he said. They blame a serious shortage of railway trucks for part of this drop.

The big groups that have substantial interests in forestry, and the State itself, will have to take the hardest knocks, but they will be able to survive the blow better than the smaller producers, because of their financial strength. The State's sawmills produce about 60 000 cu m of timber a year, which is much less than the combined total of the big groups.

Anglo-American, which has forests in Natal, Swaziland and in the Transvaal, is the biggest of the private groups.

The other big group with forestry interests are the Bopuskor group, with forests in the Transvaal

and the Cape, the Hans Merensky group, with forests in the Transvaal and Natal, the Bruply group, which has forests in the Cape and in the Transvaal, and the East Asiatic group, with forests in the Transvaal and Natal.

Taking the number of houses built for Whites by the private sector only as a guide, it is easy to understand the need to cut back on the sale by mills of structural timber.

According to the Department of Statistics, the number of houses built privately for Whites from January to May this year dropped by 254.

In the period January to May last year, 9 378 houses falling into this category were built, and in the same period this year the figure dropped to 8 124.

Mr Immelman said the TMB expected to see a revival in house building only in the second quarter of next year.

We are not stopping our members from producing more — they can do that if they have the space to store excess production. We are stopping them from selling more," he said.

They will reap a slight benefit in that the trees that will not be felled will grow for longer, so they will be able to supply better grades of timber when demand returns to normal — but that will not be sufficient to offset the restricted cashflow's effects.

Willem Roets, of the University of Stellenbosch's Economic Research Bureau, was as pessimistic about the future as Willie Immelman.

We expected an economic revival towards the end of this year, but we now doubt whether it will materialise.

The earliest we can now expect a turnup will be in the middle of 1976, with 1977 being the year of real growth.

Looked in the mirror— and found timber

PLATE Glass' big timber and board division was established more than 50 years ago and is today one of the country's leading suppliers

It first entered the timber and board business when it started supplying furniture manufacturers

The man behind this section of the business, Bertie Lubner, recalled how PG's interest in wood came about

My grandfather was a small-time cabinet maker and my father as a youth helped him in his shop

In his spare time he offered certain lines to the furniture trade, particularly mirrors. He then got agencies for plywood, timber and hardware, and eventually began to carry a bit of stock

That brought us into the field as a supplier of basic materials — glass, hardware and timber

Initially the size of the business was such that all products were kept under one roof, but as each product range developed we needed more specialised facilities and staff and indeed we assisted very materially in the growth of the furniture industry by having stocks available to meet its needs

The group today as P G Timbers began its activities in timber mainly with hardwoods and plywoods because of the lack of indigenous growth in the country — almost all had to be imported

Examples of this were teak which was imported from Burma and Thailand, beech from Yugoslavia, mahoganies from the West Coast of Africa, oak from Japan

Before and during the war, the company brought in logs and sawed them into boards, introducing species

into the country which are household words today, such as imbuia and kiaat

Today the company is the biggest importer of hardwoods in both range and volume and has established yards in all the main centres throughout the country

Realising the need for not only horizontal expansion but also to vertically integrate its activities, the group became involved in certain areas extracting logs out of the forests and turning them into a range of basic raw material designed to get the maximum use from them

The better logs are sliced and peeled for veneers and others are used for railway sleepers or cut into boards for furniture manufacture

"There came a time when we realised that in the countries we imported from we were entirely in the hands of the suppliers, who were thousands of miles away. This did not seem to be a very satisfactory situation," said Mr Lubner

We decided to look after our own interests by making sure we had our own buying offices and yard facilities in most of the supply countries

This developed, in association with others into on-the-spot buying and storage. Being on the spot eliminates several risks

Before PG went to the source, inferior timber was often sent to South Africa in unreliable trampships

We now have better control over the supply and regularity of shipments, so we have a far more reliable and economical business

Hardwoods are expensive and we realise the importance of quality. At all the big centres kilns to dry the timber are installed and we have extensive machine shops to turn the timber into the many finished products required by the trade and public

Timber is a living commodity — it needs careful and specialised handling

"After the war, SA pine

was not considered good enough as either a structural or furniture grade of timber, and we had to import softwoods from Canada and the Baltic countries

Over the years, through Government afforestation schemes and the fact that farmers and industrialists began to see that there would be a shortage of pine not only for the construction and furniture trade but also for pulp for paper and board products, many private areas were cultivated and young pine planted

With careful planning the forests have so matured that today the local industry can supply 95 per cent of the country's pine requirements

With the increasing costs of labour, and to combat inefficient costing methods of roof erection, the PG group is now offering a unique service through their 20 Hydro-Nail plants strategically located all over the country

These plants turn out completed roof trusses to which the timber has been joined by a patented system of anil plates and the finished product delivered to the site

Boards were all initially imported in the form of plywood and multiply

Most furniture was made from solid wood, but as this material became more and more expensive, so substitutes developed

Plywood was mainly used for drawer bottoms and backs and also decorative purposes. PG imported all that was required and developed into one of the biggest distributors of these products

As wood substitution developed more and more, products were manufactured in South Africa and less was imported

PG, to maintain its place in the market, became involved in the manufacture of all the new products — chipboard, plywood, blockboard, doors and plastic laminates

Today many of the

group's products are accepted as standard components for base furniture and fittings

PG integrated its board business by investments in board manufacturing

The companies making up this division are African Lumber and Premier Woodworking, the largest board producers in Rhodesia, Raymond Plywood (Arlode) (Pty), manufacturers of high quality doors, blockboard and panelling, acquired by Plate Glass in 1968, Johannesburg Mouldings (Pty), acquired in the same year as a manufacturer of hand-finished picture frame mouldings, and Solid Timbers (Pty), a wholly owned subsidiary dealing in laminated pine products

Also in the division are partnerships, Nigel Timber and Hardware (Pty), one of the largest manufacturers in the country of wooden pallets, crates and boxes and Louvre Centre (Pty), specialising in decorative and functional carved louvre doors and home accessories

Solution in low-priced housing

John Patten,
Political Correspondent
The Minister of Forestry, Mr S. P. Botha said today the large scale introduction in South Africa of brick veneer wooden frame houses would help alleviate the present shortage of reasonably priced housing.

Brick veneer housing held many advantages — such as speed of erection and very reasonable cost — Mr Botha told the South African Timber Miller Association annual meeting.

In the United States, Australia and other countries with climates comparable to South Africa's, large numbers were built and it was logical that this should be practical in South Africa. Not only would it alle-

viate the shortage of reasonably priced houses, it would create a considerable demand for short timber — usually in over-supply.

Mr Botha said a manual prepared by the National Building Research Institute of the CSIR on brick veneer houses should be available before the end of the year.

"A promotion campaign of this type of construction can then be undertaken," the Minister said.

Sappi profits

R6,8m for

SIX months

Cape Times 7/8/75

JOHANNESBURG.—In spite of a reported weakening demand for Sappi's products in the early part of this year their after-tax profits for the half year ended June 30 rose to R6 861 000 compared with R6 496 000 for the same period last year, according to an interim report published yesterday.

Earnings per share rose from 23,9c for the first half of last year to 25,2c.

The directors reported that the strong demand for the company's products experienced in 1974 dropped off and by the second quarter of this year the sale of fine papers were sharply down with kraft and newsprint also slackening.

The directors attributed the improvement in profits to the higher prices of paper and, in particular, newsprint.

As regards future prospects, the fine paper market had improved but was still below last year's level while the Newspaper Press Union had indicated that there would be a 23 per cent cut in newsprint requirements for its members for the second half of the year.

The directors reported that in spite of company savings it was not expected that the second half earnings would match those now reported.—Sapa

'Morbid fear of wood'

Cape Times 15/8/75

SOUTH AFRICANS have a morbid and unjustified fear of having wood in their houses, said a speaker at a Sea Point symposium on the use of timber in buildings yesterday.

"There is far too much irresponsible and unintelligent talk going on in some quarters about the hazards supposedly associated with timber houses," said Mr D H Eloff, director of the South African Lumber Millers' Association.

He reminded symposium members of:

● The "millions of Bantu who live safely in pole-supported, thatched roof huts, inside which they light open fires without restriction; yet we do not have these houses being constantly burned down".

● The World War II blitz in London when "fire wardens did not like to enter houses that contained less than one third wooden beams and framing . . . (because) wood beams will char but continue to support their load".

Mr Eloff concluded that building by-laws enforced by local authorities were influenced by "this apparent chronic fear of the fire hazard".

An example, he said, was the regulation which he believed was recently enforced by the Cape Town Municipality. This regulation prohibits timber ceilings in structures such as rooms, foyers and exits which house more than 100 persons at a time.

Opposition mounts to S.A. Board take-over

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— 7 —
— 15 —
— 100 —

Natal Mercury 19/8/75

Financial Reporter

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

Shareholders are being offered 13 AMIC shares for every 100 S.A. Boards and the same ratio in a parallel offer for the holding company, Stafford Mayer.

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

Earnings per share were 21.2 cents for 1975 which was less than those for 1974 (25.6 cents) but were, in fact, higher than in any of the past five years except for 1974.

SUGAR PROFITS

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

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

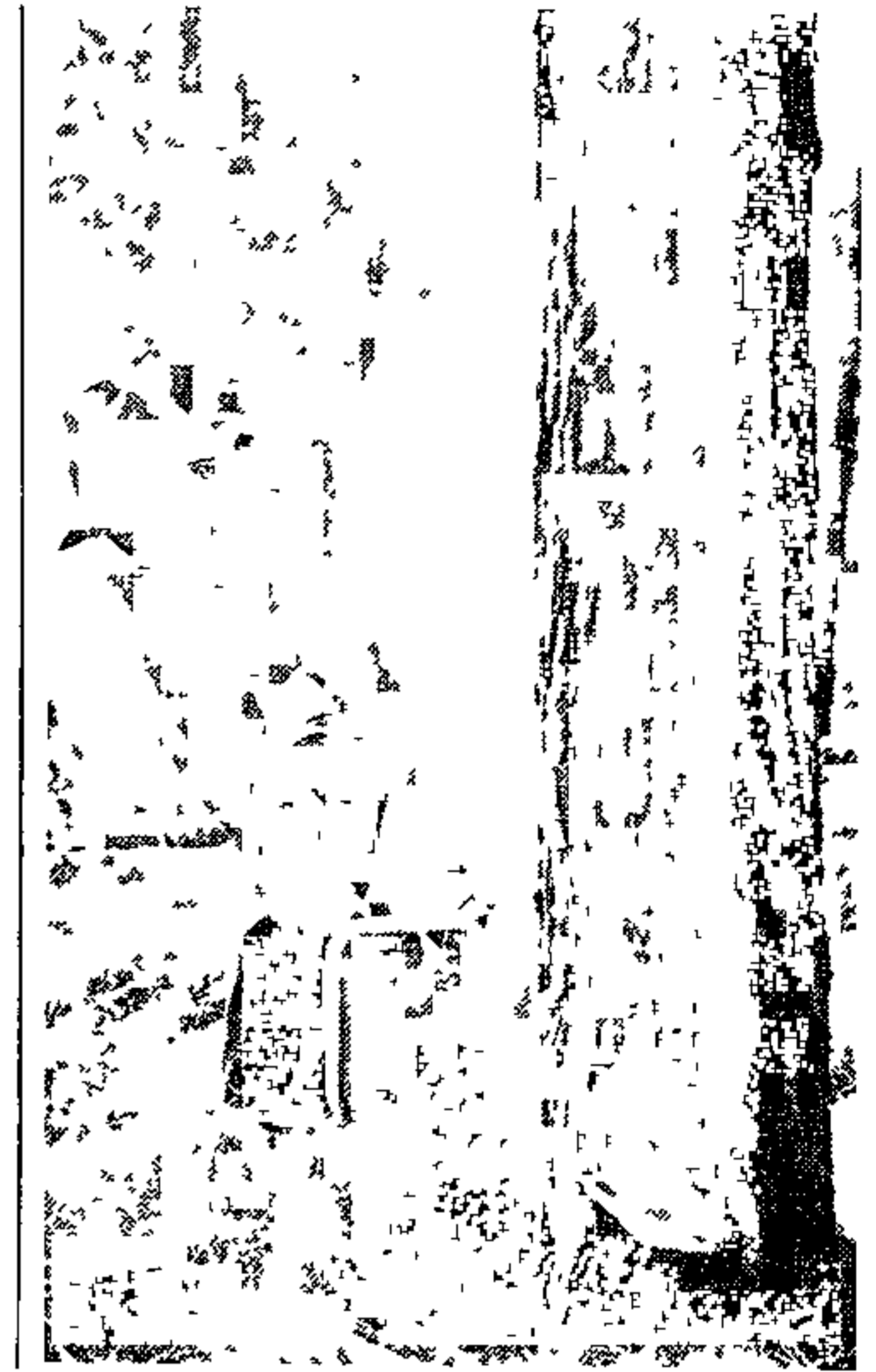
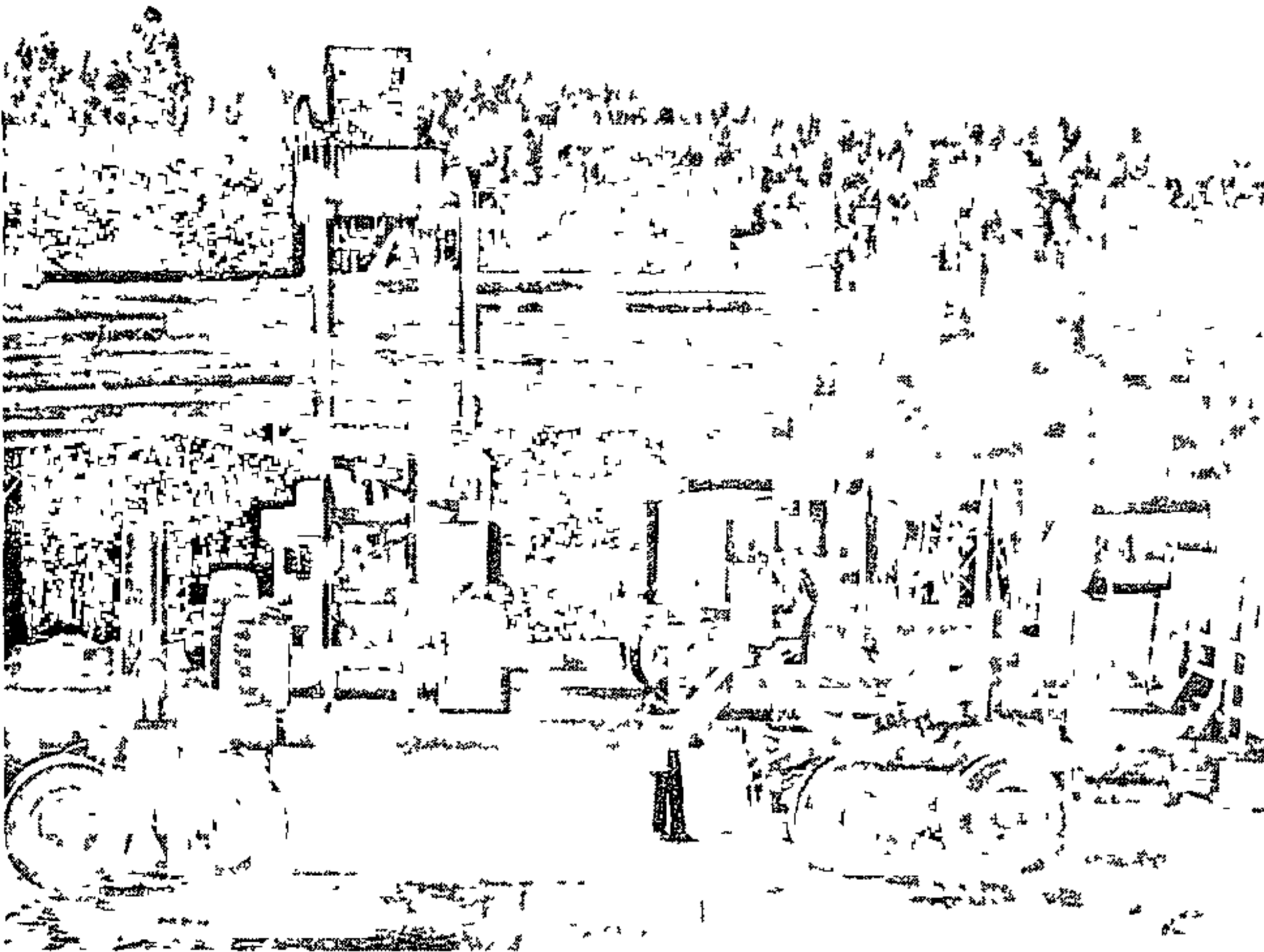
The Association says the company is soundly based but is suffering from the current downward cycle in the paper trade. Shareholders should resist the bid.

SUBSIDIARY

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

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

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



Woodmen spare those trees the industry's in trouble

Timber out of the wood?

FM 12/9/75
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Sales cuts may have saved some high-costs saw mills from bankruptcy. But in the longer term only improved techniques will help

Saw milling was in growing financial trouble when the Timber Marketing Bureau imposed volume cuts on sales of structural timber on June 26 in order to relieve the downward pressure on prices

For saw mills in the Transvaal, Natal and Swaziland, quotas were reduced by 25% on 1974 sales levels. For larger mills in the Cape the cut was 10%. But for those with an annual log intake below 15 000 m³ it was limited to 5%. Thus some of the smaller mills may now be trading more profitably than before June 26. Some have probably been saved from the bankruptcy that could have resulted if prices had not been stabilised

However, the industry is still in trouble, thanks mainly to the continuing recession in private housing. But timber prices are no longer under as much pressure, and there are signs demand is

improving. The worst could be over

Chief reason for the squeeze on the mills was the fall in demand for structural timbers from private house builders

Initial estimate of the cost of the cuts was a massive R9m/a in lost turnover. Some of this must already have been made up by slightly improved prices. There has also been an improvement in the availability of railway trucks. What sacrifices remain are being borne mainly by the larger and more efficient mills. Which was one of the main reasons for the general shape of the scheme.

Two months of experience of the quotas appear to have established their overall success in stabilising prices although there have been problems

Trouble is that about 15% of the mills are outside the TMB, and so cannot easily be controlled. Most of the price

cutting has come from these mills.

At least one major non-TMB member group is known to have been keeping down its prices to merchants in order to expand its market share, and other instances have doubtless escaped detection. When first introduced the quota scheme revealed the industry's weakness for all to see and this prompted some merchants to demand lower prices. That phase seems to have passed

TMB chairman Willie Immelman denies rumours of widespread price cutting. "Merchants are as much interested in steady prices as the saw mills are", he says. "Some of them have complained that the quota restrictions were not large enough, that they are still having to take too much timber." He also claims there has been no trouble about broken contracts

This is supported by some of the larger merchants. Federated Timbers confirms that the quotas provided a welcome respite from steadily mounting stocks of constructional timber. Main complaint is the increased competition from merchants who are still able to buy at lower prices from mills desperate to maintain their cash flow

One reason why the quotas were readily accepted could be the absence of alternative markets for structural timber. The mines nowadays buy mostly SA soft-woods for constructional purposes and there have been attempts to sell them more. But these have not been particu-

larly successful as a source of relief because demand from the mines is not expanding.

Efforts to sell more to the Railways have not been successful either. The specifications Railways impose are extremely exacting, and only a limited number of sources can meet them. One of the chief remaining hopes for higher sales, the furniture industry, has itself been depressed. So alternative markets have offered little scope for the mills to disregard the quotas.

Demand is not expected to improve much beyond its present level for some time yet. Immelman does not expect any appreciable upturn before the second quarter of next year. In the meantime here's nothing to prevent mills producing more timber provided they are prepared to store it in anticipation of better days to come.

Main reason for the establishment of the TMB in the first place was to enable mills to pay better prices to growers and

so encourage planting. Timber is regarded as a strategic industry. But at the moment it's clear that prices are being maintained by quotas at the expense of house building costs.

Timber cost for an average house, mostly incurred in roofing, is between R600 and R700. Had prices not been stabilised, these figures would have been lower at least for a limited period. In the past year there has been a rise of 25% in the controlled price of structural timber. It's unlikely price cutting would have reduced actual timber costs substantially.

There is obviously a price being paid for rescuing the higher cost section of the saw mill industry from the effects of temporary recession. Question is whether it should be saved at all, because in the normal course it would probably be rationalised out of existence anyway.

One timber man who believes the effort worth while is SA Forest Investment MD David Gevisser. "A rescue operation protects capital and skilled

manpower in the short term" says Gevisser. "The real test is whether these when demand picks up."

Looking further ahead Gevisser foresees increasing consolidation among saw mills, with the weaker units gradually being eliminated. He also advocates more sophisticated marketing techniques to meet conditions of growing shortage in the longer term of the mills' raw material.

"There's no real danger of a long term surplus of soft-wood timber either in SA or worldwide," Gevisser believes. "Competition from other users, such as paper pulp and chemicals, promises to be too strong."

That's not necessarily good news for the saw mills whatever consolation it may be for the growers. Even when demand revives and quotas are no longer needed, those mills determined to survive will have to revolutionise production and marketing techniques if they are to fight off rival buyers for their raw material and rival suppliers of substitutes for timber.

XDC in take-over of Stuttkor group

Daily Disp. 24/9/75 ① 10
12/11/75

199

EAST LONDON — The Xhosa Development Corporation, Sappi Ltd, and the Hans Merensky Foundation have jointly acquired the controlling interest in the Stuttkor group of companies from Mr P. J. Swart, previous chairman of the group and controlling shareholder.

This has been announced by Mr F. S. J. Maritz, managing director of the XDC and new chairman of the Stuttkor group.

Stuttkor's main activity is in Butterworth, in the Transkei, where a R3,3 million factory has been established. It concentrates mainly in the processing of indigenous wood from the Transkei, and manufactures veneer and plywood. It employs 500 black workers.

Plans are in hand to expand the factory, which is equipped with the most modern equipment, imported from overseas, to create further employment opportunities.

Sappi, who already have an interest in the Transkei through Chet Industries — a match manufacturing company — together with the Hans Merensky Foundation, who have put up a sawmill in conjunction with the XDC at Singisi, have now, through the interest acquired in Stuttkor, expanded their activities in the wood industry of the Transkei.

Sappi and the Hans

Merensky Foundation, with the XDC, plan to develop further the wood industry in the Transkei.

Stuttkor's other activities include sawmills at Butterworth, Cofimvaba, Baziya and Stutterheim.

At Stutterheim there is also a factory making doors, mosaic floor covering and furniture from indigenous hard woods such as blackwood, stinkwood and yellowwood — which is now South Africa's national tree.

The new directors of Stuttkor are Messrs F. S. J. Maritz, Frans Meisenholl, and A. D. Liefeldt (representing the XDC); J. E. Henderson and R. T. Day (representing Sappi); J. B. C. Roets and N. J. Morris (representing the Hans Merensky Foundation); W. R. M. Kullin and R. H. Addison (representing Hulleys), P. A. Becker and K. Braun (representing certain minority shareholders).

— BUSINESS EDITOR

BONUSKOR TO TRIM investment portfolio

• Sun Times (Bus Times) 28/9/75

199

By COLIN CAMPBELL

BONUSKOR is looking at some of its minority investments as a means to raise additional finance, the directors say in their 1975 report.

At June 30 the total market value of these investments was R23-million, approximately one half of which do not have any real strategic value to Bonuskor and can therefore be disposed of freely.

The rate of selling is obviously determined largely by market conditions and expectations the board adds. The directors are looking for higher profits this year despite the current fluid economic and monetary situation.

Saw-milling, an industry in which Bonuskor has substantial investments, has been under pressure for some time.

Timber

Timber interests managed to achieve "reasonably satisfactory results" last year, but the board warns that if current weak market conditions continue, which are linked to the slump in the building industry, and quota restrictions are maintained, profits of the group's timber interests may more or less be halved this year. In the year to June 30 1975 net earnings rose from 16,6c to 19,8c a share and the dividend was raised from 6c to 7c. The directors defend the 2,8 times dividend cover because of the additional needs of the group and the climate of business conditions.

Net asset value was 181c a share at June 30 compared with 166c a year earlier. This week Bonuskor shares were traded on the JSE at 77c.

MERCURY 20/10/75

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Costly fire

at plant

Mercury Reporter
20/10/75

TWO HUNDRED tonnes of timber and R500 worth of wax was burnt in a fire at the Masonite Africa Limited mill at Canelands, North Coast, during yesterday afternoon's heatwave.

Because of the danger to the nearby factory, fire engines from Durban North, Tongaat and Stanger were called to assist the mill's own fire fighters.

The fire started when sparks from the mill's waste burning dump were carried by the wind and landed in dry grass

From packing

cases into

pallets

199

Natal
24/2/76

MACRALL TIMBERS, a wholly owned subsidiary of the Rennie Group, moved to Prospecton in 1971. One of the reasons for the move was to be near the new Motor Assemblies plant, with whom the company has a contract to clear all packing case material once the contents of the packing cases have been used by the assembly plant.

Macrall use the recovered timber in the manufacture of boxes and crates, export pallets, workbenches, wendy houses, picket fencing and other items.

As the recovered timber is mainly of a hardwood variety it is also popular with the building industry and homeowners, less in-

clined to warp and twist than the local pine.

Although the recovered timber was of the utmost importance initially, the trend has altered somewhat with new S.A. pine being used in 80% of the products manufactured.

A further reason for the move was to expand and improve facilities for the manufacture of pallets.

Furniture Factory

The first furniture factory to move to Prospecton was that of Peach and Hatton Heritage (Pty.) Ltd Their factory, which is all on one floor, covers an area of approximately 5 000 sq. metres and is equipped with the latest machinery in use in the furniture industry.

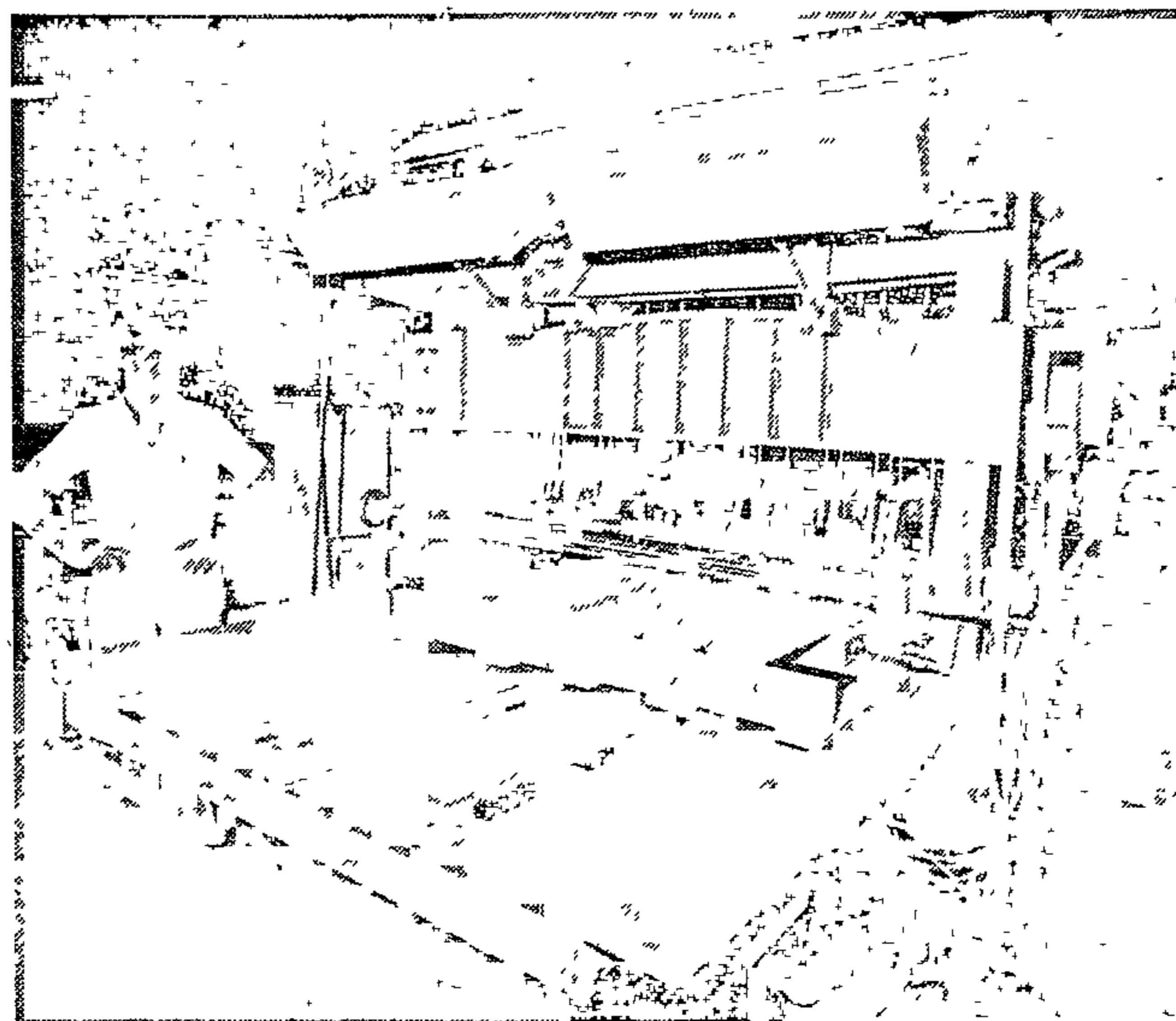
In addition to supplying the retail furniture trade Peach and Hatton manufacture kitchen units and built-in cupboards for building projects including flats and hotels.

The business was started in 1904 by Mr H. T. Peach, who was later joined in partnership by Mr W. H. Hatton. The partnership traded under the style of Peach and Hatton becoming a limited liability company in 1941 operating from a

The company was the first in the country to install automatic pallet nailing machines to speed up production. Since moving to Prospecton a second, more advanced, nailing machine has been installed which has greatly increased capacity.

Macrall back up their sales with a pallet repair service and a recent innovation has been the introduction of a mobile, repair service which undertakes pallet repairs on customers premises.

Operating from the same premises is another member of the group, Macpool National Pallet Hire. This company offers pallets for hire on a daily or contract basis. A feature of the service is that pallets may be used for consignment of main centres in the Republic and the empty pallet returned to the Macpool depot in that centre.



Mr. Neville Thompson, Sales Manager at Macrall Timbers with one of the heavy duty nailing machines used in the manufacture of pallets

Minister warns an industry

nm.
26/11/76

Agricultural Correspondent

THE timber industry was warned by the Minister of Water Affairs and Forestry, Mr. A. J. Raubenheimer, yesterday that he would not support price increases until the industry put its house in order.

Addressing delegates at the annual congress of the South African Wattle Growers' Union in Pietermaritzburg yesterday, Mr. Raubenheimer said: "I very much fear that with continued price increases for structural timber, we have now reached the stage where this commodity may be substantially priced out of the market."

He said price increases would only be justified if the industry increased efficiency and productivity.

It was "disconcerting" that some industrialists solved the problems by putting up prices.

Mr. Raubenheimer said that in contrast to the wattle industry, "the forest and timber industries are experiencing lean times."

Money was tight "and it may become tighter before the position improves."

Mr. Raubenheimer said sales statistics indicated that with every increase in the price of structural timber, sales plunged.

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TRAIN LABOUR, TIMBER INDUSTRY TOLD

15/2/77

Agricultural Correspondent

THE Minister of Water Affairs and Forestry, Mr. A. J. Raubenheimer, and the forestry director of Sappi, Mr. P. M. Stratten, yesterday appealed for better training of non-White labour in the timber industry.

In his opening address at a symposium on harvesting and transporting timber being held in Durban, Mr. Raubenheimer said: "Properly trained operators for expensive

equipment, as well as trained labour to supply the essential supporting services are indispensable."

He said he hoped a training scheme estab-

lished by the Forestry Council would be properly utilised.

Mr. Stratten stressed the importance of selecting and training workers.

"Rural Africans can be trained to operate and maintain sophisticated machines. They want to learn and teaching them can be very rewarding.

"In many respects southern Africa has some of the world's best workers who can be moulded to operate almost any system, given time and attention," Mr. Stratten said.

Big reshuffle in Federated Timbers

20/2/77
Mr Natie Kramer

MAJOR STRUCTURAL changes are taking place in Federated Timbers, a member of the Barlow Rand Group.

These changes are necessary because the chairman and managing director, Natie Kramer, has reached retiring age and is due to retire officially within a few weeks. He is to leave South Africa to live in the US.

He has already appointed an interim executive committee consisting of F. J. ("Boy") Barrell (chairman), Pat Oppler, Issy Bresgi and Alec Ratus. This committee will be directly responsible to Derrick Dyer, an executive director of Barlow Rand.

By DAVID PINCUS

Federated, will now become a direct subsidiary of Federated, United's managing director, Morris Aronsen, will also report to Mr Dyer. Mr Dyer stressed that the committee managing Federated is a temporary one.

"We are in the process of structuring a new management team for the company and will announce it soon," he said. "Mr Kramer is a dynamic, forceful manager and it won't be easy to replace him, so we must be careful

"He isn't severing his ties with the company. He will be involved in our export drive to the US."

Another reason for the restructuring is that Mr Oppler has indicated that he would like to leave South Africa. He is at present overseas on leave and presumably looking around in the timber trade he was regarded as Mr Kramer's successor.

Mr Dyer denied rumours that Federated is in any financial troubles as well as one "that Barlow's is to sell Federated Timbers to a mining house. We are very happy with our investment in Fedtim and do not intend selling it," he said. "That rumour has been particularly persistent."

nie. 'n tydperk van minstens 200 jaar. taalstruktuur te laat ontwikkel. In dié ontwikkelingsproses het Dale faktore tot die veranderinge op die gebied van die woordeskat, die fonologiese en morfologiese struktuur, en die sinsbou bygedra. Wanneer ons ons bronne versigtig bestudeer, sien ons dat nie die een of ander taal in die besonder of een spesifieke faktor vir die wording van Afrikaans verantwoordelik was nie, maar dat die Afrikaanse taal die produk is van baie eksterne en interne faktore. Besonder belangrik was die dialektiese skakerings van 17de-eeuse Nederlands; soos uit die oorsig blyk, is die meeste „kenmerke” van Afrikaans voortsettings van die een of ander dialekvorm of tendensie in 'n dialek wat in Nederland self deur beskawingsfaktore tegewerk is of verdwyn het. Daarnaas het die invloed van die talre vreemdeleerlinge aan die Kaap 'n rol gespeel. Ook hier kan ons net by uitsondering een groep sprekers isoleer en vir die wording van 'n bepaalde taalvorm verantwoordelik hou. Ons kan by nie aantoon in hoever die Franse of Duitse immigrante die Afrikaanse sinsbou direk beïnvloed het nie, of in hoever hulle die vereenvoudiging van die vormstelsel veroorsaak het nie

1. Teorieë oor die ontstaan van Afrikaans

Vroeër is daar wel aan die een of ander beslissende taalinvloed gedink Dit was die geval voordat 'n taamlik groot hoeveelheid direkte ge-

die eerste wat werklik wetenskaplik verantwoord was Volgens Hessel- ling moes daar binne die eerste dertig jaar van die volksplanting 'n skielike botsing van tale aan die Kaap plaasgevind het, nl 'n botsing tussen die 17de-eeuse Nederlands van die vryburgers, soldate en amp- tenare en die taal van die Oosterse slawe wat Maleis en 'n vorm van gebroke Portugees gepraat het, of 'n vermenging van albei („Maleis-Portugees”) In 1658 en daarna het 'n groot aantal slawe wat gebroke Portugees gepraat het, Kaap toe gekom, dit sou volgens Hesseling 'n skielike kommunikasieprobleem veroorsaak het wat tot 'n vinnige verandering van Nederlands geleidelik het Die resultaat was 'n sterk vereenvoudigde taal met 'n reduksie in sy grammatika Wanneer 'n kultuurtaal in 'n bepaalde kontaktsituasie deur 'n botsing met 'n sosiaal laerstaande taal binne 'n kort tydperk 'n drastiese reduksie, struktuur- verandering en vereenvoudiging ondergaan, praat 'n mens van kreoïse- ring Hesseling moet egter self erken dat die tipiese kenmerke van kreoïsering in Afrikaans ontbreek, daarom kom hy tot die konklusie dat Afrikaans beskou moet word as Nederlands wat halfpad bly staan het om 'n Kreoolse taal te word

Ongelukkig het Hesseling destyds nie oor die nodige direkte taal- gegewens beskik nie, hy kon sy teorie feitlik net op sosio-historiese gegewens baseer wat bowendien nie volledig en korrek was nie Daar- om was ook sy teorie ontoereikend en eensydig, dit het 'n hipotese gebly wat hy nie kon bewys nie

Sawmillers drop price control

hier, sone die Nederlandse taalbundige 1.1. Duitse saminn, met 'n oorgeerde verskynsel te make

1 A VERHAGE, „Deflige en gemeensame vorme in die sinsverband van 'n 'Kraanse taal'“ *Tydskrif vir oerstaatswetenskap*, jr. 5, nr. 3, 1965.

“Some of our members have, as a result, found themselves in financial difficulties. To get out of them they started cutting prices, which meant that they were enlarging their share of the market at the cost of those members who maintained our previous minimum prices.

“It meant too that merchants who bought from those who refused to cut prices were at a disadvantage, as they could not compete with those who bought from the price cutters

Decision

“This decision puts all our members on the same footing and allows them to compete with each other as far as price is concerned — provided they don't sell at below R1 a cubic metre”

Mr Immelman said the demand for timber started dropping in 1975, but held up reasonably until about September last year

From another source I learnt that the paradoxical situation that existed at the meeting was that it was mainly those who were selling timber at cut-rate prices who vigorously resisted the effective removal of the protection of the price control umbrella

SOUTH AFRICAN sawmillers, who are now going through their worst crisis since the end of the second world war, have given up effective protection of price control.

Members of the Timber Marketing Bureau (TMB) — which controls more than 80 per cent of production — took this decision at a stormy meeting in Johannesburg last week, when they decided to reduce the minimum price of structural timber at sawmiller to merchant level to R1 a cubic metre

Previously, the minimum price Transvaal members of the TMB, for example, were supposed to sell their timber at ranged from R83 to R115 a cubic metre

Willie Immelman, chairman of the TMB, confirmed that voting at the meeting was close

“The TMB has not given up price control. All it did was to reduce the minimum price to allow its members to sell at any price they want to,” he said

“We are going through the worst and longest depression to have hit the industry since the end of the Second World War,” he said

“Our fortunes are directly linked to those of the building industry, which is also going through a traumatic period

die eerste wat werklik wetenskaplik verantwoord was. Volgens Hessel- ing moes daar binne die eerste dertig jaar van die volksplanting 'n skielike botsing van tale aan die Kaap plaasgevind het, nl. 'n botsing tussen die 17de-eeuse Nederlands van die vryburgers, soldate en am- penare en die taal van die Oosterse slawe wat Maleis en 'n vorm van gebroke Portugees gepraat het, of 'n vermenging van albei („Maleis- Portugees“). In 1658 en daarna het 'n groot aantal slawe wat gebroke Portugees gepraat het, Kaap toe gekom; dit sou volgens Hesseling 'n skielike kommunikasieprobleem veroorsaak het wat tot 'n vinnige verandering van Nederlands gelei het. Die resultaat was 'n sterk ver- eenvoudigde taal met 'n reduksie in sy grammatika. Wanneer 'n kul- tuurtaal in 'n bepaalde kontaksituasie deur 'n botsing met 'n sosiaal laerstaande taal binne 'n kort tydperk 'n drastiese reduksie, struktuur- verandering en vereenvoudiging ondergaan, praat 'n mens van kreolise- ring. Hesseling moet egter self erken dat die tipiese kenmerke van kreolisering in Afrikaans ontbreek, daarom kom hy tot die konklusie dat Afrikaans bekoou moet word as Nederlands wat halfpad bly staan het om 'n Kreoolse taal te word.

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1. Teorie oor die ontstaan van Afrikaans

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Note: + includes domestic servants
Source: Agricultural Censuses

Year	Whites	53		59
1949/50 ⁺	430			
1956/57	999	132	80	96
1964/65	1 215	147	103	128
1972/73	2 531	282	206	254

WILKINSON-LION F/N MAIL
A likely match? 3/6/77

108
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the cash
52% over the
paid the
Average
shown below:
Farm labour

The British parents of Lion Match and Wilkinson Sword are respectively wedded and it would come as no surprise if, one of these days, the cohabitation of their SA offspring were to be put on a more formal basis.
Wilkinson Match (UK) indirectly owns 60% of Lion (SA) and Wilkinson Sword (SA) is a wholly-owned subsidiary of its British parent. The relationship between the SA siblings is extremely close. For example, the National Razorblade Company, a subsidiary of Wilkinson Sword, has set up a major plant in Lion's

Table: 8
Average annual payments in case of Blacks (R104 vs R80 in same period. The component for Blacks especially for Whites total earnings in 1972 payments was cash which constitute payments in kind. In the case of Blacks 62% of total A further point which should be noted is the proportion of total payments

Both the North-eastern and Central sub-regions as we saw earlier are wool producing areas and this fact would seem to account for the 'high' payments in kind in 1956/57. This contention is illustrated by comparison of payments in kind to the prices received for Merino wool in cents/kg in table 7 above. As employers prospered so payments in kind were more generous.

Note: + 1949/50 and 1956/57 average for farm labour and domestic servants.
Source: Agricultural Censuses; Abstract of Agricultural Statistics, 1976

Year	North-Eastern	Central	Border	Coastal	E. Cape	Wool price c/kg
1949/50 ⁺	111	112	98	52	88	88
1956/57 ⁺	217	264	93	51	128	114
1964/65	160	140	84	53	88	80
1972/73	210	195	109	72	113	165 est.

Table: 7
Average annual payments in kind to regular white farm employees, selected years 1950-1973 by sub-region (R)

BEARDING THE LION

199

The takeover of Wilkinson Sword (SA) by Lion Match (FM June 3) is now, subject to exchange control approval, a fact.

Yesterday Lion announced that it had struck a deal with Wilkinson Match (UK), the parent of both companies albeit indirectly of Lion, whereby it has acquired, effective from April 1, the entire issued share capital of Wilkinson Sword (SA) for R50 000 cash.

"In addition," says Lion, "Wilkinson Sword (SA) has entered into technical assistance and trademark agreements with Wilkinson Sword (UK)."

Lion considers the deal a long-term investment which is not expected to have any material effect on earnings this year or on the net asset value of Lion Match as at year end on March 31.

Existing management structures will be unaffected and the move is considered as a tidying up operation which puts existing co-operation on a formal basis. Wilkinson has the consumer products and technical expertise while Lion has the distribution and marketing facilities known as Wilkinson Lion Sales, a division of Lion Match. Put the two together and you have a pretty sharp match.

Financial Mail June 17 1977

FIN MAIL 17/6/77

The purpose of this paper is to survey the farm labour conditions in the Eastern Cape over approximately two decades and to note some of the conditions of service and the attitudes of employers, and the changes which have occurred in employment and wages paid. The main source for the latter period, and in particular 1973, is a farm labour survey conducted in conjunction with E.A. Thomson in the Eastern Cape. The survey relied entirely on the willingness of members of farm study groups and farmers' associations as well as interested individuals for its completion. Of the approximately 1020 pre-coded questionnaires which were posted to farmers throughout the Eastern Cape in June 1973, 303 were returned of which 299 were suitable for analysis. It is necessary, therefore, in what follows to bear in mind the limitations mentioned above. In order to place the data in perspective use is made where possible of supporting data from Agricultural Censuses for the years 1950 to 1973.

Patience unrewarded

Forestry Minister Braam Raubenheimer's month-long extension to timbermen's plea for more time to consolidate their fragmented industry merely looks like delaying until July 31 their day of reckoning with Pretoria

Not that official wielding of a big stick at this stage will do much good. Millers working generally at only 60% capacity would welcome any plan to sell more wood but, if there are no buyers, all the prodding in the world won't help.

Raubenheimer's so keen on the R459m-a-year (1976) industry finding its own salvation that he gave its hard-pressed members six months to come up with suggestions for improvement. The alternative being he'll come up with possibly more stringent suggestions of his own.

"So far I've had nothing from them," he says.

The silence can be well understood. Since the industry was charged in December with the task of putting forward bright ideas it's seen the Timber Marketing Bureau's (TMB) official price list collapse. Most wood is selling, when it can be sold, at prices 12% to 18% lower than last year with, despite individual export efforts, little sign of demand picking up.

Reinstating the list would at least give millers a better deal for the wood they could sell (thus passing on badly-needed confidence to anxious growers) but to control the price they must also control



Braam Raubenheimer... all eyes on the timbermen

at least 80% of timber coming on to the market. Less than that means millers outside the TMB (and renegade members) could again undercut competitors — often enough to cause another collapse.

Raubenheimer's not likely to stand for

this situation much longer -- probably just one more month — when he might act on "something I have formulated myself"

He's unlikely to go as far as setting up a Timber Board (on the lines of the Maize Board and the like) but some sort of interference is imminent if the fragmented industry cannot re-organise to save itself

A quota system based on turnover or timber volume marketed is already being mooted apprehensively in timber circles. Not what Raubenheimer wants, but when ministerial patience, persuasion, coercion and cajoling run out his bite might be worse than his bark

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LOGGING UP SALES

While the timber industry deliberates over Braam Raubenheimer's intentions, at least one merchant is getting his head down.

During the last six months Satwill, the export arm of Wilrose Timbers, importers and exporters of timber and allied products, has set up its own marketing operations in the UK, Holland, France, Germany, Italy, Switzerland, the Indian Ocean islands and the Far East. The export target is between 50,000 m³ and 100,000 m³ of SA pine a year within the next two years. Satwill has already shipped 2,000 m³ (cif value R200,000) to Israel and 1,500 m³ (cif value R150,000) to the UK.

Satwill/Wilrose chairman Conrad Schey sees Israel, the Middle East and the UK as growth points. He estimates potential exports at an annual 200,000 m³ worth R20m at current prices.

Schey's view is realistic rather than

rosy. "The world's not waiting for SA pine. Traditional supplies in Europe come from Russia, Canada and Scandinavia and the quality is better. Our pine competes in quality in certain areas like packaging material and building construction in less sophisticated markets. But no market is excluded to us. There's always a percentage of the market where we can compete in quality."

But selling will be a hard grind and with world market prices depressed and SA log prices and production costs relatively high, profit margins will be small.

Selling in bulk overseas won't be feasible he says. "We need our own specialist marketing operations to find specialist users for pine which we can cut to special sizes. We're not competing with bulk sizes from overseas." But given the marketing operations he sees the selling prospects as reasonable.

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SOUTH AFRICA HELPS THE WORLD FIND AN ANSWER TO THE FIREWOOD CRISIS

A SOUTH AFRICAN botanist is to play a key role in the battle to solve the world's growing firewood crisis.

Dr Tony Hall of the University of Cape Town has left for Washington to attend a meeting of 30 top world botanists.

They will discuss fast-growing trees which can be planted in areas denuded in the search for wood for cooking and heating.

The meeting has been convened by the US National Academy of Sciences and will be chaired by a Ghanaian, Professor Edward Ayensu, head of the department of botany at the Smithsonian Institution.

The problem they hope to help ease is becoming urgent as populations continue to explode, according to Dr Hall.

He said vast areas around heavily populated localities were becoming bare of trees and bushes, forcing people either to spend a huge amount of time collecting firewood or buy it at steadily increasing prices.

"A lot of people are already in desperate straits because of this problem," he explained. "It affects a large part of the world, including our own African rural areas."

According to the 1977 State of the World Environment report of the United Nations wood is considered the fourth most important source of energy, after oil, coal and natural gas.

The report states: "Many developing countries depend on wood as their major source of fuel. In rural areas of the Third World where wood is readily available, nearly 95 percent of households use it as a primary source of energy."

BY TONY SPENCER SMITH

"In 1974, according to statistics . . . more than 45 percent of the total world timber production was used as firewood or as charcoal."

For the greater part of the world, says the report, wood is the energy source which satisfies the basic needs of cooking and warmth.

Points made in the report include —

- In hard-pressed

firewood areas such as the Indian subcontinent and the Sundano-Sahelian region, people sometimes have to travel as far as 50 kilometres to find trees or bushes.

• Virtually all the trees within 70 kilometres of Ouagadougou in Upper Volta have been burnt as fuel by people of the city, and the circle of land stripped bare for

firewood is continually expanding.

• In much of India the forests are rapidly declining. This causes serious erosion in such areas, while in semi-arid regions firewood consumption is helping to turn the land into deserts.

According to an article in the latest African wildlife, the journal of the Wildlife Society of Southern Africa, 10 million trees are being felled annually for firewood in South Africa's rural African areas.

The article says: "You are never far from the ring of an axe in Kwa Zulu's wooded valleys, and the hills are studded with stumps that have fallen to the pot."

Dr Hall said the three day meeting would result in the publication of a book.

"This sort of project is all part of the responsibility developed countries have to developing ones," he said. "The world has passed the point where people can live in isolation and ignore the welfare of future generations."

The burning question

199

Temporary

"But at the heart of all this is the population explosion, and fast-growing firewood can only be a temporary measure."

"Another vital aspect of the whole issue is whether the alien trees introduced into desperate areas could become serious weed problems."

"I will be speaking strongly on this point, having done a lot of work in the Cape where trees like rookrans — Port Jackson and hakea, for instance — which are all from Australia — are wreaking havoc."

"It will really be a knife-edged thing, deciding whether species would be safe or not."

"One safeguard will be that the trees will tend to be used almost as fast as they grow, and seeing to this will be part of an essential control programme."

"The best thing would be to use indigenous species — for instance, I don't think it would be necessary to introduce new species to South Africa."

Clothing workers' jobs 'safe'

AREAS
14/9/77
(1) 184
(2) 199
(3) 528

Financial Editor

THE directors of the clothing company, M. Rabie and Sons have told the 380 workers they have little fear of losing their jobs.

The company is a subsidiary of Fairweather Fashion Holdings which is expected to apply to the Cape Supreme Court tomorrow for a provisional liquidation order against it.

- At a meeting on Monday, M Rabie's employees were told
- Their company had a full order book
- It had close to R1-million worth of stock on hand
- Its main problem was its illiquidity.

The directors said there was every expectation of keeping the company in

operation. At worst, the staff were told, every endeavour would be made to sell the company as a going concern

M. Rabie and Son has been in difficulty for the past three years This led to a number of management changes about a year ago.

Fairweather is also expected to apply for provisional judicial management orders against it by two other major subsidiaries, Atlantic Knitting Mills and Madame Lorraine Fashion Holdings. These two companies were both operating profitably when Fairweather's profit and loss account was published.

- The Lion Match group is moving half of its Cape Town match production line to Rosslyn, near Pretoria It will result in 59 workers at the Observatory factory losing their jobs

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199

K & L is fighting back

K & L TIMBERS might have been a casualty of the 1977 property crash but, unlike some, it survived with a residue of basic assets.

The major factor that could have brought the group to its knees was Sandglen Towers with its running losses of R100 000 a month. In the end, however, it was this very development that shored up the group when it was eventually sold to the United Building Society, albeit at a loss of over R2,6-million.

At the forthcoming AGM chairman Norman Sand is expected to give shareholders an indication of the direction in which the troubled company is heading.

Business Times, prior to the meeting, asked Mr Sand some pertinent questions on the recent report and accounts.

Q Bearing in mind the auditors' qualification to the accounts to June 30, 1977, has K & L received indications of support from

can be accepted as being a realistic figure

Q How is this figure reflected in the amended June 30 1977 balance sheet including post balance sheet events?

A The R2,3-million benefit has been deducted from the accumulated group loss as at June 30 1977.

Q Does this amended balance sheet accurately represent the basis of K & L's continuing business?

A The amended balance sheet has been prepared in order to indicate the estimated effect on the group since the finalisation of the various schemes of arrangement and fairly represents the continuance of the business operations of K & L.

Q Subsequent to June 30 1977, a loss of R2,5-million has been realised on the sale of assets and no provision has been made. How does the company propose to deal with this amount?

A The R2,5-million loss on

BY JOHN GILMORE

the disposal of group assets since June 30 has been added to the accumulated group loss as reflected in the amended balance sheet. The net effect on the accumulated group loss is that the loss was increased by some R200 000.

Q Could you expand on what are the remaining assets of the company?

A The remaining assets of the group comprise, inter alia:

- The Newtown property, plant and equipment and vehicles of Sand & Co Ltd,
- Champagne Castle, a block of flats in Hillbrow, Johannesburg;
- Bridgeport shops and flats in Braamfontein, Johannesburg, in which property the group has a 51 per cent interest;
- Certain minority interests in Pretoria property companies;
- Sundry debtors in respect

of houses sold on deeds of sale.

• Vacant residential stands and unsold houses less bonds owing and less the provision made for the estimated diminution in property values as to 66,66 per cent on the vacant stands and 20 per cent on the unsold houses.

Q Since the publication of the report has the expected improvement in trading results materialised?

A Since publication of the report, trading losses have been reduced and subject to an expected gradual improvement in the economy, with particular regard to the building industry and housing market, the trading results, assisted by stringent control of the group's operating expenses, should continue to improve.

Q How far advanced are plans to reconstruct the company's capital?

A The plans for the reconstruction of the group's cap-

ital are under consideration and will go ahead when the various schemes of arrangement are finalised.

Q Is your future tied firmly to that of K & L and if so, how do you see the company developing and in what areas?

A The group's activities will continue to be in the sphere of merchandising and the marketing of completed houses and in due course, depending on the state of the property market, the development of more houses on its vacant stands is foreseen.

Norman Sand, chairman of K & L Timbers... almost felled.

26/8/1999
199

R201 000 for timber firm plots

EAST LONDON — Seven of the 15 plots which made up the premises of Premier Timber in Commercial Road here have been sold for a total of R201 000

This was confirmed by a spokesman for the estate agency firm handling the sale of the subdivided property.

The area, most of it at present under weeds, was the former whippet race track many years ago. There was a public outcry in East London when a Mr Kohler said that that was the site he wanted for Premier Timber. However, council eventually agreed to his demands.

Five vacant plots have been sold. Two went for

R17 000, one at R18 000, another at R19 000 and the fifth at R20 000. This was a total of R91 000 for the five vacant stands.

The plot on which the former office block of Premier Timber is still standing, 2 065 sq m in extent, fetched R70 000. The other with buildings on it, which were part of the workshops, went for R40 000.

The plots ranged in size from 612 sq metres to 2 065 sq metres.

Premier Timber did not own the property. It belonged to a Johannesburg Trust which leased it to Premier.

Premier Timber is now situated at Wilsonia — DDR

199

MANUF. - Wood

1-1-79 - 31-12-80

EL timber price fixing alleged

199
27/1/79
DD

EAST LONDON —
The major timber merchants in East London have formed a cartel and stabilised prices, says Mr Colin Cockroft, manager of an East London joinery firm.

Not so, says Mr Stan Vroom, chairman of the Border branch of the Timber Trade Federation.

Other points made by Mr Cockroft included:

1. Because of the cartel, prices were no longer competitive;

2. Customers had not been pre-warned about the latest round of price increases — indigenous wood up 27.5 per cent and imported woods like meranti up 40 per cent;

3. Cash discounts or terms were no longer available to the trade,

4. It was not only the price of new stock that had been increased, but existing stocks, too;

5. There are a host of additional costs pushing prices up even further — 25 per cent extra for selected timber, 15 per cent extra for timber treatment, 10 per cent extra gauging charge, and 10 per cent ex-

tra for kiln-dried timber

Mr Cockroft's parting shot. "It's a crazy situation and ultimately it is the man in the street who is going to have to carry the can."

Replying to the allegations point by point, Mr Vroom said:

1. A previous price war in the timber industry got completely out of control with everybody losing — millers and merchants. The situation got so bad it went to government level and the government warned the lumber millers that if they didn't rectify the situation, the government would appoint a timber board.

"Well, the situation was rectified and the timber producers have formed a cartel, if you like, in the sense that they have stabilised their prices.

"All merchants pay the same price whether they buy their timber from a state or private sawmill.

"It is not correct in turn to say the merchants have formed a cartel. It is still an open market, especially on imported timber bought in volume

2. We cannot pre-warn customers about price increases because often we don't know the price is go-

ing up ourselves. The price fluctuates with every shipment of meranti landed. We might be quoted a price and then find when it is landed it is 15 per cent more than we paid for the same timber last month

"We never get any pre-warning ourselves. Personally, I think many of the problems in the joinery and building trades are because they don't cover escalations in their tenders.

3. We are not giving cash discounts or terms simply because we the merchants, are no longer getting cash discounts from the mills, whereas previously we were getting up to as much as 40 per cent discounted for cash and passing that on to our customers

4. We cannot stock up our yards in anticipation of a possible increase. On average, we carry stocks for about three months, but we could easily replace all our South African pine stock within two weeks

"Consequently, we are constantly getting new stock which obviously is subject to price increases from the suppliers

5. Yes, we are charging extra for selected timber

simply because buyers are coming into our yards and selecting the best timber, leaving us with the dregs that we have to sell off as scrap. To obviate this selective buying we are charging more now for selected timber.

"There have been a number of cost increases in recent months, including labour, fuel and electricity. We cannot absorb all these increases and have no alternative but to pass them on.

"Fuel increases are the reason we have had to increase our timber treatment charges, labour and electricity. We cannot absorb all these increases and have no alternative but to pass them on. We have had to increase our timber treatment charges, labour and electricity. We cannot absorb all these increases and have no alternative but to pass them on. We have had to increase our timber treatment charges, labour and electricity. We cannot absorb all these increases and have no alternative but to pass them on.

Parting shot from Mr Vroom, speaking on behalf of Buffalo Timber where he is a director: "If you consider our investment here we are getting nothing like a return on that investment.

"We would make a lot more money if we took our capital investment and invested it in a building society."

— Business Editor

Natal timber firm breaks own record

RECORD South African timber consignments through Durban harbour have become almost routine for the Natal Co-operative Timber Company, the up-and-coming local exporters at Pietermaritzburg

And their latest achievement, 13 000 tons of eucalyptus grandis logs dispatched with the Greek bulker Eljanni to Monfalcone in Italy, easily beats all their previous shipments

Highest single consignment exported by NCTC out of Durban so far was 10 036 tons of pine logs which recently left port on the Fer Jamaica for Marin in Spain

With a delivery value of about R500 000, the current export shipment consists of 580 000 logs, sent to the docks in 563 rail trucks

Railed via 37 stations in the Natal midlands, it came from 62 different timber growers in the Harding to Kranskop range, said a spokesman for NCTC.

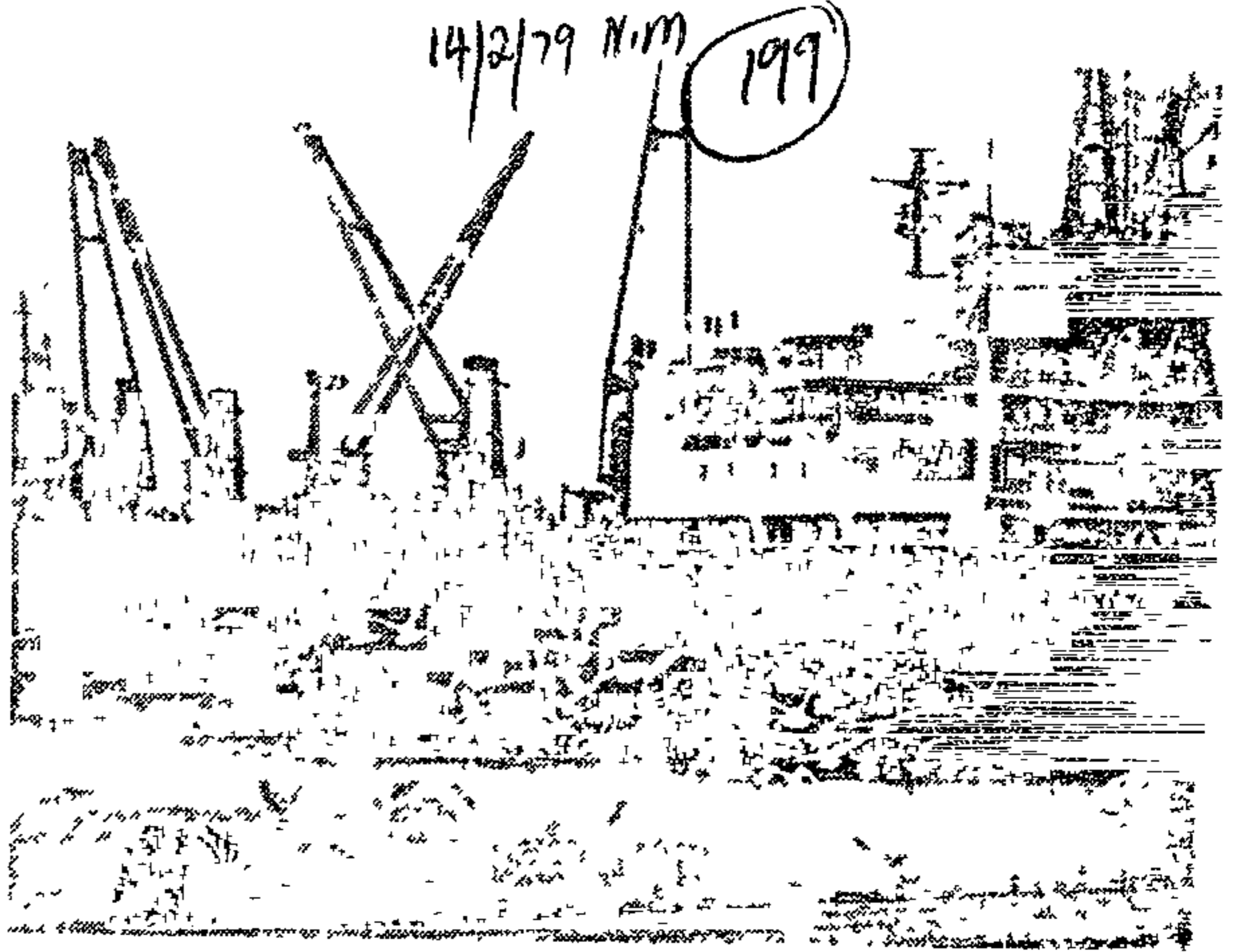
Stevedoring at Pier 107, where the consignment was shipped between February 2 and 9 30 on Monday morning at an impressive rate of about 2 100 tons a day, was in the

hands of Sasseco teams
Mr Jim Revill, assistant Durban agency manager of African Shipping, local agents for the 20 016 dwt Eljanni (ex-Melsomvik) is full of praise for the SAR&H's enthusiastic co-operation

They've done an excellent job with the co-ordination and prompt delivery of the logs. It was a mammoth operation requiring a team spirit. The Railways have given us their undivided attention to make this shipment a success," he said

Westport Navigation Corporation's Eljanni was NCTC's 10th timber export ship since the beginning of 1978. And their spokesman promised there would "certainly be more soon, with additional vessels"

After extensive lashing work on the logs above deck at Island View from noon on Monday, the Eljanni set out on her three-week haul to Italy that night



WITH final lashing operations still to be carried out and eucalyptus logs rising metres above her foredeck, the Eljanni is prepared for her northbound trip at

assessment suggests that more changes in...
angeordneten Kurse betrieben. Es
been sought by students for this year
und viele andere Gegenstände
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- 1) Vereine...
Lösung: ...adequate university preparation and also show that the course serves a very valuable purpose by allowing
- 2) Verdiente...
Lösung: ...students to make...
Pre-University Course, G.P. 30.5.77, p.4)

- 3) Vereine...
Lösung: show that, though there are areas where improvement is called for, the course on the whole was of benefit to the students.

- 4) Manche Vereine - heute Interessengruppen.
Lösung:
- 3. Formulation of objectives.

(a) The main objective is to assist students in making up a curriculum

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TIMBER

Not out of the woods

Exports were the salvation of the timber industry last year. This much is clear from the annual report of the Timber Growers Association.

In the event they exported 'a considerable quantity of sawn timber,' a 'fairly substantial quantity' of pine and eucalypt round timber for pulp and 'achieved considerable success in the case of treated poles.' About 100 000 t of poles worth R4m to R5m were sent to Europe. Growers were also aided by Mondi's exports of newsprint which helped to maintain its intake of pine pulpwood at higher levels than could have been expected. Consumption of poplar was up 9,25% to 29 500 t due mainly to higher match exports.

Nevertheless, there appears to have been little improvement in the general oversupply which left growers, squeezed by rising costs, in a poor position to bargain with users for higher prices. A typical rebase was SA Industrial Cellulose Corporation's unilateral increase of 60c/t for pulpwood when a 15% rise equivalent to between R1,20 and R1,40/t had been requested.

The oversupply situation has knocked back afforestation and the department of forestry's target of 50 000 ha a year compares with a mere 14 232 ha in the year to

March 1978 the latest figure available. Although no revised target has been set, industry sources suggest 22 000 ha is what the department has in mind. SA Timber Growers Association chairman Craig Anderson strongly disapproves of any reduction in afforestation on the grounds that timber growing is a long-term venture and to cut back now is bound to create shortages in years ahead and create instability in the industry.

Meanwhile the industry is looking for new uses for timber such as 'replacement of liquid fuel in industrial plants by solid timber and charcoal fuel or the conversion of wood to feed for livestock.'

The forestry council has agreed of a report by Volly van Breda, to employ consultants to draw up plans for a pilot plant to produce fuel alcohol from wood and the consultants have been instructed to report back within four months.

It is definite that the wood chip export project will be moved to Richards Bay when agreement with the railways for the use of Durban Harbour loading facilities terminates during 1985. Land has already been bought at Richards Bay and if the planned export of a further 100 000 t of harbour chips comes off, it will be worked in with the existing facilities at Cato Ridge and Durban until the whole operation is moved to Richards Bay. 'It is too early to say yet what will be done with the

Cato Ridge chipping plant, says Anderson 'but it could be converted to an alcohol plant or something of that nature.'

Meanwhile the timber growers can only hope that a sustained economic recovery will spur the lagging demand for their product.

Workers get R28 a month

Anglo pay peanuts

19/11/79 Post
199

AN Anglo-American Corporation Company, De Hoek Saw Mills, pays some of its women employees R28 a month and some of the men R52.

The company, with its head office just outside Tzaneen, is a member of

By JOE THLOLE

the Anglo American Industrial Corporation.

The workers POST spoke to alleged.

- The company provides breakfast and lunch on working days and they have to provide their own supper and weekend meals.
- The men in the single quarters sleep eight to a room

● There are no lockers in the single rooms and the men have to keep their belongings wherever they can.

● For the married, a family lives in two rooms.

● Some workers on one of the company's five plantations have had to build shacks because there was no accommodation for them.

● The workers have to provide their own candles

at night.

● One of the plantations has pit toilets next to the cooking area.

● Sick leave and annual leave are 10 days each.

When we asked the company about these allegations, Mr Mike Markey, the personnel manager told us: "It is not the policy of this company to provide detailed information of the sort requested to any person or group not representative either of the employees or the shareholders.

"We would, however, like to make it clear that the policy of the company is to improve working conditions and terms of employment of all its workers

"It is recognised that the conditions which have applied to the sawmilling industry — being a rural operation — have been less developed than many other industries

"The ability of the company to upgrade its facilities is dependent on profitability and it is only recently that the sawmilling industry has emerged from three years of deep depression, during which time most companies were incurring losses"

Mr Markey added that the content of the questions made them believe that it is probably an ex-employee who gave POST information as it is "out of date and/or incorrect."

POST was able to establish that before July, the minimum pay for men in the company was R46 a month. A recent wage determination has now raised the minimum to R52.

The women at the sawmill have a minimum of



It is bedtime in the single men's quarters.

KAREEDOUW CREOSOTE WORKS

Up the pole — and down

The case of Murray & Roberts subsidiary Kareedouw Creosote Works Pty is a classic illustration of how badly things can go wrong in a market dominated by one major buyer

In fact, Kareedouw Creosote, winner of this year's State Award for Exports (primary section) would probably never have got into exports were it not for an amazing lapse of concentration at Escom, the monopsonistic buyer in this case

Until 1976, Escom accounted for 90% of KCW's output of 40 000 m³-50 000 m³ of creosoted pine poles. GPO took the lion's share of the remaining 10%. In both cases, the poles are used for overhead transmission lines, mainly in rural areas

Expansion

Around this time, KCW balanced Escom's projected expansion programme against orders and calculated that, on average, the corporation's buying department had overstocked poles 5,7 years. The extent of over-ordering ranged from 34 years to 80 years for the various sizes of transmission line poles

Faced with imminent collapse, company executives undertook a series of 30 foreign trips in search of new customers. The resulting success story is the subject of this year's export award

Last year, KCW recorded export sales of R1m, equal to 37% of gross sales revenue. This year the company is as-

sured of R1 4m (70% of gross revenue from sales) and, next year given a return to stability in fast-growing Middle East markets, exports will go to about R3,6m or 87% of total company sales

In the case of one major Middle East contract, KCW tendered, came in lowest, and got the award. But, when it was discovered that the winner was an SA company, KCW saw it cancelled

With commendable tenacity, KCW submitted tenders when the contract was reopened and, sure enough, came first again. The award has been confirmed and the contract is currently being executed following payment on a New York bank

Meanwhile director Brian Bolton and CM Dawie Lombard have been diversifying into fresh markets: Italy, Greece, France, Israel, Mauritius and Germany. In addition to lucrative orders from Middle East countries, which the company insists should not be named, substantial contracts have been won in black African countries which, likewise, the company is nervous about identifying

Foreign recognition has been won not only on account of KCW's keen bidding, but also because of the eminent suitability of the product for transmission line carriage. KCW's sources of *pinus pinaster*, *pinus canariensis* and *pinus rodiata* on the wind-swept slopes of the Tsitsikama mountains, about 150 km from PE at the north-



eastern exit of the rich apple-growing region of the Langkloof Valley, are internationally accepted as a superior timber for transmission line purposes to the slower-growing US and European pines and redwoods

Creosote penetration is much greater on SA pine, a crucial factor when the poles are used in hot dry climate,

and they are also a good deal stronger. SABS guarantees them for 40 years

Transmission poles are usually between 9,3 m and 18,6 m long, the latter taking about 40 years to grow. Most of the poles are cut down in the Tsitsikama mountain forest reserves which stretch some 300 km from George to near Jeffrey's Bay

TIMBER

Wattle I do?

Fm 30/4/74
194

Competition from Brazilian Mimosa extract is making life difficult for the South African wattle industry. Sales of solid extract fell last year to 78 546 t (83 960 t) and bark quotes for 1979/80 have been reduced to 71% (78%).

At last week's annual congress of the South African wattle growers' union in Pietermaritzburg, president John Slatter warned that while bark prices were expected to increase again this year to R65/t (R61/t), growers would have to accept lower price increases for a year or two.

Strategy to counter Brazilian competition arising from heavy plantings appears to be to hold prices. Marketing committee chairman Volly van Breda says that inflation in Brazil over the past 10 months has been running at 160% and that a 44,3% devaluation hardly counts at that rate. If Brazil is forced to raise prices, it may lose sales and come round to "a more reasonable attitude".

New products such as the dust-free, powdered wattle extract developed by local extract manufacturers will also help.

Slatter announced that timber prices negotiated with the processors would increase from between 15% to 22% effective from January 1, if accepted by all buyers.

Growers have also won their battle with the Receiver of Revenue and will now be allowed to claim for the past four years' contributions to export marketing of extracts as a direct expense.

334. Transfer of undertaking of external company.—(1) Notwithstanding a scheme—(1) Whenever an external company satisfies the conditions specified in the scheme within the period specified in the scheme—

KAREEDOUW CREOSOTE WORKS

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LION MATCH

Acquisition plans

F.M. 7/12/79
199

Improving profitability in Lion Match serves merely to compound management's problem. The company has to invest its funds in an operation which will not dilute the current return on capital of over 20%. Obviously, the alternative of paying all excess funds back to shareholders is not going to be pursued in spite of some motivation for that thought when the company paid a 5c a share bonus in the year to end-March 1978.

Improved profits in the six months to September 30 have allowed a 22.2% hike in the interim dividend to 11c a share. But the company's tradition of twice-covered dividends has been left intact, thus further bolstering retentions and cash on hand — which earned R201 000 interest during the six months under review. The company is likely to have over R5m to invest and, although chairman Alan Williams says no significant capital commitments have yet been made, the unchanged payout policy suggests an acquisition announcement shortly.

Improved trading

In the September interim period, all the group's divisions (matches, packaging and printing and personal products, such as blades and sunglasses) benefited from 'an improved trading climate and better operating efficiencies'.

Turnover rose 17.9% to R22.5m. After a marginally lower tax rate and a doubling of interest received from the group's cash resources kept on short-term balance, net profit rose 28.6% to R2.1m. Divisional contributions are not broken down but the largest contributor, matches at about 50%, improved profits on higher turnover. After cost saving exercises, Interpak's profits were "quite well ahead". In the highly



Lion Match . . . striking bottom line growth

competitive, low margin, shaving market Wilkinson Sword improved its share in an improving market while Camargue sunglasses increased penetration. No mention is made, however, of whether this market share has yet started returning profits for the group.

Williams expects the consumer spending upswing to carry on through to September 1980 at least. The increased level of profitability is forecast to be maintained. Thoughts are being given to revaluing assets last valued in 1969. This will reduce the return ratio but will further increase borrowing capacity already under-utilised at a 2% debt equity ratio.

Prospects in the medium to long term are good, but the share is tightly held with 68% owned by Wilkinson Match (UK) and only 35 000 of the remaining 3m shares traded in the last quarter. At 349c the share yields 6.3%. Although this is a far better yield than the sectoral average of 4.8%, the tight margins and intense competition in Lion's operating areas should prevent any lower yield. Dividend growth is Lion's strength, however, and the share is a good hold.

Ian Muir

level would be difficult in the prevailing economic climate.

In part he was right. Although turnover improved 15.4% to R57.2m (R49.6m), operating profit felt the squeeze of tighter margins in a highly competitive market, and fell 3% to R3.7m (R3.8m). But an improved contribution of R600 000 (R325 000) from associate GFCM, coupled with lower tax charges arising from export incentives and rebates, meant attributable earnings advanced 16.5% to R3.4m (R2.9m).

The group finalised two acquisitions during the year, the full benefits from which should flow through this year. In June, Siding Construction which operates in the railway and ancillary services fields was acquired for 250 000 Cementation shares and R600 000 cash. This acquisition, effective March 1979, was expected to have no immediate impact on group assets or earnings. The same consideration applied to the purchase, announced in September and effective October, of pattern maker and foundry operator W D Wiggill.

With order books substantially fatter than a year ago — especially for 50%-owned Gold Fields Cementation Mining — which has landed a R12m shaft sinking contract from Sasol and others at Botrest and Black Mountain — and improving margins, a further profit advance is slated for the current year. The 16.5c dividend puts the share, at 235c, on a 7% yield, though prospects of a higher payout this year may be insufficient for the shares to be re-rated.

Jonathan Bader

Chet expands its Transkei interests.

EAST LONDON — Butterworth-based Chet Industries, which manufactures Lion matches under licence and other small wooden products, is flexing its muscles

Established in 1971, Chet was one of the original two industries in Butterworth (the other was the grain bag factory) and as such was one of the pioneering companies in the fantastic industrial expansion which saw Transkei's major industrial growth point burgeon into a boom town almost overnight

Now it has taken over the Stuttkor timber factory in Stutterheim which was closed down after going into liquidation, has taken over Interlock Timber (Pty), a company manufacturing laminated beams and re-established the factory in Butterworth, and has acquired the equity and assumed the management of the Umtata Timber Development Company.

Chet's expansion programme was outlined by the group's managing director, Mr Cecil Kessler, when he addressed a rural development symposium in Umtata on

Tuesday

The old Stuttkor is now operating under the name of Chet Board (Pty), a company formed to restore production at the original Stuttkor factory

The new installation has been completed and the factory now has the capacity to produce 1 000 000 square metres of blockboard and 400 000 square metres of plywood annually

Chet Board has also signed a supply contract with a major European importer of board material. The contract is valued at R6 million a year or R30 million over the initial period of the contract

In time the factory will be expanded to produce sliced veneers — a project already approved by the board of the Transkei Development Corporation — as well as wooden doors and windows

Interlock Timber is projected to produce 25 cubic metres of laminated beams daily from March

If projections for 1980 are attained, following reconstruction and expansion, the Umtata Timber Development Company, a

major saw-milling operation, will produce a minimum of 4 000 cubic metres of kiln-dried sawn timber monthly compared with less than 1 000 cubic metres before the company was restructured

Existing timber-derivative industries established by the Chet Group and the IDC will absorb some 3 000 cubic metres a month, leaving little for further industrial expansion

Other areas of industrial expansion researched by the Chet Group for future development include an adhesives factory which will ultimately draw its raw materials from wattle extract produced in Transkei from indigenous wattle plantations, wood frame housing, development and expansion of the furniture industry, manufacturing further small wood section products as kitchen ware, wooden spoons, paint and brush handles, and wooden shoes by Chet Industries; and the installation of waste-compacting equipment to supply local needs for solid fuel — an important consideration as all the coal now used in Transkei is imported from

Natal at high cost

Mr Kessler said he believed the most important development was that of wood frame housing

He added: "Foundations for the development of this project have been laid." Once a lot of red tape obstructing the project had been removed, an agreement to establish it in conjunction with one of the largest manufacturers in Europe of this type of construction could be concluded at any time

"Houses produced by this system will undoubtedly provide much better living conditions than existing houses constructed from concrete blocks," Mr Kessler said.

He added it would generate considerable additional industrial activity in such service industries as a chip board factory which would obtain its raw material from forest waste and thinnings, the manufacture of doors and windows and, ultimately, other fittings when quantity justified it.

In the short time it has been going Chet Industries has chalked up some impressive statistics

It now produces more than 1 000 000 lollipop sticks daily and is the sole supplier to South African sweet manufacturers,

It produces 15 million wooden clothes pegs a month of which 40 per cent will be exported to Europe and Canada this year.

And it produces some two million toothpicks daily

Lollipop sticks, clothes pegs and toothpicks were all previously imported and Chet are well advanced with new development plans to manufacture 200 million ice-cream sticks annually, another item previously imported.

CECIL KESSLER, better living in wattle houses.

Plea to plant poplars

EAST LONDON — The managing director of Chet Industries, Mr Cecil Kessler, has appealed to the Transkei Department of Forestry to plant poplar deltoides to provide Chet's Butterworth match factory with one of its major raw materials

Chet, established in Butterworth in 1971, originally manufactured Chet matches, but now manufactures the market leaders, Lion matches, under an agreement with Lion Match

The company has also diversified its product range and now also manufactures lollipop sticks, clothes pegs and toothpicks and will shortly start manufacturing ice-cream sticks

Speaking at a rural development symposium in Umtata, Mr Kessler said Transkei's forest resources represent the greatest prospect for industrial develop-

ment in the immediate future.

"An area of 295 000 ha, 6.7 per cent of the total surface area of Transkei, is suitable for afforestation," he said. Of that area some 80 000 ha had been put under plantation of mostly pine, eucalyptus and wattle

Mr Kessler also called for a measure or state intervention in utilising Transkei's forest resources, adding "I am concerned by the fact there are a considerable number of saw mills in Transkei, each privately owned and each making its own decision about disposing its products."

"If the timber derivative industry is to develop and prosper, its raw material source must be secure and it is clear that intervention in the saw-milling business by the Transkei Government will be necessary to ensure this"

— BUSINESS EDITOR

— BUSINESS EDITOR

Expansion in timber industry

199 S. Times (Business) 2/4/80
By ANDREW McNULTY

THE R700-million-a-year timber industry is in the throes of a wide-ranging expansion programme

After several years of dismal losses, the industry has returned to earning good profits with demand rising strongly on all fronts

The dramatic upturn has caused some consumers in the building industry, which takes about 50% of the timber producers' output, to fear significant — if temporary — shortages of timber as demand accelerates rapidly

Bottlenecks threaten as the producers strive to increase their production capacity or to divert shipments from the substantial export markets

Bruce McKenzie, chairman of the SA Lumber Millers Association, says a surplus still exists in saw logs — used in building — but this is disappearing fast

Some major producers have young forests, and can only expect to increase saw log output significantly by about 1981

New export markets were created in the past few years to become a useful cushion during the local economic slump and now account for some 10% of total sales, although exports are less profitable than domestic sales

Mr McKenzie says with the saw milling producers now at full capacity, the lift-off in the building industry places a question mark over export markets

"It took a number of years to build these markets and it would be a major tragedy if they were allowed to fall away," he says

Growth of about 4,5% a year in output is forecast over the next five years in saw logs

The pulp and paper producers, who own a large share of the country's timber industry are also engaged in a huge expansion, bringing on stream new pulp-making plant to meet the needs of the growing economy

● Sappi, a producer of timber from 87 000 ha of forestry land in the Eastern Transvaal and Natal, plans to spend R500-mil-

lion in the next five years on modernising and improving plant

Aimed at getting the best return on trees, the Group is examining the feasibility of high speed saw mills adjacent to pulp mills as well as extracting additional by-product chemicals from pulping processes

● Mondi Paper Company, in the Amic group, is engaged in a similar spending programme

It will spend about R150-million on new paper machines this year and in 1981 that will make Mondi one of the biggest single mill complexes in the world, with an annual production capacity of some 450 000 to 500 000 tons of paper product

Mondi wholly owns SA Forest Investments (SAFI), the largest integrated forestry and sawmilling operation in southern Africa, owning and leasing a total afforested area of 44 055 ha in South Africa and 24 952 ha in Swaziland

SAFI's 1979 results show the industry's recovery

SAFI reports an accelerating demand for timber in the latter part of 1979 with selling prices also improving from the very low levels of previous years

These factors, together with better productivity in sawmilling and forestry operations, resulted in a turn-around from the R975 000 loss in 1978 to a R5,25-million profit in 1979 despite escalating costs

Mr R K Donner, managing director of Mondi, tells Business Times "Demand is extremely strong on all fronts. We are budgetting for improved sales of structural and building timber in domestic and exports markets"

● Bruynzeel Holdings (Bruply), also in the Amic Group, supplies timber for building and furniture-making. It increased its profits from R2-million in 1978 to R11,4-million in 1979 and forecasts full utilisation of the sawmilling industry's capacity will be achieved in 1980

25/05/80
Mills
sold
after
sackings

SUN TRIP



Tribune Correspondent

THE man who summarily sacked at least 180 workers from his sawmill in January, leaving them jobless and their families hungry until emergency feeding schemes were set up, has sold his sawmilling empire to a subsidiary of Barlows for more than R3 million.

He is Baron Nicky Behr, whose Kurland Sawmills at the Crag near Plettenberg Bay and 2 291 hectares of plantations were sold to Thesen and Company of Knysna in a R3.4 million deal. The sale was announced by Rand Mines Properties, owners of Thesens of Knysna, who in turn are controlled by the giant Barlows conglomerate.

Kurland Sawmills was reported to be in financial difficulties when the workers were dismissed on the day the mills re-opened after the Christmas holidays.

They had been given no notice when the factory closed for the holidays. At the time the manager, Mr Derrick Leville, confirmed that there were negotiations with Anglo American Corporation for a takeover but this apparently soured. Baron Behr refused to discuss the mass sacking or the possible takeover.

Baron Behr's father, the late Baron Pieter Behr, acquired the property in 1952 shortly after he arrived in South Africa from Germany.

In 1965 his 'only' son Nicky took over the management of his investment in the timber industry of the Southern Cape. When Baron Pieter Behr died in 1974 his son inherited the title.

When people at the Crag and Plettenberg Bay heard of the plight of the sacked workers and their families in January, they immediately rallied round to help.

SEARLES

FM 6/6/80

Dividend policy (199)

Activities Main subsidiaries manufacture men and ladies shoe. Also involved in sawmilling and timber handling and some trading outlets.

Chairman D Bolton

Capital structure 1m ordinaries of R1 175 000 55% of R. Market capitalisation R50m

Financial 8 months to February '9 1980. Borrowings long- and medium-term R1 3m net short-term R1 3m. Debt equity ratio 377%. Current ratio 2:1 Net cash flow R1 3m Capital commitments R34 000

Share market Price 500c (1979-80 high 590c low 185c trading volume last quarter 6 900 shares) Yields 25.9% on earnings, 4.8% on dividend Cover 6.0 P/E ratio 3.5

	'77	'78	'79	'80
Return on cap %	17.0	12.8	19.8	26.8
Turnover (Rm)	15.0	17.9	18.3	15.0
Pre tax profit (Rm)	1.7	0.8	1.7	1.6
Gross margin %	9.9	7.3	10.6	12.0
Earnings (c)	47.7	76.1	116.0	96.3
Dividends (c)	11	16	24	16
Net asset value (c)	499	534	633	703

12 month to June 30 annualised

It is too soon to tell what effect the takeover by GGMB Investments will have on Searles. It is to be hoped that an early development will be a more generous distribution policy. Under the control of the Searle family dividend cover was highly conservative, averaging about 4.5 times. And this is reflected in the market's rating of the share on a 3.5 times

PI

In the eight months to end February cover was increased to 6 times which is hardly a promising sign. But when new management has things running its way a more generous payout could be made.

Chairman Des Bolton is fairly non-committal on immediate prospects. The major profit earner Watson and Oudshoorn shoe manufacturers had a successful eight months and the outlook for the current year looks good. But while there has been an improvement in performance of the timber division production bottlenecks have developed as the company's own plantations were fully utilised.

The homes division apparently remains a problem and did not come up to expectation but the directors are looking for an improvement this year while the trading and service divisions which are based largely in Great Brak River in the Cape, made moderate contributions to earnings.

From now on better use of resources must be one of the new board's major aims. Though return on capital is now at an annualised rate of 26.3% there seems more scope for growth especially as shoe sales should advance with increased consumer spending. Coupled with better prospects for the timber division is housing starts rise and near term prospects are reasonable.

However growth this year should be possible without undue balance sheet strain. Retentions over the past few years have been put towards reducing the debt equity ratio indicating scope for increasing use of borrowed funds as trading conditions improve.

In pricing the share at its current 500c the market clearly expects a strong dividend advance this year. Even without operational changes there is scope for an earnings advance to at least 160c and a dividend rise to 40c.

^{11/21}
HULLH rights
at 400c

Deputy Financial Editor

HUNT Leuchars & Hepburn, the \$200-million a-year family-controlled timber, steel, building products and engineering group, is to issue 1,197,899 new shares at 40¢ in a rights issue to raise \$480,000.

The register will be closed on June 13 to determine shareholders eligible for the rights. The letters will be listed on June 16 and letters will be posted to shareholders on June 20. The last day for dealing in the letters will be July 9 and the new shares will be listed from July 10.

The new shares will be eligible for the dividend for the six months to August 31 to be declared in October.

With the share price on 455c — down in line with the market and, perhaps, in anticipation of the rights issue — from a high of 570c in February, and issued share capital rising only 10% as a result of the issue, the issue is attractively pitched on a historical 7% dividend yield.

UAI, the underwriters, are unlikely to have to take up any stock. There should be a fairly lively trade in the few letters outside family hands.

TIMBER

FM 13/6/80

Felling controls

199

Government is planning to sell off 3-4 state-owned sawmills to private enterprise. A spokesman for the Department of Forestry confirmed this week to the *FM* that negotiations are in progress, but would give no further details.

Although government is still the largest single owner of plantations — owning 313 000 ha out of a total 767 000 ha — and operates seven sawmills, its withdrawal is expected to continue (concomitant with rationalisation in the industry), says Bruynzeel MD Pat Latham.

During the Thirties, the State entered the industry to demonstrate that it could be made viable.

But the private sector has always resented the fact that the State does not pay sales tax or import duty, has special deals on fuel, is the largest supplier and competitor, as well as the authority that examines the financial statements and makes the rules of the game.

Emphasising there won't be a total government withdrawal from the industry, Braam Raubenheimer, Minister of Forestry, said in February that in some in-

1260

cont →



TIMBER SALES

Fm 20/6/80
(149)

Growing greater

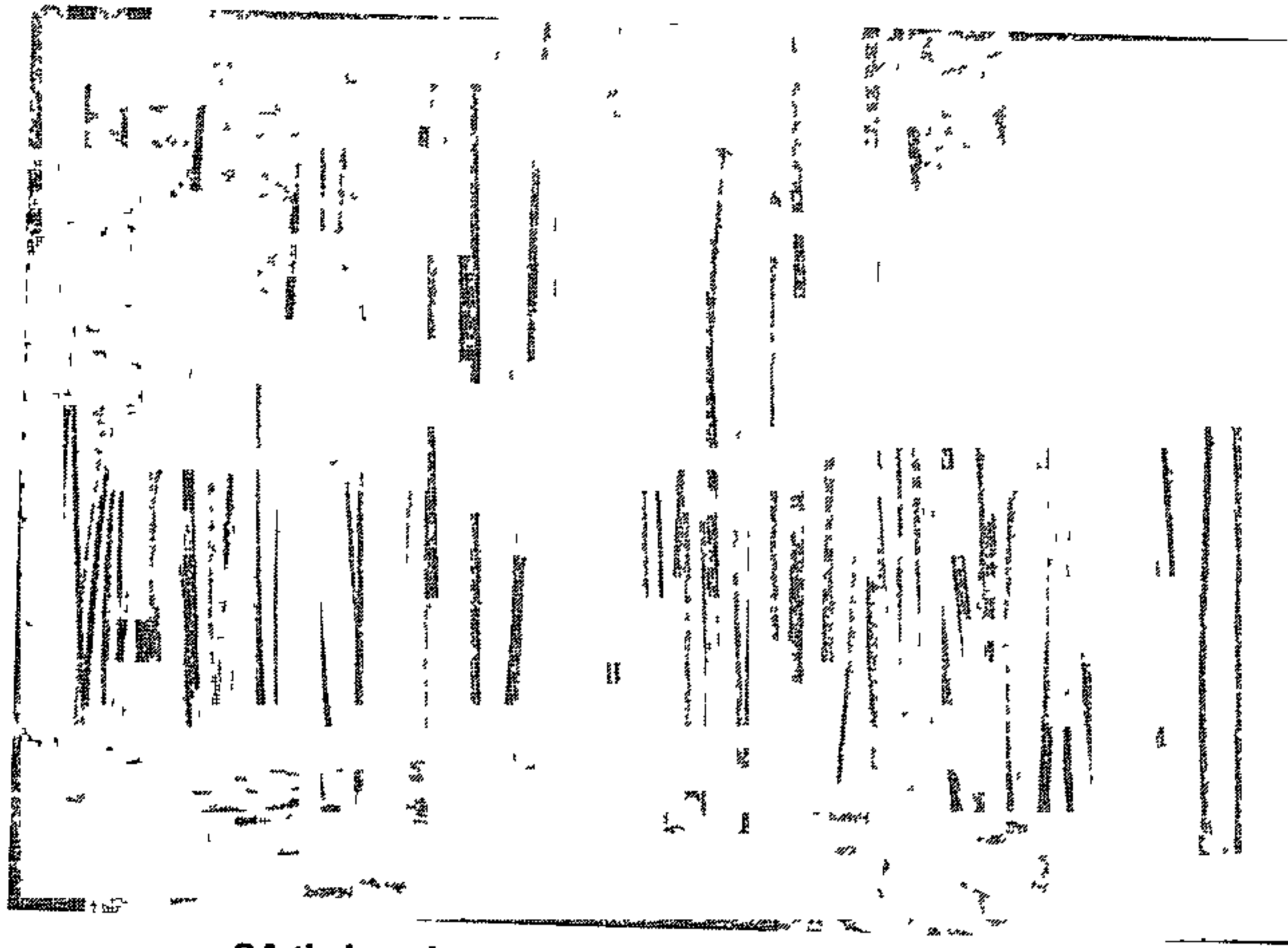
After three years of negotiation the Central Timber Cooperative has secured a 10 year contract for the export of 200,000 t of wood chip to Japan. The first delivery is scheduled for April 1, 1980.

The present contract allowing for the sale of 170,000 t of wood chip a year to Japan through Durban ceases in 1985.

Accordingly the co-op is proceeding with the construction of a second mill at Richards Bay on its 18 ha site. Costing R10m it will be completed by the end of 1981.

Another development is the increased export of logs mainly to Japan and Korea which is expected to exceed 200,000 t and bring in R7m this year.

Cont →



Anderson At last count an annual
of 25 000 ha was indicated

SA timber plantation . . . not growing fast enough

Still a further boost to the industry has been the increase in demand for creosoted poles by farmers, post offices and municipalities "Over the last four years, sales have grown from R360 000 a year to R6,3m a year," says Central Timber Co-op GM, Craig Anderson

Meanwhile, the long-standing feud be-

tween small growers, represented by the SA Timber Growers Association and the Forest Owners Association has been resolved "We now have one body representing all the timber growers, and after several lean years the only cloud on the horizon is whether we will have enough timber to cope with future demand," says

1979

Lion strikes 28% rate in growth

RDM 24/6/80

Financial Reporter

IN LINE with its forecast, Lion Match is holding its rate of earnings growth at around the 28% mark with two thirds of its current 18-month financial period behind it. The tempo may quicken in the last third

The second interim report just issued shows earnings per share for the 12 months to March 31 at 50,9c - exactly 28% up on last year's 39,8c. The 25c dividend is 25% higher than last year's "normal" payment of 20c to which a 5c non-recurrent bonus dividend was added

Because the company has changed its financial year-end to September 30, the present financial period covers 18 months

The first interim report covering the first six months to September 30 1979, showed earnings by up by 27,6% and the forecast for was for "the level of profitability to be

maintained for the remainder of the financial period"

That it has been, with all divisions contributing except Malawi, where escalating costs reduced profit levels.

Turnover in the 12 months rose 17,3% to R46 300 000 with operating profit rising almost 28% at R7 700 000

Net interest received improved moderately and taxation was at much the same incidence as last year. The net profit attributable to shareholders reached R4 500 000, a 28,6% increase

The South African match operation experienced good trading conditions and, with higher volume sales plus improved efficiency, produced a satisfactory increase in profit compared with the 12 months of the previous year

In Zimbabwe, better operating results were recorded despite continuing pre-settlement distribution problems and dis-

ruption from call-up commitments

The Malawian subsidiary did not achieve profits at last year's level on account of escalating production and distribution costs

The Interpak printing and packaging group's sales were higher than in the previous year. Margins improved and operating profits exceeded those of last year

In the personal products division, Wilkinson Sword improved both turnover and operating results in the period under review

The new "profile" brand swivel head twin bladed system has made a good impact in the higher priced sector of the wet shaving market, while in the mass sector "Lion" blades gained further market share

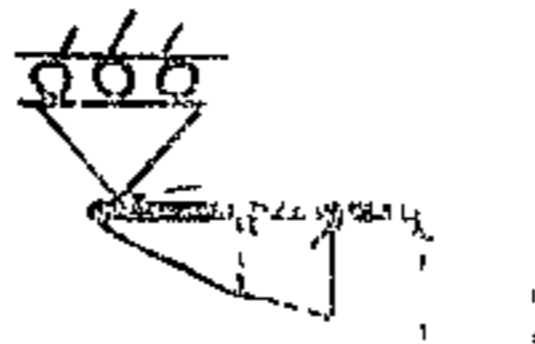
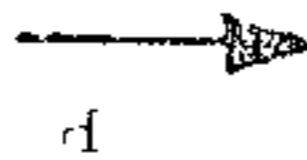
The "Carmargue" range of high fashion sunglasses increased market penetration and made a much improved contribution. Sales of scissors and garden tools also increased.

The forecast for the next six months is that improved economic conditions in South Africa plus a recovery in productivity in post-war Zimbabwe should combine to "at least maintain the improved level of profitability experienced over the last 12 months"

Lion Match shares are currently priced at about 480c, at which level they yield 10,6% on earnings of 51c and 5,2% on a dividend of 25c.

X

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1 KATZENELLENBOGEN

2 Reorganising

Fm

4/7/80

(94)

d Timber group Katzenellenbogen is to reor-
ganise its operations and concentrate all
d trading, milling industrial and commer-
ie cial activities in its biggest subsidiary,
to while having off property interests into
se another

The group is determined to streamline to take full advantage of growing demand for building products. As yet, no details are available on how the changes will affect earnings, but some of the rationale behind the moves is to improve on the recovery from the losses of 1977/78.

Ahead of the changes, 100% owned York Timbers is the biggest subsidiary, with a turnover three times that recorded by the next biggest. It is also, according to chairman Solly Tucker, the name best known in the timber industry. It possesses all the major connections, and is thus the natural vehicle for restructuring the industrial and commercial activities of the group.

Consequently York will acquire all the assets (other than immovable property) and liabilities, lock, stock and barrel, of Nicholson & Mullin, York Lumber, Granite Producers, Pretoria Amalgamated Transport, Ranch and Katzenellenbogen itself.

The second step will involve the concentration of all immovable properties under one umbrella, Inland Properties (formerly Inland Industries). Seven of the nine companies will continue to hold their properties under 100% owned Inland. The remaining two, Mitchellkay and Vanetra, will become 10%-owned by the group following the sale of 90% of the equity to a joint-venture partnership which plans to develop the properties at a cost of about R1.5m.

The rationalisation, subject to court sanction, will take retrospective effect from July 1 1980. It has not come before time, as shareholders sat out two empty years before the company once again paid a dividend in 1979. The share price has doubled over the past year and, at 280c, yields an historic 3.2%. The share may not be the most exciting around, but apart from any earnings improvement arising from reorganisation, the directors' holdings will be less than the current 88% of equity. That may improve marketability.

Fiona Halse

15/7/80
Now name is Yorkcor

Financial Reporter
KATZENLIENBOGEN, the timber and property-owning company which is listed on the JSE in the building section, is to change its name to the York Timber Organisation (Yorkcor)

Shareholders will be asked at a general meeting on July 31 to approve the proposal

The reason for the change is that the proposed new name reflects more appropriately the company's main activities and objectives

The main subsidiary is York Timbers and in an internal re-

structuring of the group all trading, milling, industrial and commercial activities will be undertaken by York which is a 100% owned subsidiary

Nine companies within the group own properties. Seven of these will be owned by a wholly owned subsidiary, Inland Industries which will become Inland Realty

Two of the companies which are not wholly owned are participating in a development scheme which will be managed by Inland

Three surplus companies will be de-registered

Figure 2.3

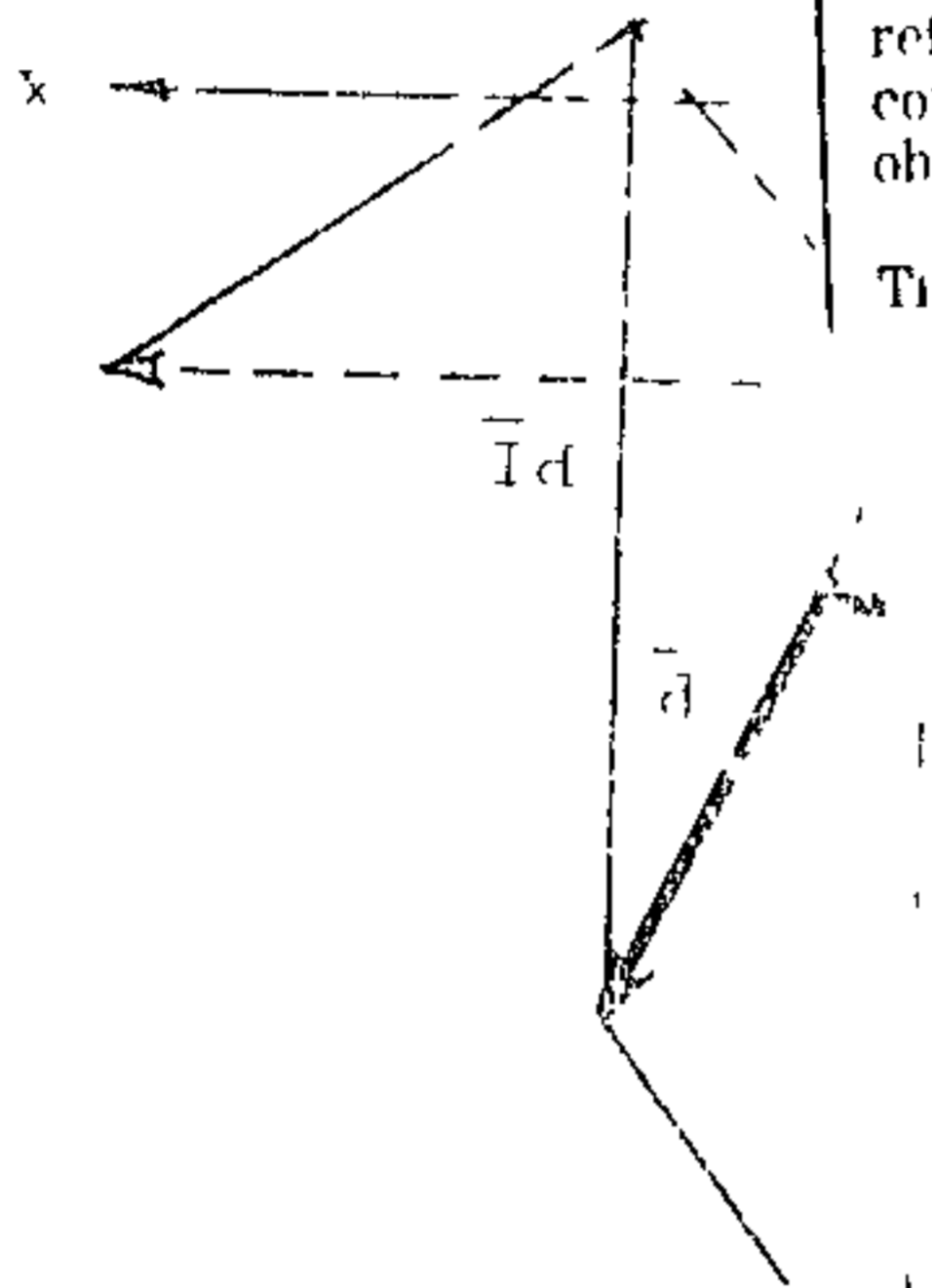
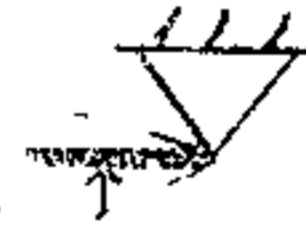
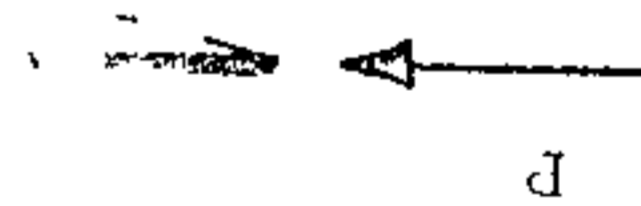
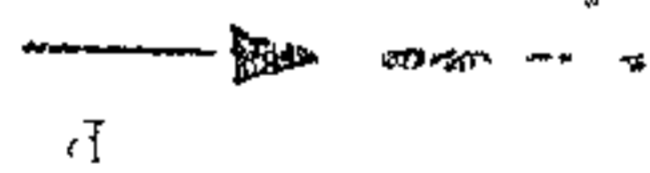


Figure 2.3
 a) axial loading; b) axial loading.



C. Times 1977/80
1983 199

Labourers down tools

Own Correspondent

MARITZBURG - At least 300 labourers downed tools to dispute a salary-grading system at the Masonite (Africa) factory in Estcourt yesterday, according to senior district police.

A shift refused to pick up tools at midnight on Thursday. When colleagues arrived at 8 am yesterday, they were persuaded to join the strike, according to a Durban spokesman for the company, who said that the strike was caused by a misinterpretation of a grading system recently introduced.

Management met a labour-liaison committee later yesterday.

The labourers returned to work later and the day shift was back to normal within an hour, police said.

Timber men in price rise push

28/7/50
slow 199

As a direct result of the recently announced increase in pulp timber prices, the Forest Owners' Association was pushing for an increase in the price paid to timber growers for mining timber, the chairman of the association, Mr Bruce Mackenzie, said in Johannesburg.

"Far more stringent specifications than for pulp logs are demanded by the mining timber manufacturers for their raw material. Consequently the growers have in the past been compensated by receiving a higher price for mining timber than for pulp logs," he said.

"With the latest price increase being paid for logs for pulp, this price differential has all but disappeared.

"If the correct differential between pulp wood

and mining timber prices is not reinstated, growers will supply timber for pulp and for export in preference to mining timber."

South African gold and uranium mines were the major consumer of mining timber, using about 1,8m tons of timber a year.

It was vital to the South African mining industry that adequate supply of mining timber always be available.

"The Forest Owners' Association, has approached the South African Mining Timber Manufacturers' Association, requesting an immediate price adjustment of mining timber."

"The matter is an urgent one, and we hope that we will receive a satisfactory response from the mining timber manufacturers' association soon," Mr MacKenzie said.

— Sapa

Yorktim pays out record R595 000

DM 14/8/80 199
THE York Timber Organisation (formerly Katzenellenbogen) earned a record R595 000 for ordinary shareholders in the year ended June 30.

The chairman, Mr Solly Tucker, believes this upward trend will continue throughout the current period.

The group's financial year-end is being changed to December 31 and the current six month period will be treated as a full year for dividend purposes.

Summarised results issued today show that the attribut-

able profit increased 132% and earnings per share rose from 23,0c to 62,0c.

A dividend of 15c (9c) has been declared.

The group continues to benefit from an effective tax rate of only 18% — a level which Mr Tucker says will not increase significantly "if at all" in the next six to nine months owing to the level of new capital investment, export tax incentives and the historic assessed/computed tax loss positions within certain York subsidiaries — Sapa.

21 1/2% on earnings 7.8% on dividend
Cover 2.7 P/E ratio 4.8

	77	78	79	80
Return on capital		8.6	18.7	20.7
Turnover (Rm)	15.0	11.7	16.8	13.0
Profit (R 000)	(1 149)	489	1 910	4 752
Gross margin		7.6	11.0	12.1
Earnings (R 000)	(200)	1.3	9.1	37.9
Dividend (c)			4	14
Net assets (R 000)	123	131	138	179

Although Masonite has fully recovered from its losses of the mid Seventies and is now considerably stronger financially than was the case a few years ago the market seems to have some doubts as to whether the group can maintain its improved position.

The year to end-June saw a number of new records established in earnings, dividends and more importantly in profitability as well. The net return of 22.4% on equity funds (based on the company's calculation of earnings of 40c before non-recurring items) was more than four percentage points better than the previous peak of 18.1% in 1974. Also over the past three years, virtually all borrowings have been repaid. So whereas in 1977 the debt equity ratio was not far short of 70%, the group is now to all intents and purposes ungeared.

This metamorphosis, however, is hardly reflected in the current market price of 180c. Although this is double the price a year ago it does not come anywhere near matching the 250% increase in the annual dividend (14c against 4c in 1979) with the result that the present 7.8% historic dividend yield is considerably higher than the 4.4% yield in October last year. It is also two percentage points higher than the current building sector average.

The acid test of course will be to see how the company performs when activity in the main industries it serves - including building, furniture, automobile, consumer electronics, packaging, shopfitting and signwriting - tail off. But while the market is probably correct in keeping sight of a somewhat chequered profit history, the present rating does not appear to take into account the many structural and marketing changes which have taken place over the past couple of years.

On the manufacturing side one of the most important moves was the closure of the Canelands facility in 1977 and the transfer of plant to the Estcourt factory. This process is not yet complete, but the installation of the newer equipment has already had a beneficial effect on the Estcourt operation which was operating at optimum capacity last year. The transfer will be completed by the end of the current financial year, by which time hardboard capacity will be increased by more than 50%.

With regard to marketing, the company is taking over the management of Masonite Corp International, the British and European sales division of the Masonite

group worldwide from its US parent. Although it is already exporting to these markets - foreign sales were worth some R2.25m last year - it will obviously be advantageous to have control of this operation because of the normally counter-cyclical nature of the domestic and overseas markets.

Also on the marketing side the range of products manufactured and sold is constantly being expanded which should hopefully make the group less sensitive to economic conditions than was the case a few years ago.

For fiscal 1981 which will be a 14-month accounting period to bring the year end into line with Masonite Corp of the US the directors see activity at least being maintained at the present level. They warn however that the 'very deep recession moving across the international horizon will probably affect the SA economy at some stage.

But on the present outlook even if the group does no better than to match last year's second-half performance it should be able to produce annualised earnings of 50c.

On this basis, the prospective yield must be in excess of 10% which is not easily matched under present market conditions.

By Ian Thompson

MASONITE FM 10/10/80
In top form (199)

Activities: Manufactures hardboard, insulation board, wood and mineral fibre ceiling panels, and decorative wall panelling. Masonite Corp of the US holds 64.7% of the equity.
Chairman and managing director: F J Raubenheimer

Capital structure: 6.5m ordinaries of 50c. Market capitalisation R11.8m.
Financial: Year to June 30 1980. Borrowings long- and medium-term, R500 000. Net cash R2.4m. Debt equity ratio 4.3%. Current ratio 2.0. Net cash flow R2.2m. Capital commitments R3.4m.

Share market: Price 180c (1979-80 high, 195c, low, 55c, trading volume last quarter, 269 000 shares). Yields

50 years of Quality and Progress

A TIMBER business, which has provided the window and door frames for thousands of homes built in the Peninsula and surrounding areas, has reached its 50th anniversary.

The business, Leiserowitz Timbers, was founded by two brothers, Louis and Max Leiserowitz, in a small workshop in Parow in 1930 when they arrived in Cape Town from Lithuania to settle in this country.

They started making door frames, often working 14 hours a day — by candle light when the sun went down — and in the course of time their business prospered, for both men could draw on experience gained in the timber industry in Lithuania. Louis Leiserowitz was a joiner by trade and his brother, Max, was an experienced machinist.

As the business took root, they were joined by another brother David, and before long they were able to leave their wood and iron workshop in Parow.

They invested in a 1400-sq metre site adjoining Elses River railway station in the Goodwood municipality and there, in 1936, they laid the foundations for the company that has over the years taken an unpublicised but important part in the Peninsula's home-building industry.

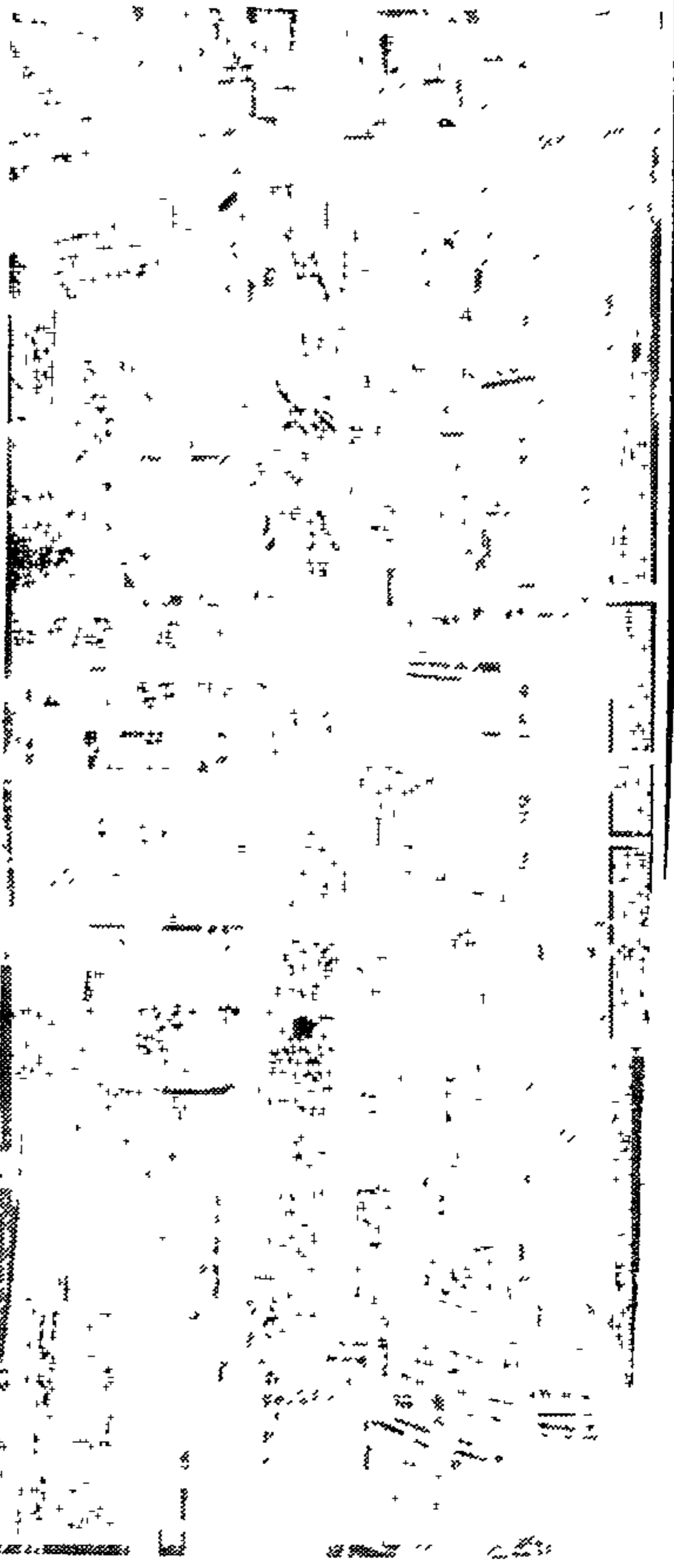
As the company flourished, the brothers branched out into constructional timber, hardware, sanitary ware and other supplies required by builders, but its operations and character have not changed greatly down the years.

The business is still turning out wooden frames for doors and windows and related products such as roof trusses. The timber for its joinery products is imported from Malaya and Singapore, and South African pine is used for constructional products. Large stocks of timber are carried in the yard to meet incoming orders.

Mr Louis Leiserowitz died some time ago and his brother, Max, has in the meantime retired. Today, the business is run by Louis Leiserowitz's son, Michael, who is managing director, and two other directors — his wife, Sylvia, and Mr Basil Storkey.

Mr Michael Leiserowitz grew up in the family business and has been associated with it for 34 years.

'As I look back over the history of the business,' he said, 'what impresses me is the hard work and dedication my father and uncle put into it. They started with nothing, but, working hard all their lives, created a successful family business. Our purpose, in celebrating the 50th anniversary of the business, is to pay tribute to what they achieved.'



A VIEW of the assembly shop.

Increasing demand for joinery products

THE sharp upsurge in the demand for housing in the Western Cape is putting the timber yards under considerable pressure.

'The demand for joinery products has increased substantially in recent months,' Mr Michael Leiserowitz, managing director of Leiserowitz Timbers, reported today.

Leiserowitz Timbers are one of the oldest manufacturers of joinery products in

the Peninsula for the home-building industry.

The upsurge in demand, coming on the heels of a period of stagnation during which many skilled artisans left the building industry to find work elsewhere, has caught the timber industry in an awkward situation.

'We were also affected by the recession in the building industry from June 1976 to June 1979 and the result today is a shortage of skilled workmen. We just can't find

the trained men we need and because of the sudden increase in demand it is not easy to keep up with the orders we are receiving.'

Leiserowitz Timbers have, however, fortunate in having a loyal staff.

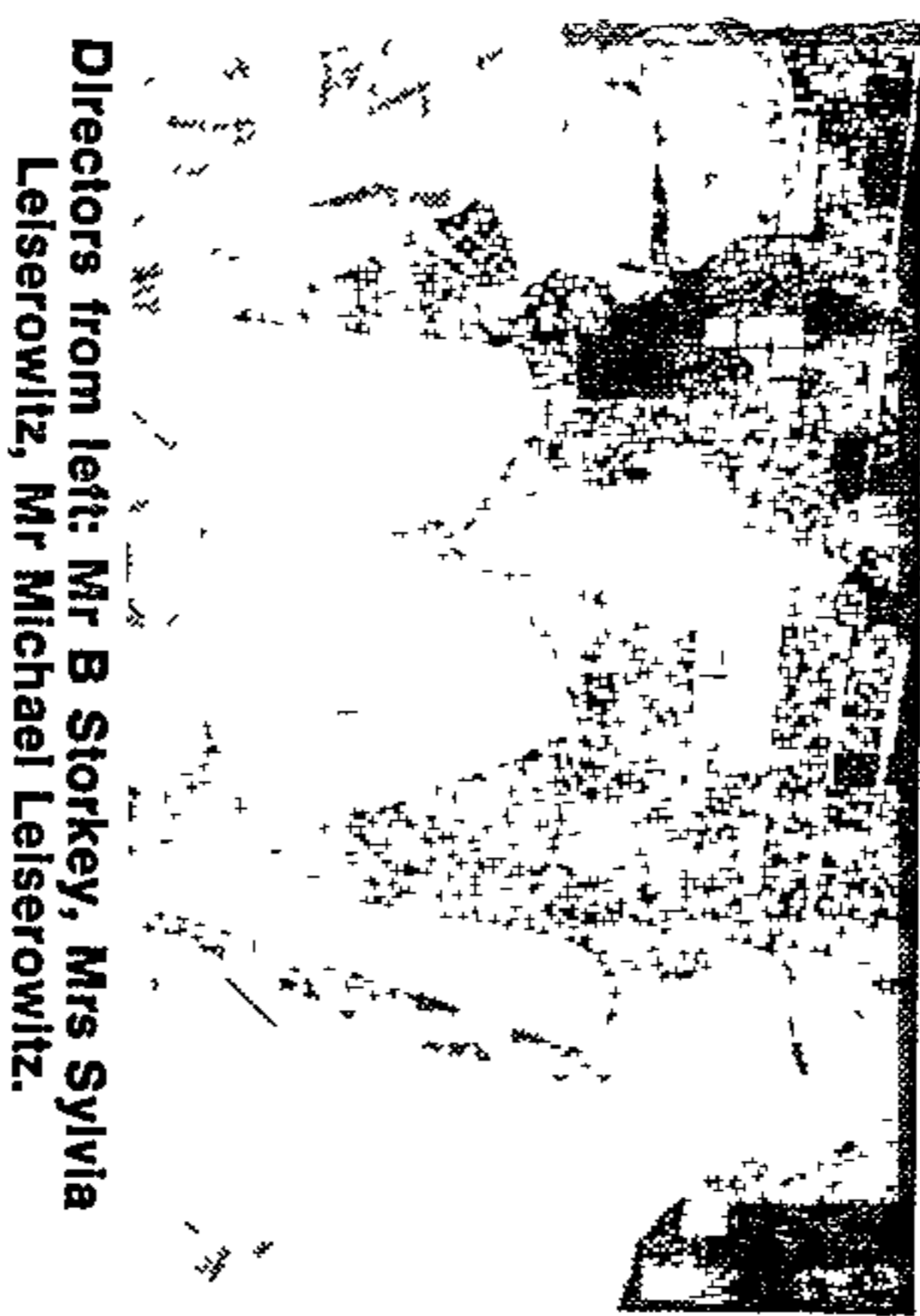
'Every tradesman in the factory served his apprenticeship in the business and most of the staff have worked with the company for many years, some as long as 40 years.'

Another problem worrying the timber yards is the continuing rise in prices.

'The price of the finished product we turn out is naturally dependent on what we have to pay for the timber, wages, railage, ocean freight, and electricity — to name just the main cost factors,' Mr Leiserowitz said.

'What worries us is that a large number of price increases are likely to hit us during the next three months.'

18/15/80
RCMS
199



Directors from left: Mr B Storkey, Mrs Sylvia Leiserowitz, Mr Michael Leiserowitz.

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...ufacturing company with a s, in fact, a ponents in tries (Pty) ings, doors ublished kitchen hile the Awards was also sales to

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LION MATCH FM 21/11/80
Matching up

199

The 18 months to end-September included the major turning point in consumer spending patterns. So although Lion Match, which is switching from a March to a September year-end, has included annualised figures in addition to the gross figures for this period, it fails to give a true reflection of how the group is benefit-

ing from the upturn. The annualised figure smoothes out the first six months to end-September 1979 when parts of the company were operating unprofitably and the last six months when a significant improvement has been achieved.

To compare the group's performance more realistically with the rest of the economy, therefore, the figures from the last six months have been compared to those of the corresponding period to end-September 1979. On this basis, turnover was up 24%, pre-tax profit by 53.6%, and attributable profits by 61.7%.

This improvement underlines the success of Lion's diversification programme which aims to lessen the group's dependence on the match division (about 70% at the end of the previous fiscal year). Because, as MD Bob Harker points out, match sales are somewhat depressed during an economic downturn, but do not react as strongly as a number of other sectors to an upturn nor are they helped by strict price controls.

Not so Lion's packaging division, the Interpak group, which has reported the highest growth during the past six months. Not surprisingly, management is continuing to look for acquisitions in the consumer-oriented industries, and the area which has been recently pinpointed is kitchen and garden hardware. But having an idea and actually making an acquisition are two very different things.

Harker confirms that although packaging showed the largest improvement, results across the board were better. The improvement in pre-tax profit turnover ratio for the last six months, from 16.5% in the period from April to September 1979, to 20.4% in the last six months, does not signify a substantial improvement in margins in the major divisions. Instead, says Harker, it is indicative that the parts of the group which were operating unprofitably during 1979 have substantially increased their contribution. This indicates that sunglasses marketer Camargue, acquired during the previous financial year, is now making a positive contribution to profits.

Total earnings for the 18-month period were R7.9m or an annualised R5.3m (R3.6m). This was achieved on turnover of R74.2m, annualised to R49.5m (R39.4m). The tax rate was marginally lower at 41.4% (44%), and annualised pre-tax profit 40% higher at R8.9m (R6.4m).

While profit performance is fairly difficult to measure in a comparative fashion, dividends too have been complicated by a 'bonus' payment in the previous year, and a non-recurring 5c payment last year to celebrate the group's 75th anniversary. The total payment for the 18-month period is 45c, but less the 5c bonus, this represents an annualised 26.7c the previous year's payment before bonus was 20c, so this broad comparison indicates a 25% dividend growth.



Lion match . . . setting profits alight

As the group still earns most of its profits in the price-controlled match market, this kind of improvement is highly acceptable. But even better news would be the consummation of a long-sought acquisition which would consolidate the group's diversification.

Fiona Halse

Klaas van der Poel

CURRICULUM VITAE

Sawn timber adds to Sappi's hopes

15/11/80
SIR
99

Sappi, Africa's largest pulp and paper producer, hopes to gain a profitable slice of South Africa's growing timber market as part of a new expansion programme.

A new division, Sappi Timber Products, will supply sawn timber to local and overseas markets and chips to Sappi's paper mills.

The division aims to gain a 20 percent stake in the R150-million timber market by 1985.

Sappi is also considering expanding the capacity of the R20-million Cape Kraft mill in Cape Town, which should be completed in a few months.

The company has collected large quantities of waste paper to be processed when the mill is commissioned in June next year.

The mill will provide the Western Cape packaging industry with linerboard and fluting for corrugated boxes.

The key to Sappi's new timber interests is the siting of the sawmills close to its pulp mills. Each tree can then be processed for maximum revenue without incurring huge transport costs.

The first step in the new development has been the purchase of a sawmill at Elandshoek, on the edge of Sappi forests in the Eastern Transvaal near its Ngodwana mill.

The second step is the construction of a R6-million sawmill adjoining Sappi's Tugela pulp and paper mill in Natal.

The mill will come into operation early in 1982.

Each year Sappi plants

more trees than it fells on its 100 000 hectares of forestry land. It plans to plant nearly 10-million trees a year on its undeveloped areas.

Sappi expects a turnover of more than R300-million this year.

Region		Labour force	
Metropolitan	2 107	Urban	1 032
Rural	1 351	Homelands	912
TOTAL		5 402	
Male	3 809	Female	1 593

(thousands)

NOVEMBER, 1979

TABLE 9: THE AFRICAN LABOUR FORCE AND OF UNEMPLOYMENT IN SOUTH AFRICA IN NOVEMBER 1979.

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The regional distribution of economic activity and unemployment:

We must thus return a verdict of 'not proven' on the necessity thesis. This is not to say that it cannot be proven: further argument on the subject would be of considerable interest.

in terms of its influence on the size and regional distribution of unemployment.

Allegations of a price fixing agreement

26/12/80

199

S. Trib. Journal

Bid to stymie lumber millers

THE furniture industry is doing its utmost to stymie what it believes is a tight price fixing agreement among the lumber millers who supply the bulk of its timber.

The furniture men are concerned that any agreement by the suppliers of their main raw material to lay down minimum prices would weaken their bargaining position in price negotiations and force up costs of manufactured furniture.

The Federation of Furniture Manufacturers, the industry's negotiating body, has already asked the Competition Board to investigate allegations of the lumber millers' restrictive business practices.

In terms of South

Special Finance Correspondent

Africa's anti-trust legislation, the board may investigate "any particular type of business agreement, arrangement, understanding, business practice or method of trading which . . . is commonly adopted for the purpose of . . . the creation of maintenance of restrictive practices". A restrictive practice includes compelling one supplier to stick to prices agreed by his "competitors".

The Competition Board has told the federation that it will act against the lumber millers only if the furniture industry can prove that millers are being compelled to quote certain minimum prices. The federation will presumably now try to lay its hands on that proof.

The allegations of price-fixing concern mainly pine and saligna, the principal types of timber produced by members of the South

African Lumber Millers' Association (Salma)

Thanks to the boom in housing, construction and furniture manufacture, local timber is currently in short supply. The furniture industry, among others, is wondering to what extent the 20 percent hike in timber prices announced recently by Salma members, is connected to the surge in demand.

Timber men point out that Salma already operates a pricing agreement for structural timber. Ironically, this agreement has the full blessing of Pretoria, which sanctioned it in the depths of the 1975-78 recession in an effort to breathe new life into the then-floundering lumber industry. In the words of one industry executive, the agreement is "working well".

Representatives of the furniture and lumber industries are believed to have had several meetings to discuss the price-fixing complaints.

City
Mint
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S. H. H. C.

From Corie's words
The Lion Works factory in
Parsippany, N. J., has
been hit by a strike, the
first in the area in more
than a month.

The managing director
of Lion Works, Mr. W. V.
Harker, said today that
today about 200 workers
were involved in a walk-
out. The strike took the
company by surprise be-
cause the workers' lot was
improved substantially to-
wards the end of last year.

This strike began when
workers returned from a
three week holiday this
week. They demanded a
substantial salary increase
and, because there was no-
one to answer their de-
mands immediately at the
Roslyn plant, they walked
out. Mr. Harker said.

'We introduced a num-
ber of employee benefits
at the end of last year, in-
cluding a good bonus
scheme for our workers.
We have also provided
houses for a number of
our employees,' Mr. Har-
ker said.

Mr. Harker said workers
were told management
would not enter into talks
with them until they re-
turned to work. Workers
were also asked to appoint
representatives with whom
the company could ne-
gotiate.

A spokesman for the
Metal Box plant, Mr. P.
Seddon, said today that
everything was back to
normal at the plant. Nearly
all of the 500 workers who
went on strike shortly be-
fore Christmas were back
at work, he said.

A spokesman for the
Dorbyl Group Projects
plant denied a morning
paper's report that work-
ers there had gone on
strike.

18 held 'for
STAR 8/11/81
 intimidating
 workers' (199)

Pretoria Bureau

Police arrested 18 people in Brits for allegedly intimidating workers wanting to return to work at the African Telephone Cable Company after 700 workers went on strike

Brigadier H A du Plessis, CID in the Northern Transvaal said police were called in at the factory during the strike on Tuesday. Those arrested are to appear in court today, the Brigadier said.

A spokesman at the African Telephone Cable Company said there was no strike at the factory and refused to comment further.

Strikers at the Lion Match Company in Rosslyn where workers went on strike for a R72 a week wage demand have been given an ultimatum to return to work on Monday, failing which they would be paid off their pensions.

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Staff Reporters

THARCO was used to disperse about 700 striking workers and 19 police were arrested yesterday at African Telephone cables in Pietermaritzburg. The Police Director of Public Order said that in the

The 18 arrested strikers were taken out on the 18th in support of a demand for the case of R1 an hour and the reinstatement of a worker whom management respect of being behind the strike

A representative of the workers said about 100 strikers were dismissed without explanation on Wednesday

The 18 arrested strikers are charged with intimidation of workers who did not join the strike, the police spokesman said

Mr I. Stewart, managing director of ATC, yesterday denied there was a strike by workers from his company

Meanwhile the managing director of Toyota Marketing in Sandton Mr Colin Adecock, yesterday accused strikers at the plant of intimidating workers in other sections

Mr Adecock said the remaining workers, about 130 of them, were threatened with violence by their striking colleagues

He said the workers reported for work yesterday despite the threats. However, they asked me to allow them to go home and I did. They said they would return to work today if they are not threatened again

But Mr Moses Mavekiso, secretary of the Metal and Allied Workers Union said the striking workers denied threatening their colleagues

Arrangements were made for management and Mavukiso's representatives to meet in an attempt to end the strike, but the talks broke down

Mr Mavukiso and Mr T Adler (of the Federation of South African Trade Unions) met Mr Adecock yesterday. He told the workers' representatives he would not take back the eight workers, but would consider re-instating the 130 strikers

Sixty other monthly paid workers joined the 130 strikers yesterday

And at the Iron Marts factory in Pretoria, negotiations between management and 220 strikers broke down on Wednesday and the men were dismissed, the managing director, Mr R W Harker, said yesterday

Mr Harker said the strikers were paid off after failing to comply with management's ultimatum of returning to work by 1pm

Mr Harker said they had "dismissed themselves by their own actions" of not returning to work and were told to apply for reappointment next Monday, and would be accepted "without broken service", failing which they would be dismissed

Trouble started on Monday this week when the 220 workers demanded 70% increases and gave the management until 1pm to meet their demands

RDM
13/1/81
199

Lion Match sees brakes on spending

By DAVID CARTE

Deputy Financial Editor

LION Match expects brakes on consumer spending, a neutral Budget and slower earnings growth in the current year, says the chairman, Mr H Alan Williams, in the company's 75th annual report

But he is confident earnings will rise more than the inflation rate

Last year Lion pushed up sales 25% to R74 227 000, operating profit 42% to R12 839 000 and net profit 50% to R7 784 000. Earnings a share rose 49% to 59,3c and the dividend 33% to 28,7c

Buoyant consumer spending led to greater demand for all Lion's products. This, cost cutting and a lower tax rate were behind the improved figures

The match division produced "very satisfactory results", while Interpak, the printing arm, contributed 30% of operating profit. Wilkinson Sword produced a "much improved" performance in highly competitive markets.

The South African match operations performed "satisfactorily", and as a result of peace, the Zimbabwe branch improved operating profit 38%. Malawian match sales rose 6% by volume, but profit was "considerably" lower

No accounts were received from Mozambique and this division's results were excluded from the consolidated accounts

Following the introduction of its Profile swivel headed razor, Wilkinson claims its share of the wet shaving market grew from 20% to 24%

The chairman devotes more than a third of his review to staff and employee relations, stressing that Lion is an equal opportunity employer, paying the rate for the job and offering all employees pension rights. He says Lion has established multiracial elected works councils with full negotiating capacity in the Durban match factory

But he makes no mention of the strike at the Rosslyn factory

At the yearend, the group had net cash of R2-million and a current ratio of 2,6.

This liquidity "provides considerable flexibility to take advantage of future investment opportunities continually being sought by management"

Lion earned 30% before tax on assets and 19,3% after tax on shareholders' funds

COMMENT: Lion Match's growth has traditionally been steady rather than spectacular, although the latter adjective might have applied last year. The group is probably good for 20% earnings and dividend growth in the current year. At 445c Lion yields a historical 6% and, on my projection, a prospective 7,2%. Relative to other industrials, this is fair value, but with gold falling and interest rates rising, the whole market looks vulnerable.

Growth at Lion Match to top inflation rate

Sales of Lion Match products will increase this year in spite of Government moves to curb inflation as the current growth phase of economy is soundly based, says the chairman, Mr H A Williams, writes Mervyn Harris.

He says in the company's 75th annual report that he expects the Government to reinforce a reduction in the rate of increase in consumer spending through a largely neutral budget.

However, continued real growth in consumer spending will enable the company's growth to top the inflation rate.

Most of the group's manufacturing units succeeded in containing costs within their budgets last year.

The match operations again produced satisfactory results but the packaging division contributed more than 30 percent of group operating profit and is reducing the group's dependence on matches for profit.

Wilkinson Sword also reported a much improved profit performance.

The company's match division also improved its performance in Zimbabwe following the end of hostilities.

It was hit, however, by raw material and factory cost increases in Malawi and erratic production and sales-tax increases in Mozambique.

Company sales increased last year by 25 percent from R39m. to R49m. A lower tax rate helped boost taxed profit from R3.4m to R5.1m.

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Helen Gardner Travel Prize
For a student who has

P F Dunckley

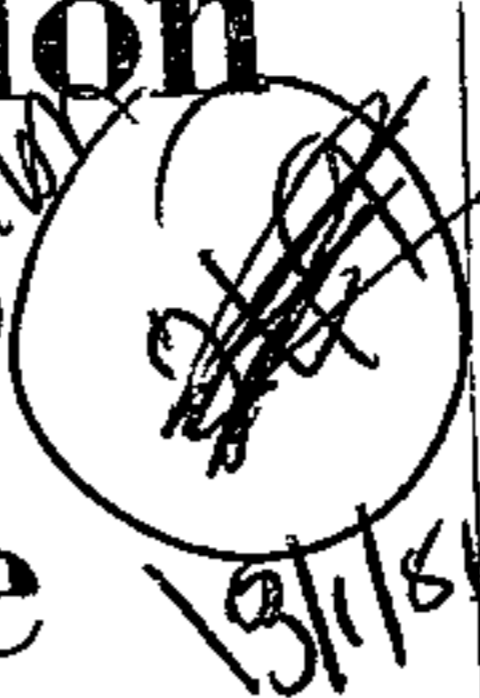
Sixth Year

Cape Provincial Institute
of Architects' Prize
For the best student in :-

FINE ART & ARCHITECTURE

ARCHITECTURE

For the
John Per
D H Pryc
year.
For the
Osborn
S A Rea
For the
General
D H Pry
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Survey
Archite
For the
David H
Miss C
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For the
Molly
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1st, 2
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19/1/61

Lion Match workers return to work

Pretoria Bureau
A total of 220 striking workers at the Lion Match Factory in Rosslin returned to work yesterday after agreeing to a wage adjustment on February 1 instead of March 1.

The return comes after an ultimatum by the company last week.

The workers were told to return to work by 7 am yesterday, or face dismissal.

A company spokesman, Mr A P van Wyk, said it

had been agreed before Christmas that employees wages would be increased at the beginning of March. The wage scales had been published.

Mr van Wyk said there had been some grumbling which had resulted in the company's bringing forward the date of the increases to February 1.

He said this had been meant to help meet the needs of workers who faced an increasing cost of living.

Osborn Prize
For the best work in fourth

S A Read

General J B M Hertzog Prize
For the best final year student.

D H Pryce Lewis

David Haddon Prize
For the best student of
Architecture (or Quantity
Surveying) in the subject
of Professional Practice.

Miss C Tredgold

Molly Gohl Memorial Prize
For the best woman student
in third year.

P A Rappoport

Helen Gardner Travel Prize
For a student who has
satisfactorily completed
1st, 2nd and 3rd major courses.

P F Dunckley

Sixth Year

Cape Provincial Institute
of Architects' Prize
For the best student in :-

FINE ART & ARCHITECTURE

ARCHITECTURE

The present system of medical schemes (together with other forms of social security such as provident, funeral and pension funds) can be seen to originate partly from the early mutual aid societies and partly from the private commercial insurance schemes. The mutual aid societies developed in Europe with the appearance of an unorganised mass of unskilled labourers in the towns. The formation of mutual aid clubs were often the basis for later emergence of industrial trade unions

Medical Aid and Medical Benefit Schemes

There are two types of medical schemes in operation in South Africa which assist workers in paying for medical services, after the payment of a regular contribution. These are medical benefit and medical aid schemes

Although the most common distinction made between the two is based on the fact that medical aid schemes allow the member a free choice of doctors whereas medical benefit schemes appoint doctors on a panel basis, there are more significant differences.

The medical aid scheme is generally aimed at the more skilled, higher income workers. The contributions deducted are higher and the benefits extended generally more comprehensive from a curative perspective. This will be shown in greater detail later on. Medical benefit schemes are aimed at lower paid workers, who are usually semi-skilled or unskilled. The contributions deducted are much lower than medical aid contributions. Not all

medical benefit societies render full services, many of them operating on a basis of medical aid. Initially only doctors services and medicine as finances are built-up benefits are extended and

TIMBER

Trees wanted

Recent prices in the timber market - both those set by government and those determined by market forces - have been insufficient to make it worthwhile to bring more land into cultivation and thus help SA prepare for the expected skyrocketing demand for timber products in the remainder of this century according to industry leaders

Last year the Department of Forestry predicted that at least 467 000 additional ha of softwood pulpwood would be needed by the year 2 000 to meet the forecast demand for its by-products. The department also projected that about 45 000 additional ha were needed immediately in hardwood saw-timber cultivation. Overall there is said to be a need to double timber plantation lands.

The price increases cover a wide variety of timber types and have generally been in the 17%-23% range. Pretoria's Department of Forestry sets the price for those types of timber that are heavily dominated by state forest production such as sawlogs. The government controls about 28% of the total SA timber industry.

In other areas where independent farmers produce the bulk of supplies price is determined by negotiations between growers representatives and the timber consumers such as mills and mining houses.

Bruce Mackenzie, chairman of the Forest Owners Association (FOA) which represents primarily large corporate landowners, says that while the price increases have been helpful to offset inflationary pressure "we are still in a position where price is not high enough. The return to capital is too low. If we are to meet the projected demand we have to get a more favourable ratio for capital."

But Adalbert Sonntag, chairman of the joint government-business Forestry Council, points out "while constant negotiations are going on it's impossible to satisfy everyone."

Sonntag also says that about 25 000 ha are presently being added to cultivation a year and that the Department of Forestry "is developing a study that will indicate our exact needs."

There are presently some 2 375 registered non-government plantation units in operation in SA and 53% are less than 100 ha. These smaller producers holding about 6% of the total non-government land in use, produce 6% of the total output.

Uncertainty over future interest rates, labour costs and transport charges makes independent farmers reluctant to expand cultivation without a better price structure, Mackenzie says.

Rural labour remains a question for all of SA's farmers. While the move toward unionisation has not been felt to any significant extent in the non-urban areas, most farmers believe the trend will develop. At present, timber workers make about R50 a month for unskilled labour in the Tzaneen region, a fairly typical wage.

Pob Pandlehoff, assistant director of the SA Timber Growers Association in Pietermaritzburg, which represents mostly smaller independent farmers, points out it is impossible to divorce the timber man's labour working on the trees from other crops. It's too early to tell what will happen to the labour supply

Established with the object of making arrangements to remunerate and dependent, nursing, surgical or dental care to members and dependents, surgical, dental or optical expenses or accommodation in homes

to members in defraying expenses on with services or medical attention.

Central Council for medical purposes pay contributions to the fund upon. A record is kept of the money in the fund is used for rendering her purposes decided upon by the schemes includes persons in the doctors, dentists, pharmacists and so forth. It lays down minimum must comply with. One of these entitled to the same benefits as funds from complying with the S.A.R. and harbour sick fund and Prisons Act, Public Service Act, the Defence Act and the Industrial other medical schemes are required Act and up until 1975 with the minimum benefits can be applied the discretion of the Central in its formulations concern has for whites. (See below).

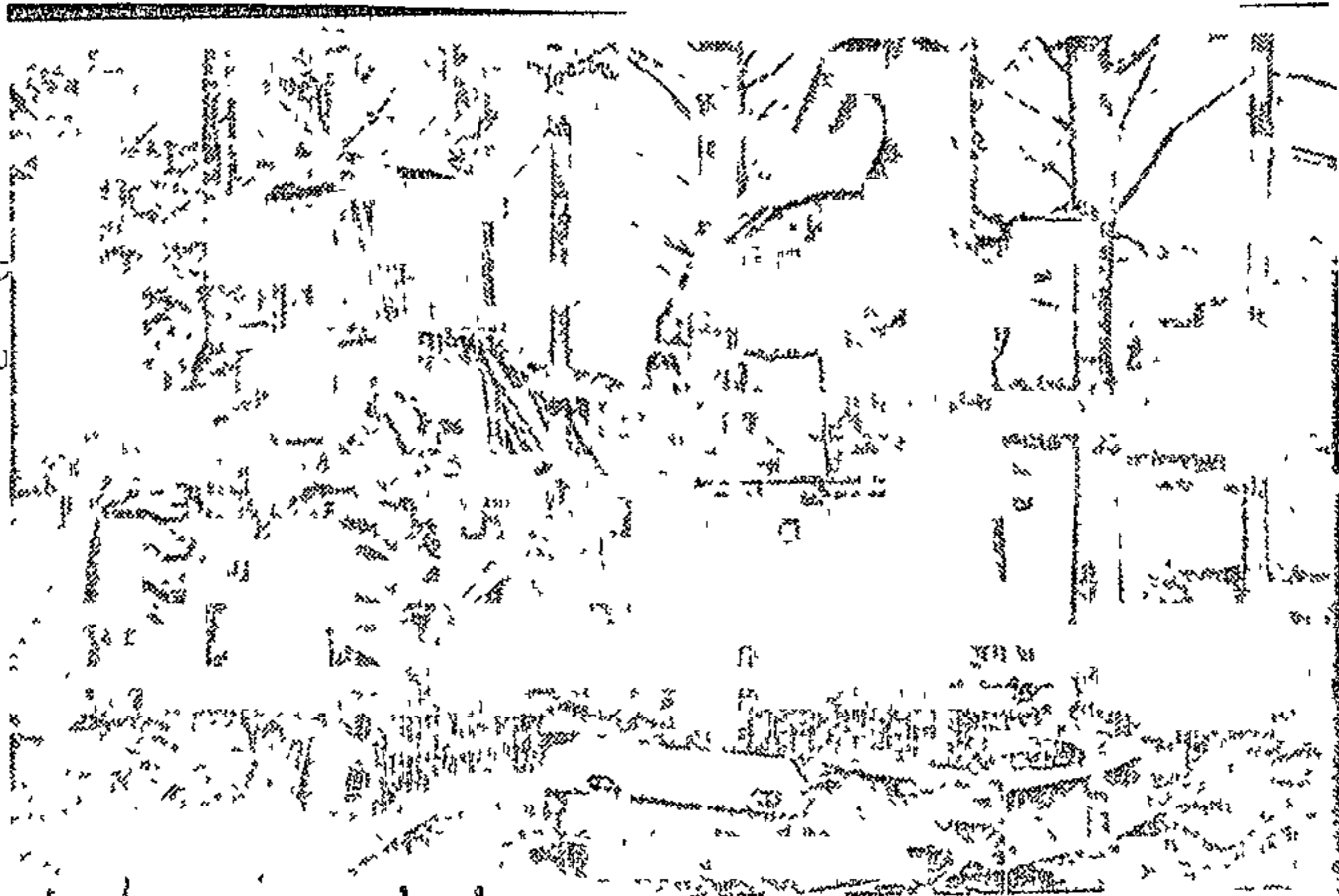
This act provision

The Act provides for health at such the money assistance Council medical so forth) medical a benefit is that the member provision

tered non-government plantation units in operation in SA and 53% are less than 100 ha. These smaller producers holding about 6% of the total non-government land in use, produce 6% of the total output. Uncertainty over future interest rates, labour costs and transport charges makes independent farmers reluctant to expand cultivation without a better price structure, Mackenzie says. Rural labour remains a question for all of SA's farmers. While the move toward unionisation has not been felt to any significant extent in the non-urban areas, most farmers believe the trend will develop. At present, timber workers make about R50 a month for unskilled labour in the Tzaneen region, a fairly typical wage. Pob Pandlehoff, assistant director of the SA Timber Growers Association in Pietermaritzburg, which represents mostly smaller independent farmers, points out it is impossible to divorce the timber man's labour working on the trees from other crops. It's too early to tell what will happen to the labour supply

more land into cultivation and thus help SA prepare for the expected skyrocketing demand for timber products in the remainder of this century according to industry leaders. Last year the Department of Forestry predicted that at least 467 000 additional ha of softwood pulpwood would be needed by the year 2 000 to meet the forecast demand for its by-products. The department also projected that about 45 000 additional ha were needed immediately in hardwood saw-timber cultivation. Overall there is said to be a need to double timber plantation lands. The price increases cover a wide variety of timber types and have generally been in the 17%-23% range. Pretoria's Department of Forestry sets the price for those types of timber that are heavily dominated by state forest production such as sawlogs. The government controls about 28% of the total SA timber industry. In other areas where independent farmers produce the bulk of supplies price is determined by negotiations between growers representatives and the timber consumers such as mills and mining houses. Bruce Mackenzie, chairman of the Forest Owners Association (FOA) which represents primarily large corporate landowners, says that while the price increases have been helpful to offset inflationary pressure "we are still in a position where price is not high enough. The return to capital is too low. If we are to meet the projected demand we have to get a more favourable ratio for capital." But Adalbert Sonntag, chairman of the joint government-business Forestry Council, points out "while constant negotiations are going on it's impossible to satisfy everyone." Sonntag also says that about 25 000 ha are presently being added to cultivation a year and that the Department of Forestry "is developing a study that will indicate our exact needs." There are presently some 2 375 registered

and medicines (The recommendations of the Act.



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worker,
, generally

S. Times 29/3/81
Cutting down on sweat

By Vera Boljakova

A SPECIALISED felling and bunching machine, introduced by Barlow's Tractor Division, is expected to take the sweat out of tree-felling and make a significant impact on the local timber industry

The first Fleco feller-buncher on the local market, mounted on a Caterpillar 930 front-end loader, has successfully completed a three-month trial run at Sappi Forest's Kerkloof plantation near Howick

The Fleco-Caterpillar combination is part of the new direction in the timber industry. It not only increases cutting capacity but, because it can do its own bunching, eliminates the need to employ extra choker men (setters)

The unit averages 36 cubic metres of timber an hour and is designed to work in tough, hilly terrain coping with slopes of up to 14 degrees. It also works in rough undergrowth, cutting both softwood and hardwood, leaving a markedly reduced stump height, which results in considerably more wood volume harvested per tree

less per head
R5 or less.
that 95
more than

Distribution of families according to income per head, weekly R

Income (R per week)	Number of families	Cumulative %
0 - 1,00	0	6,92
1,01 - 2,00	9	32,31
2,01 - 3,00	33	60,00
3,01 - 4,00	36	73,08
4,01 - 5,00	11	79,23
5,01 - 6,00	8	81,54
6,01 - 7,00	3	86,15
7,01 - 8,00	6	89,23
8,01 - 9,00	4	90,00
9,01 - 10,00	1	100,00
> 10,00	13	
total	130	

TABLE 22

YORKCOR

199

Good pruning

FM 10/4/81

Activities Sawmiller, manufacturer and distributor of timber and timber products. The directors own 84% of the equity.

Chairman and managing director S Tucker

Capital structure: 896 000 ordinaries of 50c. Market capitalisation R2,9m

Financial Year to December 31 1980
Borrowings long- and medium-term, R1,3m, net short-term, R789 000
Debt equity ratio 31,5%. Current ratio 1,1. Net cash flow R1m. Capital commitments R164 000

Share market. Price 320c (1980-81 high, 450c, low, 110c, trading volume last quarter, 6 200 shares). Yields 33,6% on earnings, 6,3% on dividend. Cover 5,4. PE ratio 3,0

	'78	'79	'80	†'80
Return on cap %	12	18.3	19.6	14.8
Turnover (Rm)	6.1	8.8	11.0	*16.6
Pre-tax profit (loss) (R 000)	(168)	536	730	*836
Gross margin %	0.9	9.1	10.4	6.2
Earnings (loss) (c)	(41.3)	22.1	64.0	*107.4
Dividends (c)	—	9	15	*20
Net asset value (c)	204	237	436	496

† Six months to December 31 * Annualised

Yorkcor's second annual report in the past six months reveals no major change in direction. Annualising the six months trading results keeps the group's two-year recovery trend on course.

Not that much else can be inferred from the annualised figures, however, as the trading period in the December half is seldom similar to that in the first half. The building and construction industry, for example, is closed for most of December and buying in the preceding months tends to taper off.

But the buoyant nature of sales to a booming building industry in the six

months to December 31 1980 can clearly be seen when results are compared with the 1979 December-half's taxed profit of R182 000. The second 1980 period, saw a threefold increase.

On an annualised basis, the earnings increase in 1980 was 67,8%. Main reason for this was group restructuring, as margins have come under pressure.

It is dangerous to read too much into these annualised figures however, as both margins and return on capital could be widely different at various stages in what is a seasonal business.

The increase in earnings was much boosted by the utilisation of tax losses made available by the rationalisation of dormant and operating companies.

On the figures, the group appears to be withholding an unwarranted proportion of earnings, paying out only 18,6% of profit. The debt equity ratio is low and gearing has plenty of upward potential by that yardstick, as well as on a costing basis interest cover in the period under review was 5,5 times.

One of the reasons for higher retentions, however, could be restraints on finance availability imposed by cash flow fluctuations in the slacker November to January period, and another might be the major expansion programme now planned.

At balance sheet date, capex commitments were only R164 000, but by mid-March, according to chairman Solly Tucker, they were up to R1,5m for the current year. Cash flow servicing will be more than adequate, but at current interest rates the cost will be reduced using internally generated funds and keeping gearing at about the same level.

The re-vamped organisation has, for the first time in years, the appearance of a cohesive, growth-orientated group. The segmentation of the do-it-yourself and the furniture markets for extra sales growth could provide useful counter-cyclical earnings and could be a strong growth area.

The shares are thinly traded and the low price suggested by the PE ratio is academic. A substantial buyer would soon push the price higher. Tucker's next board meeting should examine ways to increase share marketability.

Ian Muir

York employees out on strike

199
SECTION
14/4/81

By MONK NKOMO

MORE than 200 employees at York Timbers Limited in Pretoria went on strike yesterday morning demanding an increase of R2,50 an hour.

According to one of the employees, the strike began at about seven in the morning after the workers had all reported for duty. Most of the strikers, he said, were on a weekly payroll.

He told SOWETAN that the minimum starting wage was R29 90 a week for male labourers and R21 for women. The more than 200 workers have threatened to continue with the strike until our demands are met by management, he said.

A committee of 15 workers was selected yesterday morning to negotiate with management after the employees had refused to be represented by the liaison committee, he said.

'The factory manager, Mr W Smith, had earlier told us that management would only negotiate with the liaison committee. But later the director of the company, Mr Solly Tucker, together with Mr Trent Olivier, executive director, agreed to meet the chosen committee of 15 at about 8 o'clock,' he said.

According to his source, a member of their representative left the meeting after 15 minutes with a request from the director that they should resume their duties whilst the talks were held.

They refused, he said. The strikers dispersed at 8 30 after they were told to report for duties today. He threatened that the strike will continue until their demands were met by management. 'We either receive R2 50 an hour or tools down,' he said.

York Timbers Ltd are dealers in building materials.

The strike at the giant Sigma Motor Co-operation continued yesterday with

management warning that those on strike would not be paid for time on strike.

9. Tubercle. Vol. 49, March 1978, Supplement.

Preface by G.A.F. Haselberg, Durrant, Smith & Neshev.

10. Tubercle as above. P.4.

Some economic aspects of

L. Mokhtar.

11. Tubercle, as above. P.9.

The cost of tuberculosis

P. Polansky.

He added that the monthly paid staff were not on strike.
The main gate was closed to bar customers from entering the premises, he said. Most of the workers, together with those who were not on strike, left the premises at about 8 30 while the talks between management and the 15 members continued, said the source.

J.O.P. B.C.M.O.
Health Dept.
C.D.C.
31-8 - 78.

wife's illness serious though he will not ask for... Of the 7 patients who were admitted had in all cases... seeking help from a doctor or employer, 6 were... of them (a disproportionate number) came from farms.

Another woman living on a farm with her mother had endured 9 months of an intractably inflamed stomach and could not see medical attention. She brought her to the following day.

3) Cost

In only 13 of the 50 cases of... cost of about 10... in obtaining... find it a problem... private doctor... including... and needed... which had... to...

... of... medical... report... tar... record... special... with... day... the... un... the... K... com...

EVERYTHING was reported to be normal at York Timbers in Pretoria after more than 200 workers went on strike on Monday demanding increases of R2,50 an hour. A Mr de Klerk said yesterday that everything was back to normal and declined to comment further. An employee of the factory however told SOWETAN that the workers resumed their duties at 12 noon after the management had promised to meet the workers special committee of five as to negotiate on the wage crisis.

Only a few illnesses which are not emergencies seem to be referred to Eberforten for specialist treatment. For there is a... for the... special transport (see below).

A converted van was run by a local farmer, mainly for emergency cases. The... at the... if... Gency... service... difficulty... if the... the... an... cost...

The 'ambulance' was said to be called out on average about once a day. It... to the local... (i.e. about...)

2) Registration of Illnesses

The reports of the... of a... areas. Her... farm... own... ly... attention... families... There... farm... could... bro...

DAILY DSP 5/5/81

1478A

152

199

Timber firm agrees to deal with Saawu

By PHILLIP van NIEKERK
Labour correspondent

EAST LONDON — The management of Buffalo Timber here has agreed to recognise the unregistered South African Allied Workers Union (Saawu) as representative of the majority of workers at the firm

A spokesman for the firm, Mr S J Vroom, confirmed yesterday that the firm had agreed to deal with Saawu on an informal basis, adding that the firm did not intend to enter into any formal agreement with Saawu

"We are prepared to deal with Saawu because we believe they represent the majority of workers on our staff," he said

Mr Vroom estimated that Saawu membership at the firm was about 95 per cent. He said a committee composed of Saawu members had been elected to represent the firm's black workforce and to liaise with management

Meanwhile, a spokesman for another firm, Nairn Industries, refused to comment yesterday on a Saawu claim that the management at the firm had agreed to recognise Saawu

The development at Buffalo Timber follows the decision by management at the giant SA Chloride plant to formally recognise Saawu last year. This was the first firm to recognise the union

Many firms in the East London area have been wary of recognising Saawu because of its objections to registration and because they suspect the union of having political motives

However, earlier this year the Border Chamber of Industries supported the principle of talking to unregistered trade unions provided they could show they were representative of the workforce

Last month a referendum was conducted at Johnson and Johnsons and Saawu gained a 93,5 per cent "yes" vote. On the strength of this management at the plant and Saawu are in the process of drawing up a formal recognition agreement

Charges

aggravation

ALL WORKERS CHARGED

A. MERCURY

7/5/31

(179)

Pietermaritzburg Bureau
CHARGES of trespassing
brought against 411 strikers
from a Dalton sugar com-
pany were dropped when
the men made their second
appearance in court
yesterday

The men, who first ap-
peared in the New Hanover
agricultural hall as no
courtroom was large
enough to accommodate
them were charged with
trespassing after they failed
to leave their company's
premises after a strike last
month

Although the men were

discharged on the trespass-
ing charges, a Supreme
Court case in which some
of them are claiming they
were unlawfully ejected
from their quarters by the
Union Co-operative Bark
and Sugar Company is due
to start tomorrow

A spokesman for Fosatu
— the Federation of South
African Trade Unions —
confirmed yesterday that
the case would take place

At least 186 affidavits
had been collected from
workers bringing the ac-
tion, she said

**NATVEN
EXHIBIT (1991)
Extensive Borrowings**

Activities Produces and distributes sawn timber, plywoods, veneers and allied products. Pearman Finance & Trust Holdings owns 74% of the equity.

Chairman. P. Pearman

Capital structure 76m guarantees of 50c. Market capitalisation R53m

Financial Year to December 31 1980

Borrowing, long- and medium-term R32m net short-term, R37m

Debt equity ratio 131% Current ratio 1.6. Group cash flow R1,6m

Capital commitments R60 000

Share market. Price 70c (1980-81 high, 50c, low 50c, trading volume last quarter, 10 600 shares) Yields 25% on earnings, 6,4% on dividend

Cover 3,9 P/E ratio 4

	77	78	79	80
Return on cap %	63	92	108	138
Turnover (index*)	88	122	178	181
Pre-tax profit (R'000)	(85)	263	464	1 270
Earnings (c)	(36)	65	109	175
Dividends (c)	-	-	17	43
Net asset value (c)	64	63	77	97

* 1974-100 † Adjusted for 1980 1-for-2 cap to be

Natven's pre-tax profit shot up a spectacular 155% to R1,2m (R1,270 000) last year despite the fact that turnover increased by only 2%. Group chairman Phillip Pearman says production and hence turnover, was hit by a fire which caused extensive damage to the kwaZulu factory last May. Income was not affected, however, be-

cause the operating loss mainly the effect of the fire.

The fire also caused a 20% increase in turnover which produced a 20% increase in pre-tax profit. The company says that the increase in turnover would have been higher had it not been for the fire. This is more in line with the company's improvement also noted in its gross profit margin - achieved in 1980 of 45%.

The increase in pre-tax profit was the result of a number of positive factors. Natven's extensive loan capital for the first time in a number of years, gross return on total capital employed exceeded the average interest rate on borrowings with the result that interest payments absorbed only 90% of gross profit in 1980.

However, with a gross profit cover on interest and lease payments of a steady 2:1 ratio, the group's main effort even at this time is to avoid a recurrence of the reverse, i.e. a situation where the reverse is to be avoided. It is not surprising therefore, that a substantial portion of assets are pledged against borrowings.

Pre-tax profits were also enhanced by the receipt of a dividend from associate Pinewright, which is involved in exports to Europe. The retained earnings of this company attributable to Natven, however, declined from R331 500 to R23 200 and now represent only 20% of overall earnings against 45% previously.

Borrowings were pushed up further from R9,7m to R10m during the year - of which 83% (8,5m) was short-term. Debt includes R895 400 (R727 000) in mortgage, which the company sets off against fixed assets. The debt equity ratio nevertheless declined slightly to 131% against 161% in 1979 although this also partly reflected the kwaZulu fire. The replacement value of the plant destroyed exceeded the depreciated book value by R58 100 and shareholders' funds have accordingly increased by that amount. Had it not been for this addition, the debt equity ratio would have been 141%.

However, the increase in borrowings was offset by a R1,8m reduction in trade creditors. The group is committed to further capex this year of R60 000, to be financed by a 20-year mortgage bond to support the balance of borrowings. It is noted that conditions in view of the company's financial structure that a dividend of 2c was declared. Perhaps it would have been better to apply the R42 500 to reducing debt.

Despite all this, Pearman is optimistic that trading conditions in the West will improve from the second half of the year. "It is not unreasonable," he claims, "to anticipate further improvements in our trading results for 1981."

At 70c the share is 20c off its high and

looks expensive. It is probably best left alone until there is evidence of a stronger financial structure.

Chris Wilson

186 Dalton strikers must go to court

Original Mercury 16/5/81

Pietermaritzburg Bureau

THE 186 Dalton strikers who brought a court action contesting their eviction from factory owned lodgings will have to appear in court personally to make their claims.

The decision to refer the matter for hearing was made by Mr Acting Justice Booysen yesterday when he gave judgement on an urgent application by the men who contended that they had been forcibly ejected from the married quarters at the Dalton Union Co operative Bunk and Sugar Company's premises after a three day strike.

The dispute began shortly after the company had joined the Industrial Council, the Judge said.

Because they could not afford the minimum wage paid by more profitable companies, they were granted a differential pay rate 15 percent below the minimum, Mr Acting Justice Booysen said.

However, the company subsequently agreed to pay the higher wages but informed labour they could no longer supply free rations.

But, because the average increase would be about R59 and the subsidised food cost about R24 per man, they

would be getting an effective increase of R35 a month they were told.

The men appeared to have accepted this, the employers said, but on March 31 had demanded a R24 increase over and above the increases. When this was refused they had gone on strike.

After three days they were warned to leave the premises and, when they failed to do so, were arrested by police.

Almost the entire labour force of 414 appeared in court on the charges which were subsequently withdrawn.

Because there was a dispute over the facts of the case this should be resolved before the action went further, the Judge said.

The men should appear personally to give oral evidence on their affidavits which ran to 1312 pages, he said.

The case was adjourned to a date to be arranged.

The awarding of costs for the original application was reserved until the hearing had taken place.

Migrants down tools

Tabel 15 Uiteenset arbeidste

i op die

Item			Boere wat arbeidste-korte ondervind het
Aantal gevalle			41
Persentasie van di			21,5
1	Gemiddelde aantal betaalde vakansiedae per jaar	dae	14,8
2	Gemiddelde aantal Saterdag wat arbeiders werk per jaar	dae	17,7
3	Gemiddelde aantal werksure per dag	ure	10,1
4	Persentasie boere in betrokke groep wat arbeiders vergoed volgens bonusstelsel	%	76,7
5	Persentasie boere in betrokke groep wat georganiseerde vermaak aanbied	%	28,7
6	Gemiddelde afstand vanaf naaste dorp of stad	Km.	18,4
7	Gemiddelde belegging in arbeidsbehuising per permanente volwasse manlike arbeider	R	656
8	Weeklikse loon per gereelde arbeider	R	11,14

Met die Tabel onder beskouing is dit met die eerste cogopslag duidelik dat daar nie 'n ernstige arbeidstekort in die ondersoek gebied was nie.

Verder kan afgelei word, veral as daar gekyk word na die sosiale faktore (1 tot 3), dat arbeiders van boere wat nie tekorte ondervind het nie, effens beter byvoordele geniet.

Die gegewens van die boere is toe verder verwerk deur gebruikmaking van 'n reglynige regressiefunksie ($Y = a + b_1X_1 + b_2X_2 + \dots + b_nX_n$) om meer spesifiek die betekenisvolheid en korrelasie te bepaal tussen die afhanklike veranderlike en die onafhanklike veranderlikes. In hierdie geval was die afhanklike veranderlike (Y) gelyk aan arbeidstekort en faktore 1 tot 8 soos in die tabel, gelyk aan die onafhanklike faktore in die regressiefunksie.

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Press. 1933

Turnover rose 31.8% from R22-million to R29-million and the operating profit increased at a faster rate. In the first six months of last year operating profit was 16.9% of turnover. In the latest period it has gone up to 17.3%, reflecting a better use of assets.

The attributable profit rose from R2 373 000 to R3 170 000, which should be compared with the annualised result for the last full accounting period - September 30, 1980. The figure then was R5 240 000, which suggests a net of more than R6-million for the current financial year.

The directors, however, are not so sanguine. They do not expect consumer spending in the second half to be sustained at the same level as during the first half of the current financial year. They believe the level of profitability will not be repeated in the current six months.

But they forecast that earnings are expected to be "at least 20% higher than the an-

Lion outpaces inflation

By HAROLD FRIDJHON

GROWTH by Lion Match Company in the half-year to March more than outran the inflation rate with earnings 33% higher at 36.16c a share compared with 27.14c for the same period last year.

The dividend has been lifted to 18c from 14c with the cover increased to 2.01 times against 1.94 times last March and 1.98 times for the year.

Lion has acquired the assets of Chet Industries match business at Butterworth. This will not only give Lion a direct interest in Transkei but some diversification - a range of wooden products in Transkei and a chemical-based home care products industry in Kempton Park.

On this basis last year's earnings were 59,30c a share, so that the forecast figure is about 72c, double the earnings of the first half.

The match business is doing well, and with export orders all three factories are working at capacity on a double-shift basis. The packaging, printing and personal products divisions are performing well.

The growth rate of Lion Match has accelerated in the past 4½ years in line with the upturn in the economy. It would seem as if the company is particularly sensitive to the economic environment.

Assuming that the directors' forecast is on the conservative side, it would seem that a dividend of 20c might be paid in the second half, making 38c for the year. On this line of reasoning the share would give a yield of 8.5% at yesterday's price of 442c.

This signifies that Lion has not yet fully regained its blue-chip status, but it looks like being a sound and safe dividend sweetener.

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Lion Match roars ahead

Own Correspondent

JOHANNESBURG — Growth by the Lion Match Company during the half-year to March 1981 has more than outrun the inflation rate with earnings 33% higher at 36,16c a share compared with 27,14c for the same period of last year

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Turnover was pushed up 31,8% from R22m to R29m and the operating profit was increased at a faster rate In the first six months of last year operating profit was 16,9% of turnover In the latest report it has gone up to 17,3%, reflecting a better use of assets

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The figure then was R5 240 000, which tends to suggest a net of more than R6m for the end of the current financial year

The directors, however, are not so sanguine They do not expect consumer spending in the second half to be sustained at the same level as during the first half of the current financial year Consequently, they feel that the level of profitability will not be repeated in the current six months

But they do forecast that earnings are expected to be "at least 20% higher than the annualized figure for the pre-

vious year "

On this basis last year's earnings were 59,30c so that the forecast figure is about 72c, about double the earnings of the first half

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UNIVERSITY OF CAPE TOWN EXAMINATION ANSWER BOOK

is unlikely This year 1 234 m³ of wood is being auctioned in the southern Cape compared to 889 m³ in 1980

Grewar says weather conditions in the area have resulted in heavy windfalls estimated to make up 40% of the logs on auction

Gert Pretorius conservation officer for the Tsitsikama region says there will be marginally less yellowwood on sale in that area but he endorses the view of Grewar and furniture manufacturers who use these pricey timbers that demand is firm

What of the export market? Says Cowlin The market for high quality hand-made furniture of solid wood is extremely high There is a tremendous shortage of solid hard woods in the US, Western Europe and the UK

He says most of the furniture there is treated with either wood or plastic veneer on a chipboard base — a trend resisted by those who can afford better

Cowlin stresses however that furniture manufacturers in SA would be strongly opposed to the export of indigenous wood planks, as it would have adverse effects on the manufacture of Cape Dutch furniture in this country

Besides, if one considers knysna manufacturers Jonker Brothers who last year bought a stinkwood log for R9 500/m³ and made a profit on the resulting furniture of an estimated R60 000 on the local market,

d

(B)

FM 12/4/81
INDIGENOUS WOOD

Another hard asset

The consumer price index (cpi) figure for indigenous wood in the southern Cape and Tsitsikama regions of the Garden Route has risen for some categories by close on 200% in five years And the cognoscenti expect prices to soar further at the forthcoming auctions of some of the world's most expensive woods stinkwood yellowwood, Outeniqua yellowwood and blackwood

According to Dr John Cowlin, MD of Motif Investment Holdings, parent company of Motif Furniture and Outeniqua Timber Products, the price of yellowwood

ich

B Com:

who needs export markets?

Small wonder therefore, that Motif Furniture ran an ad recently noting that gold and diamonds are not the only hard assets

The Garden Route timber auctions are held in two regions These are defined as follows the southern Cape area between

has peaked and will not rise as much as stinkwood This, in his opinion makes stinkwood comparable to SA's highest priced minerals and metals in investment value
Prices in the past show a steady incline with demand rising in tandem with escalating costs Stephen Grewar, working plans officer for indigenous forests in the southern Cape notes that for the four varieties concerned average prices of all grades combined (in rands/m³) show the following pattern of increase

(1)

	s/wood	Outeniqua		b/wood
		y/wood	y/wood	
1975	321	190	126	118
1976	285	294	166	70
1977	483	269	244	170
1978	515	271	251	204
1979	692	335	272	205
1980	1 282	838	695	429

A reason for the ongoing price rise is that the annual cutting of trees in the Knysna Forest and other Garden Route plantations is carefully controlled by the Department of Forestry in the different regional sections This complies with legal restrictions for the felling of stinkwood which have been rigidly enforced for several years

So an oversupply of highest grade wood

copied from the heading on the Examination Paper

NOTE CAREFULLY

- 1 Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering
- 2 Blue or black ink must be used for written answers The use of a ball point pen is acceptable Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used
- 3 Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used
- 4 Do not write in the left hand margin

WARNING

- 1 No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed
- 2 Candidates are not to communicate with other candidates or with any person except the invigilator
- 3 No part of an answer book is to be torn out
- 4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

500 out on strike — but trade union does not approve

BY JONATHAN...
PORTLAND...

ABOUT 500 timber workers in Port Elizabeth launched a wildcat strike today in a demand for higher wages. Since workers said the strike was timed to coincide with the fifth anniversary of the Soweto riots.

The strike has been condemned by the union to which the strikers say they belong.

Company management representatives met the strike leaders and were not available for comment.

The strikers — from Federated Timbers in Paterson Road North End, and the company's Deal Party mill — gathered at 8am outside the front gate of the Paterson Road headquarters of the company.

The main demand was for R165 an hour — triple the amount many of the workers are earning.

Workers interviewed were adamant they would not return to work before this demand was met.

The workers said they were earning 50c an hour after the increase with the company. Another said he was earning 70c an hour after 10 years service.

"We are not trying to be criminals. We went on strike because the cost of living is shooting toward our heads," they said.

Major George van Rooyen, police liaison officer, said the strikers were behaving peacefully and police did not expect any trouble.

The strikers said they were members of the General Workers Union of South Africa — an unregistered union closely allied with the Motor Assembly and Components Workers Union.

"We are all leaders and have just chosen workers to represent us in talks with management," one worker said.

But a union spokesman Mr Siphon Pitsoana, said the strike action did not have the approval of the union.

"We have a serious problem

with workers who do not understand the operation of trade unionism. That is the real reason we are acting as to go out on strike even before we have made a request to management."

He said he felt that the union had been a primary cause of the workers' preparation to approach management for recognition, but said that many workers did not understand the procedure.

He hoped management would not deal harshly with the workers as their actions were the result of ignorance. Because some of the men had signed membership forms the union would be obliged to act on their behalf in dealings with management.

He criticised the Fosatu group of unions, to which many of the workers had belonged, as being responsible for the lack of union awareness.

"We have not had the time to educate the workers in trade unionism. We are under pressure all the time," he said.

160 workers at PE timber factory lose jobs after strike

199
17/6/81
EP

By SANDRA SMITH

ABOUT 160 workers at Federated Timbers who stopped work yesterday in support of their demand for higher wages, have been dismissed

The regional manager of Federated Timbers, Mr T Botha, said today the workers "had indicated that they had dismissed themselves by leaving the premises yesterday"

Only about 160 workers were involved, not 500 as was stated yesterday

He said the striking workers, who represented a third of the black work force at the timber yard, would be paid out today

He also confirmed that worker representatives had met with management to discuss an increase in weekly wages, and that during the discussions a complete work stoppage occurred

The workers gathered outside the timber yard today, after which they held a meet-

ing at the Holy Spirit Hall, Kwazakele

A spokesman for the workers said before the meeting that they would continue to report to work until they were reinstated at the new minimum wage demanded

At a meeting with the Federated Timbers management yesterday, worker representatives demanded a minimum wage of R1,65 an hour

The workers said that their walkout yesterday was not connected with the anniversary of June 16, and the fact that it fell on that day was coincidental

A spokesman for the General Workers Union of South Africa (Gwusa), which is not recognised by Federated Timbers, said the union would meet with the workers at the Holy Spirit Hall today to establish what their grievances were, after which they would arrange to meet the company's management

Mr Botha said that workers'

wages had been increased this year in accordance with Industrial Council agreements which set the minimum wage at 85c an hour

"With this minimum wage laid down, it is not correct to say that the workers' demand for R1,65 is triple the amount many are being paid (as was claimed by workers yesterday)," he said

The company had budgeted for increases of between 20 and 30%, depending on the job grade, for later in the year. This would be on the Paterson system, with all jobs being graded and employees rewarded "on a non-discriminatory basis"

Workers had been told that their demand for a 100% increase in the minimum wage rate was excessive

If, he said, they were not prepared to wait for the promised increases the company "would have no objection to them seeking alternative employment"

There is no doubt that capitalist agriculture has been a very significant source of supply of labour as far as the rest of the capitalist sector is concerned despite the fact that there is little evidence of any substantial economic transformation taking place within the sector itself to date. Between the years 1936 and 1971 the sector has provided 24 per cent of the White labour force, 33 per cent of the Coloured labour force, 41 per cent of the Asian labour force and 20 per cent of the African labour force employed in the non-agricultural capitalist sector in 1970.

Capitalist Agriculture and the Labour Supply of the Capitalist Sector

within the nineteen year period 1951-1970.

sector or are first generation descendants of men who left the sector agriculture either themselves originated in the capitalist agricultural cent of the Africans who are economically active but not employed in the modern sector of the South African economy, as much as 20 per economically active members of the outmigrant groups were employed

160 timber plant strikers lose their jobs

Argus Bureau

PORT ELIZABETH — The 160 workers who walked out yesterday at the Federated Timbers plant here lost their jobs, a company spokesman said today.

The managing director of the company, Mr T Botha, said workers gathered at the plant gates for the second successive day today.

They had been told that management rejected their pay demands, and that if they did not return to work today they would be regarded as having terminated their services.

He said arrangements had been made so they could be paid out today.

He said the number of workers who had walked out was not 500 as initially reported, but 160. They were the black

labour force of the plant — one third of all the workers.

The workers on strike all said to be members of the General Workers Union (GWUSA) are demanding a R165 an hour minimum wage.

A GWUSA organiser, Mr Sipho Pitvana, was trying to arrange a meeting of the workers and the union in New Brighton today to establish their

position and to decide on further action.

The union had not yet made official contact with management.

GWUSA is an offshoot of the Motor Assembly and Component Workers Union — a new union which started at Ford and which has mushroomed in recent months. Its members recently staged a strike of 3500 workers in the motor industry here.

* * * * *

- (1) Plot this demand curve as accurately as possible, preferably using graph paper.
- (2) Now suppose that over a period of ten successive years the annual "crop" amounted to outputs of 80, 60, 70, 40, 50, 80, 60, 50, 40, and 70 million bushels respectively. Calculate and tabulate the gross value of the crop in each of these years, if the demand curve scheduled above was the demand curve of each of the ten years.
- (3) Calculate the average annual gross value of the crop over the ten years, and the output and price which would yield this value.
- (4) Construct a schedule showing what price would have to be received for each of the outputs in the demand schedule in order to make the gross value of the crop in each year equal to the average annual gross value. Plot this schedule on the same paper as the demand curve. (It will be a curve of unit elasticity).
- (5) From the demand curve find the total amount which must be offered on the market in order to fetch the prices discovered in part (4). From these amounts make a schedule showing how much the government would have to buy or sell for each total output.
- (6) Draw up a schedule showing how much the government would have to buy or sell in each of the ten successive years of part (2). Would the government have to sell a total greater than the amount it would have to buy over the ten years? Does the answer mean that stabilization of the gross value of a crop is impossible?

2. cont.....

TIMBER WORKERS ON STRIKE

SOWETAN Wednesday June 17, 1981

Page 1

ABOUT 500 workers at the Federated Timbers factory in Port Elizabeth went on strike yesterday for better wages. Workers' spokesmen said their action was organised to coincide with the commemoration of the 1976 riots. Crowds of workers gathered outside in the street at 8am - the firm's starting time. Many were singing and chanting. Most of the strikers said to be members of the General Workers' Union of South Africa (Gwusa) - are from the factory's timber mill in Deal Party Industrial Township. Spokesmen said they would not return to work until their demands of a minimum of R1,65 an hour wages was met. The managing director of the company, Mr T Botha, confirmed there had been a walk-out by workers demanding increased wages, but he described the incident as a "storm in a teacup". He said production was not affected and negotiations between management and workers were taking place. He would not elaborate.

Namibia (Landwirtschaftszensus 1970/1
Quelle: Eigene Erhebung 1972/3

beten; das sind 8,6% Farmarbeitern in

Haus- arbeiter	(%)	Gesamt	(%)
344	8.0	4,286	8.6
154	11.5	154	3.6
729	19.8	729	17.0
1101	23.5	1101	25.7
377	4.6	377	8.8
754	21.5	754	17.6
909	24.1	909	21.2
257	1.2	257	6.0

Zahlen

1 000 U'hage workers still on strike today

By RIL GARDINER and SANDRA SMITH
ABOUT 1 000 workers at Harbel Amalgamated Products in Uitenhage stayed out today on the second day of the strike at the rubber processing plant.
Last minute negotiations between union officials and management failed to resolve the dispute.
Workers yesterday stayed out of the Harbel plant over new proposals.
Officials of the National Union of Motor Assemblies and Rubber Workers (NUMAW) who is affiliated to the 50 000-strong Federation of South African Trade Unions (FOSATU) - have been negotiating for a minimum wage level of R2 an hour with management since April.
But the company has stood firm on its offer of R1 75 an hour recommended by the Industrial Council for the Rubber and Plastics Industry.
A local newspaper reports that management is being paid minimum wages. FOSATU officials have rejected the industrial council's offer.
About 400 workers gathered outside the factory gates early today while union officials were in talks with management officials. They were later joined by the Durban-based organiser Mr Edwin Mapepe.
In an interview, Mr Mapepe said little had been resolved at this morning's talks. Management had called on workers to return today to

face dismissal but workers prepared to return only on later terms.
Management's varied union officials that workers who failed to return to work would be considered as having accepted the company's offer.
Mr Mapepe said he was disappointed that the company at today's talks had not accepted the union's offer.
He said he would be returning to work at a meeting later today.
Management's offer was rejected for comment today.
Meanwhile a total of about 900 dismissed workers at Uitenhage in Port Elizabeth both who do not work on Tuesday in a particular plant. A 10-member committee yesterday was set up to deal with the matter.
A spokesman for the union said both based on the fact that the union had rejected the offer and the fact that the company had not accepted the union's offer.
At last night's meeting workers reaffirmed their demand for a minimum wage of R1 75 an hour and rejected the company's union committee's offer of a minimum wage of R1 50 an hour. He said today about 25 workers had been recruited. He said dismissed workers would be re-employed if their positions were still vacant.

... to be done without the permission of the author.

- 1 -

This difference is important if we are to interest the ... facilities and ... the people towards ...

This page ... a set of records ... members of ...

PE strikers in talks today

Arms Bureau

PORT ELIZABETH — Representatives of trade unions ...

However, quick settlements seemed out of the question ...

coloured as they are the one now turning up to seek employment ...

PE strikers
129

MEDICARE IN A "COLOURED" TOWNSHIP - THE PATIENT'S VIEW

Introduction

Ocean View came into being in 1968 to accommodate the 10,000 coloured people living in the area south of a line between Kalk Bay and Chapman's Peak on the Cape Peninsula ...

Noordhoek was less well served. It had a clinic served by a dedicated public health nurse, a mid-wife who was left very busy and doctors who would come from Fish Hoek and Simon's Town to treat its sick ...

Strike-hit Stow 18/6/81 firms hold talks with 189 unionists

Own Correspondent

PORT ELIZABETH — Representatives of trade unions were to have urgent meetings today with the managements of three strike-hit plants in Port Elizabeth and Uitenhage.

Quick settlements seemed out of the question as the two companies involved — Federated Timbers in Port Elizabeth and Dorby Automotive Products in Uitenhage — have rejected workers' pay demands, which are at the centre of the action.

At Federated Timbers the whole African labour force of 200 has been dismissed after a walkout on Tuesday.

The managing director of that company, Mr T Rotha, said today that the company had begun employing new workers yesterday.

Mr Rotha said he was to meet a delegation from the General Workers Union (GWUSA) today. He was prepared to talk but regarded negotiations as finished.

At the two motor component plants of Dorbyl in Uitenhage about 1000 workers awaited the outcome of negotiations.

The organising secretary of the National Union of Motor Assembly and Rubber Workers (NUMARW) in Uitenhage, Mr A F Macope, said when the union told the workers yesterday that Dorbyl management had rejected their minimum wage demand of R2 an hour, they walked out.

DETAINED

Meanwhile Brigadier Charles Sebe, head of the Ciskei Central Intelligence Services, has confirmed the recent detentions of 15 East London trade unionists.

And in Port Elizabeth, the chairman of the Macwusa and three other members have been re-detained under section 6 of the Terrorism Act.

See Page 2.

Employing the firm's...
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 62

Uitenhage strikers dismissed after refusing to return

EPoS
1971/11/11

By BILL GARDINER

ABOUT 1 000 striking workers at Dorbyl's two motor component plants in Uitenhage were fired yesterday for failing to respond to management's ultimatum for a return to work.

The firm today started recruiting a new work force.

The executive director, Mr I H Fehrsen, would not say how many workers had been hired but said dismissed workers would be considered for re-employment.

The National Union of Motor Assembly and Rubber Workers of South Africa (Numarwosa) — which represents the striking workers — has called another meeting of the dismissed Dorbyl workers in an attempt to urge them to reconsider their decision to continue with the three-day-old strike.

At a meeting today workers unanimously decided to continue with the strike until management accepted their R2-an-hour demand.

Workers have rejected the pay offer recommended by the Industrial Council for the Engineering Industry of R1,36 an

hour.

According to the local Numarwosa organiser, Mr Ed van Maepo, management was prepared to meet for further talks with union officials on July 2, pending improvements in "absenteeism and productivity".

He said the union would recommend that workers accept a compromise wage offer but would not recommend anything less than R1,36 an hour.

However, Mr Fehrsen said from Pieteria today that the firm was willing to meet union officials before that date.

Meanwhile the Port Elizabeth-based General Workers Union of South Africa, (Gwusa) is continuing its attempts to have 200 dismissed workers at Federated Timbers reinstated.

The workers were dismissed after management rejected their demands for a 100% increase in weekly minimum wages.

Management told Gwusa officials yesterday that the wage issue was "non-negotiable" as the union represented workers

who were no longer employees at Federated Timbers.

The company was still prepared to talk to Gwusa officials and worker representatives about the re-employment of the dismissed workers.

"Federated Timbers are not prepared to reinstate the workers, so some people with 28 years' service will lose all their long-service benefits," a Gwusa spokesman said today.

In a statement today, Federated Timbers said that though the firm could not meet pay demands made by striking workers, an increase of between 20% and 30% in minimum wages had already been budgeted for later in the year.

"Workers who accepted this were given the opportunity to return to work."

To ensure that the commitments of the company to its customers continue to be met, new workers are being taken on in the place of those who did not accept management's offer, with the result that operations virtually returned to normal yesterday," the statement said.

Sta 19/6/81
Car strike
1977
1978
1979
1980
1981
till July
1981
Wage talks

PORT ELIZABETH —
About 1000 workers at
Doiby's two motor com-
ponent plants in Uiten-
hage decided yesterday
that they would continue
their strike until their
union resumed wage nego-
tiations with the ma-
nagement on July 2

In Port Elizabeth mean-
while, efforts by the
General Workers Union
of South Africa (Gwusa)
to secure the re-
statement of about 200
workers dismissed at
Federated Timber have
been unsuccessful

At a stormy meeting in
Uitenhage at which offi-
cials of the National
Union of Motor Assembly
and Rubber Workers of
South Africa were
shouted down when they
suggested that workers re-
turn to their jobs, the
union was instructed to
convey the decision to the
management

The Doiby workers,
who are paid minimum
wages of R1,13 an hour,
downed tools on Wednes-
day after demanding a
minimum wage of R2 an
hour

Union officials said the
company was refusing to
go higher than the
R1 36 an-hour minimum
recommended by the In-
dustrial Council for the
Engineering Industry
from July 2 — Sap

⊙ See Page 4

Table A2

Es

Most of fired timber workers back at their posts today

23/6/51

EP

152
134
199

Post Reporter

MOST of the workers at Federated Timbers in Port Elizabeth who lost their jobs last week after a pay strike, returned to their posts today

About 200 workers downed tools last week after management rejected their demands for a 100% increase in the weekly minimum wage rate. The firm started recruiting a new work force last week and dismissed workers were given the opportunity to return

Workers said they were dissatisfied with the present 80c an hour minimum and demanded an hourly minimum of R1,65

Federated Timbers, however, said although the pay demands by striking workers could not be met, an increase of between 20% and 30% in minimum wages had already

been budgeted for later in the year

Most of the dismissed workers returned to work today

The firm has already engaged a number of replacement workers but official figures could not be obtained. All who returned today will be accepted back but it is not clear whether workers will be reinstated or re-employed

If they are reinstated, workers will not lose accumulated long-service bonuses and holiday pay benefits

Meanwhile management at the strike-hit motor component firm, Dorbyl, in Uitenhage would not say how many workers had been recruited after the dismissal of 1 000 strikers last week

Recruitment has reportedly been slow and one of the two plants hit by the strike is at a standstill

Details				African Home and Rural Area
1.	Estimated Settled Population African Areas from 1936 Population estimated on the basis of the African population as a whole. <u>Children 0-14 yrs in Town</u> = .39			(Migrants 476 000)
	White Farms actual count; African			3 438 395
2.	Estimated population in 1951 or only. Natural rate of increase. <u>Population 1951</u> = <u>Population 1936</u>			4 493 372
3.	Actual Population in the area of urban area taken as <u>actual children</u> 39 African rural areas census count			(Migrants 679 000)
				3 986 234
4.	<u>Permanent Migration together with migrants</u> i.e. persons who would in 1951 if no migration had taken place. (rounded to 10 000)			- 510 000
5.	Estimated Population in the area of increase only, rate of natural increase 3 per cent p.a. <u>Note</u> calculation period 1951-1960 as 1960 is the latest year for which it was possible to obtain actual census counts of the population resident on White farms.	(4)	2 625 000	1960 3 145 072
				6 985 966
6.	Actual count adjusted for temporary migrants. Ratio of children to adults .42 for urban population. Migrants from homelands 1 177 000.	(5)	3 702 000	1960 2 144 085
				(Migrants 1 177 000)
				7 586 780
7.	Permanent Migration together with the outmigrants natural increase (see 4 above) (estimates rounded to nearest 10 000)		1 080 000	1 000 000
				+ 600 000

- (1) Population census data has been taken from Union of South Africa 6th Census, 5th May 1936, Vol 1 'Sex and Geographical Distribution of the Population', UG 21 of 1938 and the Supplement to vol. IX "Ages and Marital Conditions of the Bantu Population", UG 50 of 1938, Government Printer, Pretoria. The number of temporary migrants has been taken from Jill Nattrass, The Migrant Labour System and South Africa's Economic Development 1936-1970. Unpublished Doctoral Thesis, University of Natal Library
- (2) Population data from 'Sex and Geographical Distribution of the Population' vol. V, Population Census 1936, UG 21/1938. The Rate of increase of 1.8 per cent has been taken from the average rates of increase 1936-1951 for the African Population in South African Statistics 1974, Department of Statistics, Pretoria, 1975.
- (3) Actual population data from 'Union Statistics for Fifty Years' Bureau of Statistics, Pretoria and Population Census 1951, Vol. V, Ages All Races Bureau of Statistics, Pretoria, UG 42/1958. The estimates of the number of migrants from data in Jill Nattrass, The Migrant Labour System and South Africa's Economic Development 1936-1971, see Note 1.
- (4) The rate of increase of 3 per cent from the average rate of increase 1951-1970 for African Population in South African Statistics 1974, Department of Statistics, Pretoria, 1975
- (5) Actual counts of urban population from Monthly Bulletin of Statistics, December 1975, Department of Statistics, Pretoria, 1976. The estimated number of migrants from Jill Nattrass The Migrant Labour System and South Africa's Economic Development 1936-1971. See Note 1. The ratio of children under 15 to all African adults, .42 estimated from Report 02-02-02, Population Census 1970 Bantu Age, Occupation, Industry, School Standard, Birthplace, Department of Statistics, Pretoria, 1973.

NEWS
 Star 17/7/81
 Pay row
 strikers
 given
 deadline

By Drew Forrest

The entire workforce at the Bisonbord wood factory in Boksburg has downed tools — the fourth strike to hit the East Rand in a fortnight.

The strike was sparked on Wednesday over pay demands, and the 270-odd workers, mostly members of Fosatus Paper, Wood and Allied Workers Union (PWAU), have been warned by management that unless they are back today they face dismissal.

The company had agreed "in principle" to recognise the PWAU, said Bisonbord general manager Mr Ron Lucke, but because the relationship with the union had not been formalised, it was dealing with an elected in-plant committee.

Mr Lucke said the R46 a week minimum wage paid by the company was "well above" the current wage determination for the plywood industry.

Workers received a 15 percent increase in January, and were now demanding a similar rise in place of a R3.22 flat-rate increase in the weekly wage introduced on July 1.

Meanwhile, talks between management and the Metal and Allied Workers Union yesterday, failed to resolve the strike by 2 000 metal workers at Hendler and Hendler.

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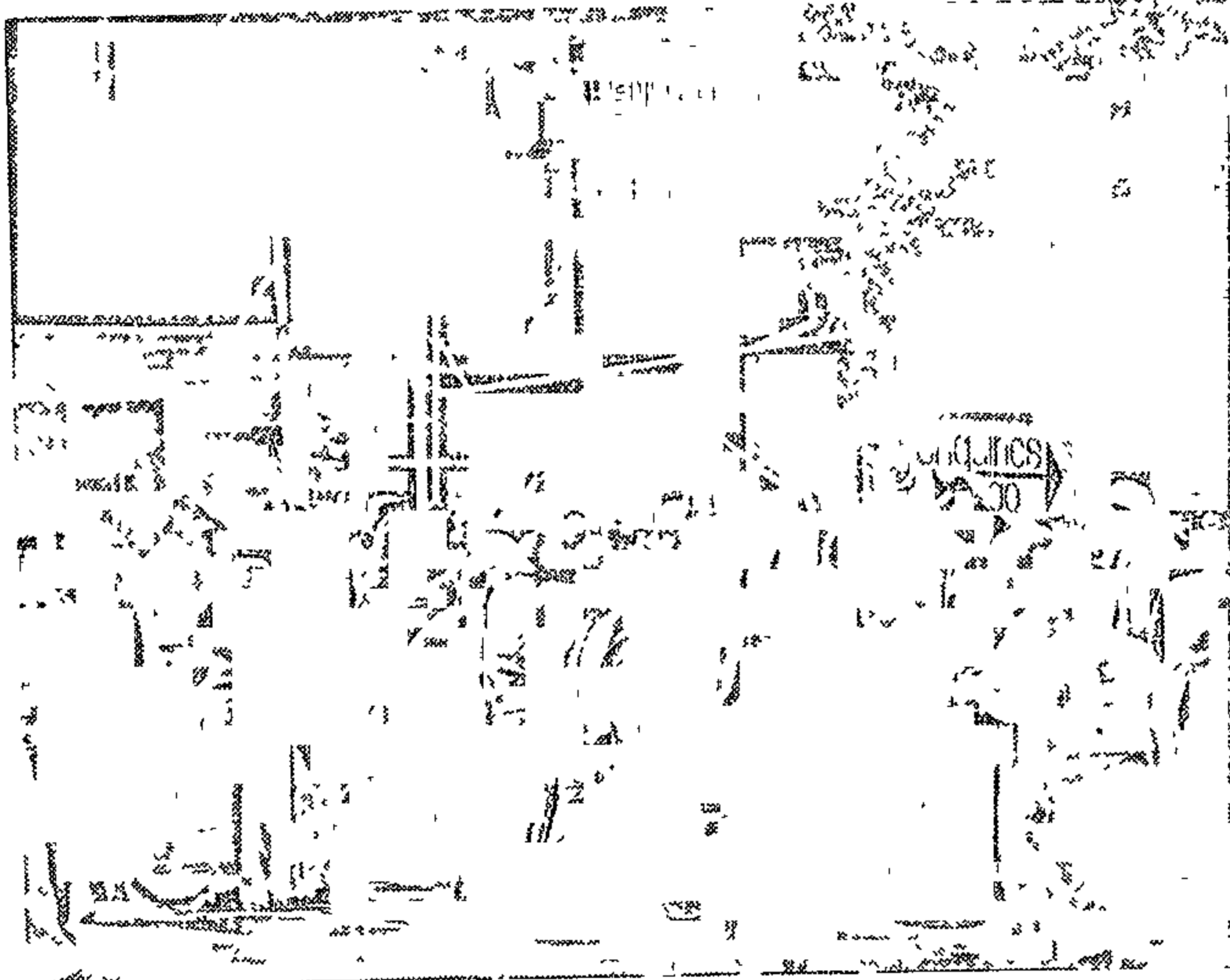
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PLANNING
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QUANTITY
 SURVEYING
 (Continued)

Returning strikers won't work overtime



Strikers gather outside Hendler and Hendler in Boksburg, where 1 800

RDM 18/7/81

By STEVEN FRIEDMAN
Labour Reporter

AT-ONE of the biggest worker meetings held on the East Rand in recent times, strikers at Hendler and Hendler, Boksburg, agreed to return to work on Monday, but to refuse to work overtime until the company met their wage demands

Meanwhile labour unrest continued to grip the East Rand yesterday and, in other developments, about 300 strikers at a Boksburg firm Bisonboard were fired and there were reports of unrest at the EMI factory near Alberton

There have been five stoppages on the East Rand in the past two weeks
At Hendler and Hendler,

none of the 1 800 strikers who are demanding a wage increase over and above that granted in the metal industries' industrial council agreement returned to work yesterday, according to a company spokesman

Yesterday, about 1 000 strikers attended a meeting in Benoni and accepted a recommendation from union shop stewards that they return to work on Monday

But the meeting resolved not to work overtime until management granted an additional increase

Later strikers returned to the factory to collect their pay. They were handed a company notice which said they were striking "illegally" and added

"You have thereby dismissed yourselves from the company's employ"

But it said workers would be given their jobs back if they returned by 7 15 on Monday

At Bisonboard, where workers struck on Wednesday following a dispute over an increase in July, general manager Mr Ron Lucke said the company had terminated the services of the 300-odd workers involved "They dismissed themselves by striking," he added

At EMI, management refused to comment on reports of a stoppage. But a source in the company said "we had some trouble which has been cleared up"

URBAN &
REGIONAL
PLANNING

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(Continued)

QUANTITY
SURVEYING

One strike ends in strife-hit industries

By Drew Forrest

Hundreds of singing, foot-stamping and slogan-chanting metal workers from strike-bound Hendler and Hendler in Boksburg voted at a meeting yesterday for a provisional return to work after the weekend.

But labour unrest is believed to have spread to the nearby Langeberg canning factory — the fourth Boksburg company to be hit by strike-action in a week.

Worker sources reported that about 800 day-shift workers at Langeberg walked out at lunchtime yesterday over a pay demand. Confirmation could not be obtained from management of the African Food and Canning Workers Union, which represents the workers and which is party to a conciliation board agreement with the Langeberg group.

RETURN

The Hendler and Hendler workers decided on a provisional return to work after a four-hour, emotion-charged meeting in Actonville, with officials of Fosatu's Metal and Allied Workers Union (Mawu).

The debate — punctuated by cries of "Amandla" (power) and "Si-

munye" (Unity) — centred on whether to go back before or after next Tuesday's meeting between Mawu and company directors.

About 2 000 workers struck at the enamelware manufacturing company on Wednesday. Their original demand for a 50-cent-an-hour increase, in addition to the 14-cent minimum wage increase under the industry's industrial agreement, has since been reduced to 29 cents.

It was finally agreed to return to work on Monday, pending the outcome of negotiations.

SACKED

Meanwhile, at the Bisonbord wood factory — also in Boksburg — about 270 workers who struck on Thursday for a 15 percent pay rise have been fired. The general manager, Mr Ron Lucke, said they had ignored a return to work deadline and would be paid off next week.

A spokesman for the Fasatu-affiliated Paper, Wood and Allied Workers Union, said the union had been consistently denied access to the plant, despite having strong support there.

Sunday Express

Lost on gold? You should have bought wood!

WOOD would have been a better investment than gold — particularly if you'd bought into South African woods, such as stinkwood and yellowwood

In 1971, when the average gold price was \$40,80 an ounce, the average price of stinkwood at Government auction level was R383/m³. Anyone may buy at those auctions, but usually only sawmillers and furniture manufacturers do

Had you bought gold then and sold when the price reached \$850 an ounce you would have shown a profit of \$809, or a very healthy 1 983%, but had you kept your gold and been forced to sell at this year's current average price of \$492,24 an ounce, your profit would have dwindled to \$451,44 or 1 106%, which is still acceptable

Had you decided to invest in gold in only 1975 when the average price was \$161,08 and sold at this year's average, your profit would have been \$331,18 or 205,6%

Things could have been worse, however. You could have decided to get into gold last year at the average price of \$613 an ounce and been forced to sell at this year's average. That would have meant a loss of \$120,6, or 19,7% down on your investment

On the other hand, had you decided to get into stinkwood in 1971 and get out of it at last year's average auction price of R1 626/m³ your profit would have been R1 243/m³ or 324,5% — but you would have needed to have your head read to get out at that level

Had you delayed your investment into stinkwood until 1975 when the average auction price was R509/m³ and got out this year at retail level

TIMBER PROFITS HIT RECORD LEVELS

By ARNOLD DAVID

you would have still shown a 1 766% profit on your investment

You would even have made 24,3% on your money had you got in during 1979 at the average auction price of R1 308/m³ and got out at last year's average auction level of R1 626/m³. Had you sold at retail level this year, your profit would have jumped to 481%

Yellowwood, which could have been bought in 1972 for R144/m³ (there were no yellowwood auctions in 1971) climbed to an auction level of R221/m³ in 1975 and R710/m³ last year — and to R1 150/m³ at retail level this year

Even SA-pine brandering which

was available in all lengths in 1971 at average auction price was R509/m³ and got out this year at retail level R42,02/m³ has gone up by 300 3% or R126,38/m³ for lengths longer than 4,2m and by R104/m³ or 249% for shorter lengths

Had you, in 1975, decided to invest in a portfolio of expensive woods your imbuia holding, now worth R1 057/m³ would have been the most disappointing performer with a mere 164% gain

However, you would have been 264% up on kuaat (now R1 880/m³), 209% up on walnut (R2 729/m³) and R237% up on Burmese teak which is now selling for a rather healthy R4 183/m³. Even SA-pine at sawmill to merchant level, for the sawmiller's siding, increased by 165%

SEXTON 19/7/81

199

Davy McKee for R800-m project

S Times 19/7/81

199

By Stephen Orpan

DAVY McKee of Stockton-on-Tees, a UK-based, Davy Corporation, engineering and construction company, has been appointed to provide the project and construction management services for the mammoth mill to be built for Sappi at Ngodwana in the Eastern Transvaal.

Davy McKee will also be responsible for co-ordinating all the engineering of the plant.

The project involves an investment of some R800-million before 1985 and is one of the largest single undertakings by private enterprise in South Africa as well as being the largest single paper industry project currently underway in the world.

Davy McKee will act in all phases of the work from initial site clearance to construction and dry commissioning of the complete complex including the provision of all the auxiliary services. The company's responsibilities will include:

- Co-ordination of work by specialist contracts and suppliers

- Procurement of all plant and equipment including a power station in addition to all the process plant

- Site management
- Supervision of the dry commissioning of the plant

- Rail and road connections
- Mains water supply system including the construction of a dam

- Construction of houses
- Administration office blocks

During the early stages of the contract the Davy McKee project management team will be sited in Johannesburg.

Later, it will move to the construction site at Ngodwana.

The contract was won in the face of stiff international competition.

Output from the new mill will raise Sappi's overall ca-

capacity from 600 000 tons to 860 000 tons of pulp, paper and tissue a year.

The expansion will take place in three phases and the first phase will see the commissioning of a machine to produce 140 000 tons of newsprint annually from mid-1983.

The second phase, the major part of the development, will add 260 000 tons per year to Sappi's capacity for producing unbleached pulp. Of this, 200 000 tons will be converted to bleached pulp.

This will be completed in 1984.

The third and final phase will be completed in 1985, and will add 150 000 tons a year to capacity for kraft liner and fluting.

Strikers go back after pay talks

By STEVEN FRIEDMAN and RIAAN DE VILLIERS

ABOUT 1 200 strikers who downed tools on Friday at the Langeberg Co-Operative in strike-hit Boksburg returned to work yesterday.

Management had agreed in talks with their union to pay them a special interim pay rise, the plant's branch manager, Mr Petrus van Zyl, said yesterday.

But he said workers had returned before this was granted.

And management at the Boksburg company Bisonboard, which fired about 300 striking workers last week, yesterday agreed to re-employ all of them.

They started work yesterday afternoon.

A spokesman for the Federation of South African Trade Unions said management had reversed its decision to fire strikers after talks with Fosatu representatives. Many of the workers belong to Fosatu's Paper, Wood and Allied Workers' Union.

But Bisonboard's general manager, Mr Ron Lucke, denied that Fosatu's intervention had prompted the management's decision to re-employ workers. "They came back entirely on our terms," he said.

Fosatu's spokesman said the company had re-employed the workers on condition they accepted a R3,22 weekly increase. The rejection of this had led to the strike in the beginning.

The company had agreed, he added, to discuss its 1982 wage increase with the union and recognition negotiations between it and the company were expected to "move ahead rapidly".

Mr Lucke said he believed management's decision to give workers an ultimatum to return or be fired had persuaded them to return.

He said he had been approached by Fosatu after workers were locked out yesterday and had agreed to re-employ them — provided the request to do so came from the workers' committee which had been active in the plant before the strike and that they accepted the increase which had already been granted.

Mr Lucke said the company had not agreed to negotiate the 1982 increase with the union, but had agreed it could make representations to management on wages before it made its final recommendation to the company's board.

Recognition talks with the union would continue, "provided they accept some basic ground rules such as our right to manage", he added.

At Langeberg Mr Van Zyl said management had agreed in principle to an interim rise in talks with the African Food and Canning Workers' Union. He did not say what the increases would be as they had not been finalised.

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5 Non-Economic Factors Concerning the Dairies and the Communal Gardens

While the communal gardens obviously can alleviate some hardships people suffer, it does not seem that either the garden or the dairy projects would ever be able to change the basic conditions of how a family lives.

It seems that neither of these two types of project can function efficiently in the present environment and that very seldom do they benefit the very poorest people in an area.

There are, however, some positive aspects to the projects. I am anticipating the subject matter of Part II in mentioning them here, but I would be giving an unbalanced view of the projects if I did not. While the majority of people in the various villages have rejected the garden and dairy projects, I suggest for very logical reasons, some participants are very committed to them. Nineteen of fifty-two garden members volunteered one of the following three principles as reason why they had initially joined: development of the nation; the principle of self-help; and the principle of group work.

5.1 Participants' Views about the Dairies

John Nkalitshane at Amathole said that his family had put a daughter through nursing training and Freddy Mhlauli had put a son through agricultural college with money from the dairy. He said that the daughter and son are now "working for the people" and that "this is progress". He wants 800 people to join the dairy. (Either the education of these people was financed by other sources or the income from the dairy was much better long ago: other evidence suggests this.)

Five of the eleven people at Amathole are no longer using the dairy but they still consider themselves members and have plans for its improvement, etc.

At Inkomo, too, I found the degree of support and involvement in the dairy rather surprising. People who are neither keeping their cattle in the dairy camp, nor milking at the dairy, nor selling through the dairy, regularly go to meetings and participate

in discussions about fencing, capital improvements, etc.

270 E Rand
8124
workers get
21/7/81 jobs back
140
199

Labour Reporter

Union officials yesterday successfully negotiated re-employment for about 270 workers who had been dismissed at an East Rand factory last week.

Workers at the Bison-bord wood factory in Boksburg downed tools over wage demands and were dismissed after refusing to return to work Friday.

Most of the workers are members of the Paper, Wood and Allied Workers' Union, an affiliate of Fosatu.

Union officials discussed grievances with management yesterday, explaining that there had been a misunderstanding about 1981 wage increases.

A Fosatu official said workers believed they would receive two equal increments while management had decided earlier to grant a larger increase in January and a smaller one in July.

Management agreed to take on all the workers again and to hold wage talks for 1982 in December. A recognition agreement was also discussed.

do not love the dairy?" I said she obviously loved the dairy, but why? She said, "Because it has progress."

Two of the people who joined in the beginning and even paid joining fees and a subscription had and have no cows. I asked one of them why he had joined. He said that he believes one should support such projects and he hopes one day to get enough money to buy a cow.

I was utterly amazed to find that one of the three people who is most active in the dairy (he goes there nearly every day, makes long speeches at meetings and has many plans and ideas about the future) has no cows at the moment. (He did have three). He is very poor and I cannot see how he will be able to get more.

Paper-maker gets timber stake

Mondi links

with HLH

By DAVID CARTE

HUNT Leuchars & Hepburn is to sell 49% of its R100-million-a-year timber division to Mondi, SA's second biggest paper-maker.

In the first step towards a timber partnership between giants, Mondi will acquire 10% of HLH Timber on September 1 and another 39% over the next three years.

No price has been disclosed, but timber industry sources speculate that the initial 10% will have been priced at about R11-million, putting a price tag of roughly R55-million on the total deal.

HLH's timber division expects sales of R100-million this year. Its annual report effectively forecasts a gross profit of about R14-million for its timber division.

Mr Chris Perry, managing director of HLH, says the deal holds substantial benefits for both parties.

Mondi is 63% owned by Anglo American Industrial Corporation, so the deal gives HLH's mining timber division improved marketing access to Anglo mines.

It also gives HLH access to greater timber resources, which will benefit all mining timber customers.

It will also enable whole-tree use and increase volumes, reducing unit costs at HLH's depots. In the past, the mining timber division often discarded off-cuts and the top third of trees. These can now be used in pulp-making.

Another benefit for HLH is that cash received over the next three years will reduce debt at a time of soaring interest rates.

The main benefits for Mondi, which is to spend R500-million expanding its pulp and paper mill, will gain access to HLH's pulp timber as well as its expertise in hardwood exploitation.

HLH recently sold Jessievale sawmills, its only softwood operation, to Mondi. Now HLH is to concentrate on growing, sawing and distributing hardwood, which is used mainly in mining and pulp.

It seems likely it will acquire certain Mondi or Amic hardwood sawmills and plantations so that Mondi will no longer be involved in hardwood.

The reason for specialisation is that hardwoods and softwoods are distinct industries. Hardwoods, mainly wattle and gum, have a growing cycle of only eight years, and softwoods, mainly pine, have a 27-year cycle.

The two types of timber go to different markets — hardwoods to mines and paper-makers and softwoods to the building industry.

Mr Perry said the deal would be effective for only six months of the current financial year, and would have little effect on HLH's earnings this year.

But next year he expects earnings to benefit. Mr Perry says there will be a capital profit in the transaction for HLH.

To facilitate its plan, HLH will restructure its timber division through formation of a new divisional holding company, to be known as HL&H Timber Holdings in which Mondi will eventually hold 49%.

Management of the company stays with HLH, with Mr Chris Perry as chairman, and Mr Neil Morris, as managing di-

rector. Other HLH representatives on the board will be Mr N Hancock, Mr A Hepburn and Mr G S Crossman. Mondi's men on the board will be Mr Chris Griffith and Mr R K Donner.

Asked if the present deal did not presage a bid by Anglo American Industrial Corporation for all of HLH — which nearly merged with Blue Circle last year — Mr Perry said this was a question for the major shareholders. He thought they were set on independence for HLH for the foreseeable future.

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rom
3/8/8

Unions to get tough over sackings

By STEVEN FRIEDMAN
Labour Reporter

OVER 100 worker representatives from 30 East Rand factories yesterday committed themselves at a meeting to a campaign against a Springs company, Stag Packings, which recently dismissed 90 workers

The meeting — of shop stewards from five unions affiliated to Fosatu — decided to try to persuade other workers not to take jobs at the company and to raise money to support the fired workers

Representatives of Stag could not be contacted last night for comment

Fosatu believes that the 90 workers were fired because of their membership of the National Union of Textile Workers. The company says the workers were fired because they were unproductive

Recently the NUTW took the company to court alleging that it had "locked out" the workers but lost when Mr Justice Nesbitt ruled against it on a point of law

The union has since an-

nounced that it will appeal against this decision and will institute other legal actions against Stag

A Fosatu statement issued last night said that a shop stewards council of Fosatu unions on the East Rand had met in Benoni yesterday and had been addressed by dismissed Stag workers

"The majority of these workers are still out of work and requested support from Fosatu shop stewards in the area," the statement said

It added that the meeting had "unanimously condemned Stag Packing management and pledged their support to the workers"

They would follow through this support by "advising other workers in their communities

not to take (the fired workers' jobs" and by collecting donations from Fosatu workers in the area on behalf of the dismissed workers

According to the statement the meeting also demanded "that Stag Packing management re-instates the workers immediately"

The East Rand has been a centre of increased worker militancy of late and was hit by six strikes in the space of two weeks

Unions in the area appear to be forging closer links with black community organisations

The NUTW has attempted to mobilise a community campaign on behalf of the dismissed Stag workers

ROOM 27/7/81
199
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MASONITE

Board decision

199

FM 14/8/81

The hardboard industry received a welcome boost with the commissioning at the beginning of the month of a new hardboard plant at Masonite (Africa's) Estcourt factory by the Minister of Finance Owen Horwood

The giant, Swedish-manufactured Soderhams board machine, refiners, and Motala press that rumbled into operation as the Minister pushed the start button were not new, despite the fanfare

They were originally ordered in 1965 for Timberit's Canelands Mill on the Natal north coast and were in production until the mill closed in 1977 at the bottom of the building recession. Masonite then decided to relocate the board production line at its Estcourt factory

The 400 t of machinery was dismantled and hauled by road to Estcourt, where it lay rusting until August last year when a start was made on the new 4 600 m² factory

The re-commissioning of the hardboard plant has been well timed. With the building industry still doing pretty well, demand for Masonite's hardboard products, insulation board and mineral fibre board, used increasingly for ceilings in highrise buildings, is phenomenally strong. The plant, which turned out saleable board for the first time last month, increases Masonite's hardboard production capacity by about 50%.

Says company chairman, Raubie Raubenheimer: "We are presently manufacturing 1.6m m² of hardboard a month and we expect to increase this by a further 1m m² with the installation of a new machine."

"We don't expect this to happen overnight, though. We hope to grow into that figure over the next 18 months to two years."

Sales of board products are buoyant at present, but there are a few problems ahead. The economy is cooling off and the construction industry, a major user, might eventually follow the general decline. But Raubenheimer is not losing any sleep about it. Material manufacturers, after all, have had to live with wild swings in the building cycle for decades.

Natven's

profit

up by

45.6%

24/8/87
199

National Veneer lifted pre-tax profit by 45.6 percent to R801 000 in the six months to June but deferred taxation resulted in group income after taxation rising by 2.6 percent from R550 000 to R564 200

The interim dividend has been raised from 1.5c to 2c. Earnings a share were up from 7.1c to 7.3c

Natven, producer, distributor and exporter of veneers, plywood and other allied timber products, has bought R3-million worth of plant and machinery for Alrode and kwaZulu factories.

Most of the plant will be in operation by the end of the year and the rest during the first half of next year.

The capital cost is being financed by way of long-term loans at "satisfactory interest."

Exports have been well maintained in spite of the recession being experienced in Natven's traditional foreign-trading markets.

Normal taxation has not been provided for because of the accumulated assessed losses from previous years and certain tax allowances which companies in the group enjoy.

If last year's final dividend of 3c is maintained the shares will be on a prospective yield of 7.7 percent at the current share price of 65c

The shares have ranged during the past 12 months from a high of 95c to a low of 50c —

Mervyn Harris

Timber takeover

ROOM 26/8/61
ROBERT Murray (Pty), an established company in liming-timber, has bought the Taylor & Mitchell group.

The acquisition is an extension of the Robert Murray's timber and sawmilling interests which are based at Carolina and Welkom, says National Acceptances, merchant bankers to the deal.

Taylor & Mitchell has served the Witwatersrand market for several decades and has operations at Tzaneen and White River.

Timber — a vital growing industry

Timber
30/8/87
1992 wood

THE timber industry is divided into three.

○ Firstly there are the Government forests which fall under the control of the Directorate of Forestry. These forests cover about 300 000 hectares.

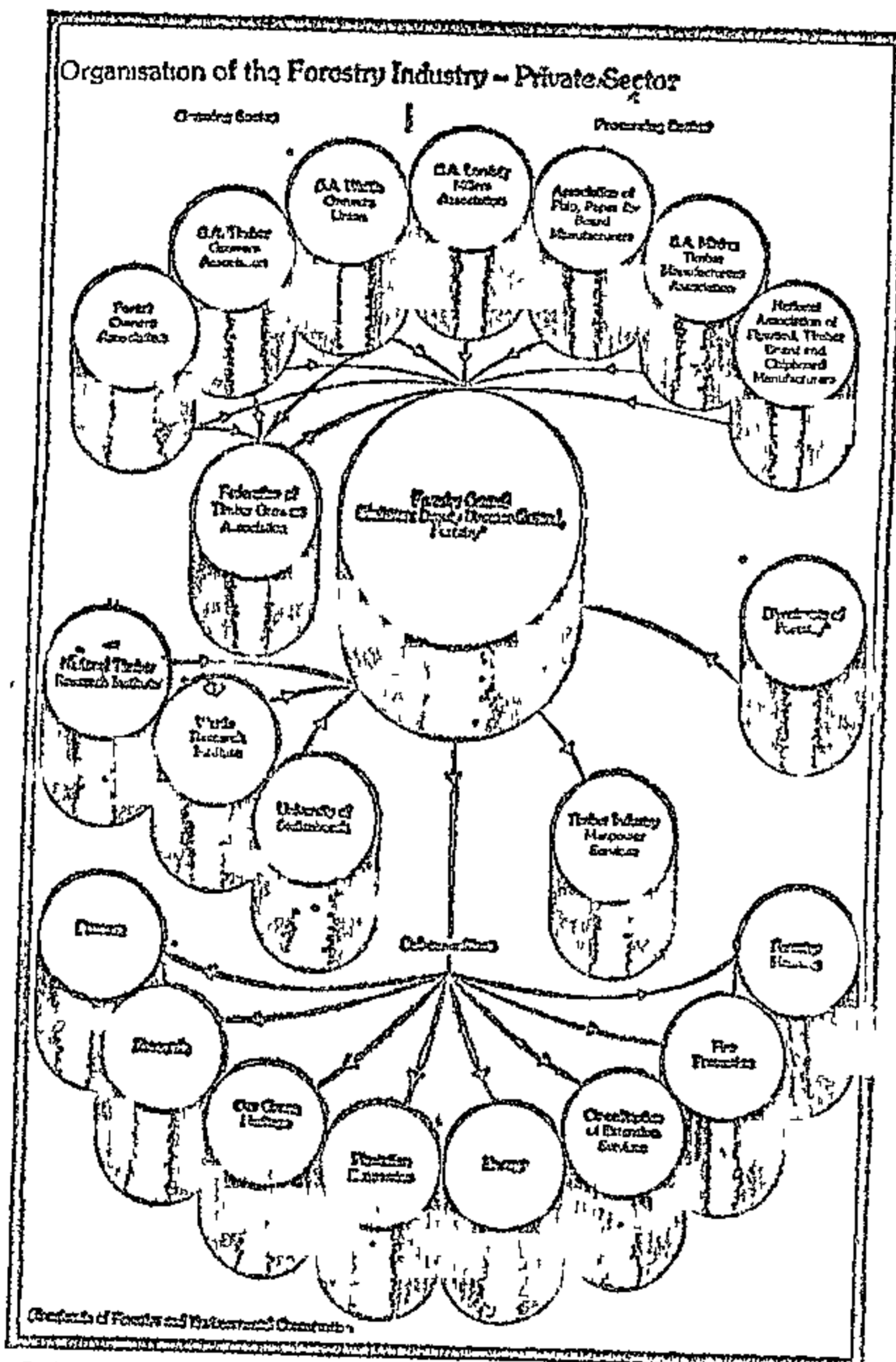
○ The private sector is subdivided into two parts. The Forest Owners' Association, which is made up of the leading commercial and milling interests; Companies like Sappi and Hunt Leuchars and Hepburn are two examples. They have plantations which cover 480 000 hectares.

○ The second part of the private sector comes under the guidance of the South African Timber Growers' Association and this group has 2 400 members throughout the Republic. Some of these are large and some are small but the total ground under forests belonging to this group is 420 000 hectares.

Pines — plantations of pine trees cover some 600 000 hectares and take at least 10 to 12 years to develop. To reach full maturity, they should stand for 30 to 35 years.

Similar pine forests in North America and Europe, on the other hand, require 80 to 90 years to reach a similar maturity. Therefore South Africa is in a very favourable position when it comes to the export of timber. The main use for pine's in the building industry where the timber's used for trusses and indoor furniture such as doors and the like. Pines are also used for pulp manufacture.

Gums — mainly saligna, need only seven to eight years to reach maturity. The mines absorb about 60 percent of



The Diagram shows the organisation of the private sector of the forestry industry.

the gums produced. They are also used as telephone poles and in pulp (both paper and rayon). There are some 400 000 hectares under gums.

Poplars — some poplars are also grown — mainly for the match manufacturers — but the area under poplars is relatively small.

Wattle — these trees are mainly grown for the bark which is used for

adhesives and tanning. The wood itself is hard and once again the mines take up a large percentage of this.

In Natal alone the State cultivates about 80 000 hectares while the private sector accounts for 335 000 hectares.

All these forests are man made. The original indigenous forests have not proved economically viable and in some cases

are very carefully preserved by Government decree. An example of this is the fact that permission must be received before a yellowwood tree can be felled, even though it be on a private farm or estate. The total South African production of timber is 11 million cubic metres and this is worth approximately R163 million.

About 500 000 cubic metres of unprocessed timber are exported — mainly to the Far East. In addition a certain amount of sawn timber is sent to Europe and the Middle East. In recent years this has fallen away somewhat. An interesting note is that we now not only export our total rayon pulp but have even exported some newsprint, which, until recent years, formed a major import to this country.

The Timber Growers' Association is of the opinion that more can be done to develop new plantations. Timber growers receive exactly the same tax concessions as farmers of more ordinary products, which are not so time-consuming in the return of invested capital.

However, low rate loans are available from the Department of Agriculture, but this is about the only concession made to the timber growers. New plantations would seem to be essential for the future development of the industry.

While there is sufficient timber for present requirements and for the immediate future, it is doubtful if the present forests will meet the needs of the new mills which are on the drawing board.

Sappi is enlarging its existing mills in the Eastern Transvaal to the Mond, at Richards Bay, are about to build a mill which will cost them R520 millions.

Mond have thought about the development of plantations in KwaZulu but as this is mainly tribal land, there may be difficulties in accomplishing their plans.

Considering that the value of existing saw mills is R115-million and pulp mills R32-million, it at once becomes obvious what vast expansions are planned and that these new mills are going to need a great deal of timber to meet their requirements.

The timber industry is very intensive capital wise but it is also quite unique in that hand felling and hand labour go side by side with the most intensive mechanisation. There can be plantations owned by the same company or individuals where one plantation is entirely manually organised whereas next door there can be some of the very latest sophisticated machinery in operation.

Mechanisation is on the increase, and unskilled labour can cost a company a great deal of money.

To meet the new requirements training schools are on the increase.

In Natal, Baynesfield Timber Industry Manpower Services (Timso) have opened their second school. The other one is on the Eastern Transvaal.

Understand black unions, says industry head

NM
8/12/81



(199)

Agricultural Correspondent

EMPLOYERS in South Africa were being challenged to understand the aspirations of emergent black trade unions Mr J Ironside chairman of the Federated Chamber of Industries Labour Affairs Committee, said yesterday

Mr Ironside, who was speaking at the 25th annual congress of the South African Timber Growers' Association in Pietermaritzburg, said employers and trade unions had still to come to grips with the problem of creating an industrial community

Employers would have to demonstrate their sincerity and willingness and would

have to accept that organised labour movements would exert a strong influence on employment practices in the future

While stoppages had decreased the number of man-days lost in 1981 had increased sharply

This meant that strikes were of longer duration and indicated better union organisation, he said

Most of the strikes were technically illegal but this pointed only to the inability of the present structures to cope with the real labour situation

The post-Wiehahn new dispensation had neither diminished nor removed conflict Declaring strikes to be illegal simply

clouded basic issues that should be addressed

Mr Ironside said management had a responsibility to get strikers back to work and then to negotiate

Arbitrary action and calling in the police did nothing to resolve the cause of the strike

He said stoppages were invariably concerned with shop floor issues — unresolved grievances, unfair dismissal or discipline and often poor supervisory practices

Ambiguous communication was often the cause of unrest and employers had to be clear and decisive
Distorted information had to be correct-

ed immediately with the help of employees Mr Ironside said that the registration of unions should be kept on a voluntary basis but added that there was a strong case for separating the issue of registration and representativeness

Black trade unions too had a responsibility to find solutions for they had a vested interest in a stable society

It was important for the establishment not to view all trade union action as political

Employers often reacted to worker pressure or reaction as irrational when it might be quite logical and understandable when seen from the worker's point of view

CT 12/10/81

The safest sawmill in S Africa

Own Correspondent

PAARL — The State sawmill at Wemmershoek, between Paarl and Franschhoek, which has been in existence for the past half-a-century, has been declared the safest sawmill in South Africa in 1980

A nationwide competition organized by the National Occupational Safety Organisation in conjunction with the SA Sawmills Association, is held every year to determine the safest sawmill in operation in the Republic

The trophy for the Wemmershoek achievement was handed over to the superintendent of the Wemmershoek Sawmills by the Administrator of the Cape, Mr Gene Louw

The mill has won the trophy for the second year in succession

The sawmill has had 835 000 work-hours and suffered no loss of time as a result of injuries at work. Their next aim, according to a spokesman, is to get one million work-hours without loss of time

The superintendent of the mill is appropriately named Mr I Wood

PD 15/10/87
Strikers ¹⁹⁹
seek rise
in ~~pay~~ ^{pay}

WITBANK — Workers at the South African Federated Timbers here have downed tools in demand for higher wages

This is the second strike in two weeks in the area. Last week workers at the Highveld Bus Company refused to work until a certain black supervisor was removed from the company because of his treatment of his co-workers

The workers, although dissatisfied, accepted a management proposal that the supervisor be stripped of some of his powers

The strike at Federated Timbers started on Monday when workers demanded a 20 per cent pay rise

The manager of Federated Timbers was not available for comment yesterday — DDC

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5/16/10/87
Strikers 199
reach agreement
Labour Reporter

Several countrywide wage disputes were resolved yesterday.

At Federated Timbers in Witbank 218 workers returned to their jobs

They had sought an increase in the minimum wage implemented at the beginning of the month which amounted to a 23 percent increase, according to a company spokesman

At Imperial Cold Storage in Addo 300 workers settled for an 80c an hour wage agreement They originally asked for R1

About 100 drivers at the Motorvia firm in Uitenhage agreed yesterday afternoon to return to work after management expressed its willingness to discuss wage demands with the Fosatu-affiliated Transport and General Workers' Union next week

At Natal Tanning in Melmoth most of the 600 workers at the agricultural estate returned to work while management expected a return of the 200 workers at the factory itself

Domestic demand for timber increasing

E. Post 31/10/87

199

By SHIRLEY PRESSLY

THE export drive which Kareedouw Creosote Works embarked upon five years ago is to be reduced as local demand increases

The company won this year's Evening Post Export Award for sustained growth in exports

According to Murray and Roberts director, Brian Bolton, the company's future policy will be to supply 50% to the local market and the rest abroad

"Due to a sudden downturn in demand by local users, we were forced into the export market but now, suddenly, local demand has increased again," he said

Escom has sent out a telex enquiry, urgently requiring pine poles for transmission lines

A tender for the next four years has been released which requires in excess of 160 000 poles per annum, with a volume of 47 000m³ per annum of timber

"Unfortunately, 70% of Escom's requirements are in two sizes which are in short supply," said Mr Bolton

"Pine trees cannot be manufactured and the largest 20m size has a growth cycle of 45

years as dictated by nature" he said

Mr Bolton predicts that there will be a worldwide shortage of transmission poles, particularly in the developing countries such as Africa and the Middle East

"Already there is a shortage and we predict that it will escalate," he said

The very serious raw material constraint in the South Western Cape was a result of the policy adopted by the Department of Forestry in this area — another supplier, Mr J H Holley, managing director of Holley Brothers (Pty) Ltd, Natal, said at a symposium on forest product developments

Mr Holley urged the department to allocate greater percentages of its forests to pole rotations which would give this section of the industry the potential to treble and quadruple its export earnings

"A tree allocated for use as a pole produces a higher income for the department than the same tree used for sawn purposes. The very high quality of the South Western Cape poles in relation to other timber makes them welcome anywhere in the world — despite political prejudices," he said

Mr Bolton believes that the future market will be good,

with more orders than the company has ever had before — but demand will outstrip supply and prices will escalate

"We want to increase our supply to the local market because our risks are minimised," he said "When you are dealing with foreign governments, the unpredictable can happen. For example, in 1978, we were awarded a \$6 million contract with Iran, two months prior to the revolution. Then the problems began

"However, we chartered a ship and filled it with 7 000 cubic metres of poles and we were the first vessel to enter the Iranian waters after the revolution. This, in fact, opened up the shipping market to that part of the world. The company suffered badly from a nine month shipping delay prior to delivery to Iran.

"Our huge stocks of poles destined for Iran could not be sold locally because they were machine peeled," said Mr Bolton

"Poles are debarked only because the greater strength is in the outer layers, but the SABS specification is going to shortly provide acceptance of the machine peeled poles — which will make strength requirements more specific and easier to comply with," he said

The company is increasing its factory's plant by installing debarking machines, the first time debarking has become mechanised

"One of the factors motivating purchase of this equipment is the lack of control in the forests, which occurred when debarking was done by hand

This year so far the rainfall has been 300mm which is more than the total amount in the last five years

Other countries that Kareedouw Creosote has dealt with include Greece, France, Spain, Germany — and even the Yemen

The company has built up a large amount of expertise in export, and Mr Bolton believes that this could be used by other group companies to their advantage

Mr Bolton does not foresee any diversification of the company's activities

"We restrict ourselves to wooden transmission poles for reticulation and we do have an off-cut market," he said "For example, we supply anchor logs, guard rail posts and even smaller sliced poles as a paving block for paths. Most waste is burned

"Although there is a potential sales market for this waste if volumes are sufficient," he said "For example, there could be a demand for wood chips to be exported to the Far East, Japan, and Taiwan"

A new factory manager has recently been appointed in Kareedouw, Karl Hancke, who is a trained forester and who, as a result, has a real feel for the growing and harvesting of timber

Taiwan industrial boom

ONE of the largest industrial growth rates in the world is being achieved by Taiwan, with which South Africa is now establishing firm trading links

Industry generally in Taiwan grew by 8% last year, despite worldwide inflation and soaring energy costs

Construction grew by 20.5% in 1980, manufacturing was up by 7.1% and utilities by 7.5%, while the automobile industry grew by 14.2% to 132 583 units

These figures are given in *Questions and Answers about the Republic of China*, available free from The Press Counsellor, Chinese Embassy, PO Box 8843, Johannesburg 2000

This office can also arrange for delivery of an English-language newspaper, *Free China Weekly*, published in Taipei, which covers political, industrial, social and cultural activities in Taiwan

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J. Box 3089
NORTH END,
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SPECIAL

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DD 11/11/81
**Timber workers
lose their jobs**

EAST LONDON — The entire black workforce at the Hodgetts Timbers firm here — 98 workers — lost their jobs yesterday following a dispute at the factory

Mr L. van Zijl, the managing director of the firm, said the workers had declined to commence work when called upon to do so. He said they had "dismissed themselves and left the premises en bloc"

Mr Van Zijl said the reason for the walk out stemmed from a disagreement regarding a wage increase on October 29. "Incorporated in this wage increase was an attendance bonus based on attendance and punctuality," he said

The staff informed

management through the liaison committee that the attendance bonus was not acceptable as an extra and should be incorporated in the basic weekly wage. This request was refused by management

"The reason for management's adoption of the attendance bonus was as a result of increasing absenteeism and latecoming which affected productivity

"The company will be open for business as usual, and recruitment of new staff will commence tomorrow morning," he said

The Dispatch was unable to contact workers' representatives for comment yesterday — DDR

199 1650 153
**EL black
workers
stay away**

Argus Bureau

EAST LONDON.—The entire black work force at Hodgetts Timbers here, who lost their jobs after striking, had not returned to work today, the managing director, Mr L van Zijl said

The 93 workers lost their jobs yesterday after refusing to go back to work after a dispute with management over bonuses

Yesterday Mr van Zijl said new labour would be recruited today. He refused to disclose whether new labour was being hired.

A spokesman for the South African Allied Workers' Union, which represents some of the workers, said none of the workers had approached the union yet. The strike was being investigated.

Mr van Zijl said workers had walked out after a dispute about a wage increase implemented on October 29.

Strikers

insist

all are

taken

on again

Aigas Bureau

EAST LONDON — The 580 striking workers at Western Province Preserving here again refused to return to work today unless all the workers were reinstated.

Mr B Hanly, a director, said the factory was still at a standstill because the workers had not returned to their jobs.

The workers downed tools last week in protest against a management decision that only those workers who had been most productive would be paid bonuses.

BONUSES

Following a management announcement that bonuses would be negotiated together with a new wage agreement in January, the workers have now dropped the demand that all be paid bonuses before they will end the strike.

They are still demanding, however, that all the strikers be reinstated.

Management had refused to concede to this demand. They have agreed to take back most of the strikers but there are some exceptions.

Miss D Komose, secretary of the African Food and Canning Workers' Union, which represents the workers, said Mr Hanly had told the workers that those responsible for 'violence and intimidation' would not be rehired.

'The workers won't accept that not all will be rehired and management refuses to accept this demand,' she said.

MEETING

The strikers were meeting today to discuss further action.

● About 250 workers at the South African Pulp and Paper Industries (Sappi) mill at Stanger on the Natal north coast downed tools today.

A spokesman said the cause of the stoppage, the second in two months, was not known but it is believed that the dispute could have been over union recognition by the firm.

'Management was still awaiting representation on worker grievances but it was pointed out that negotiations over their demands will only get under way once the striking workers returned to work,' the spokesman said.

The plant, which is one of the key producers of pulp and paper supplies to the industry, was hit by labour disputes over the controversial pensions issue in September when the production was halted through this work stoppage.

He added, however, that the company was holding discussions with representatives of the Fosattu-affiliated Paper, Wood and Allied Workers' Union over recognition.

'The first meeting was held on October 24 and negotiations are continuing,' he said.

Officials of the union were not available as they were at the plant seeking representation.

The market's rating of Masonite, which puts it on an historic dividend yield of 13.1% compared with a sector average of 7.5%, appears to be out of line, even bearing in mind the relatively small number of shares in the hands of the public

Even under the most pessimistic of projections, the market seems to have neglected Masonite. Certainly the company's track record over the past five years is a story of recovery off a low base. But the current position, and the likelihood of sustained reasonable demand from the construction sector, should more than outweigh the poor figures produced in the midst of the industry's recession.

Increased manufacturing efficiencies, higher domestic sales with an improved product and market mix and improved earnings from the plantation operations contributed to the strong results.

A feature of Masonite's record has been its unusually strong gains in return on capital employed. Since 1978 the return has moved from 8.6% to an exceptionally high 45.4%. And at the same time, the strength of group cash flow has been such that the balance sheet has been left virtually un-gear'd. That is a strong bull point for the company, with cash flow now projected to increase by at least the inflation rate while competitors with borrowings will find margins being squeezed by rising interest rates.

In addition, Masonite managed to repay its few outstanding loans over the past year despite the capital cost of a new manufacturing plant at Estcourt. One result of this has been a cut in dividend cover from 3.2 times to 2.1 times and a payout to shareholders of 42c (14c) in the 14-month period.

Masonite's currently strong position in the market is highlighted by the fact that, over the past year, demand often exceeded hardboard production capacity. To alleviate the position, board was imported. But with the new unit now in operation, the position should have been reversed. The current year may be expected to start off fairly slowly, the directors believe, as a certain

amount of destocking may be expected to take place as distributors correct inventories after last year's tightness.

Overall, it seems as if Masonite has been able to use the strength of the market to expand capacity, decrease borrowings and boost sales at the same time as maintaining a presence in important export markets. The results speak for themselves and though the directors expect a slowdown in market conditions, a steady earnings pattern should be in evidence this year. At this yield, the share offers good income prospects, though it appears fairly priced in terms of its asset backing.

Scott Hawker

MASONITE ⁽¹⁹⁹⁾ Good position

FM 27/11/81

Activities Manufactures hardboard insulation board wood and mineral fibre ceiling panels and decorative wall panelling. Masonite Corp of the US holds 67% of the equity.

Chairman and managing director F. Raubenheimer

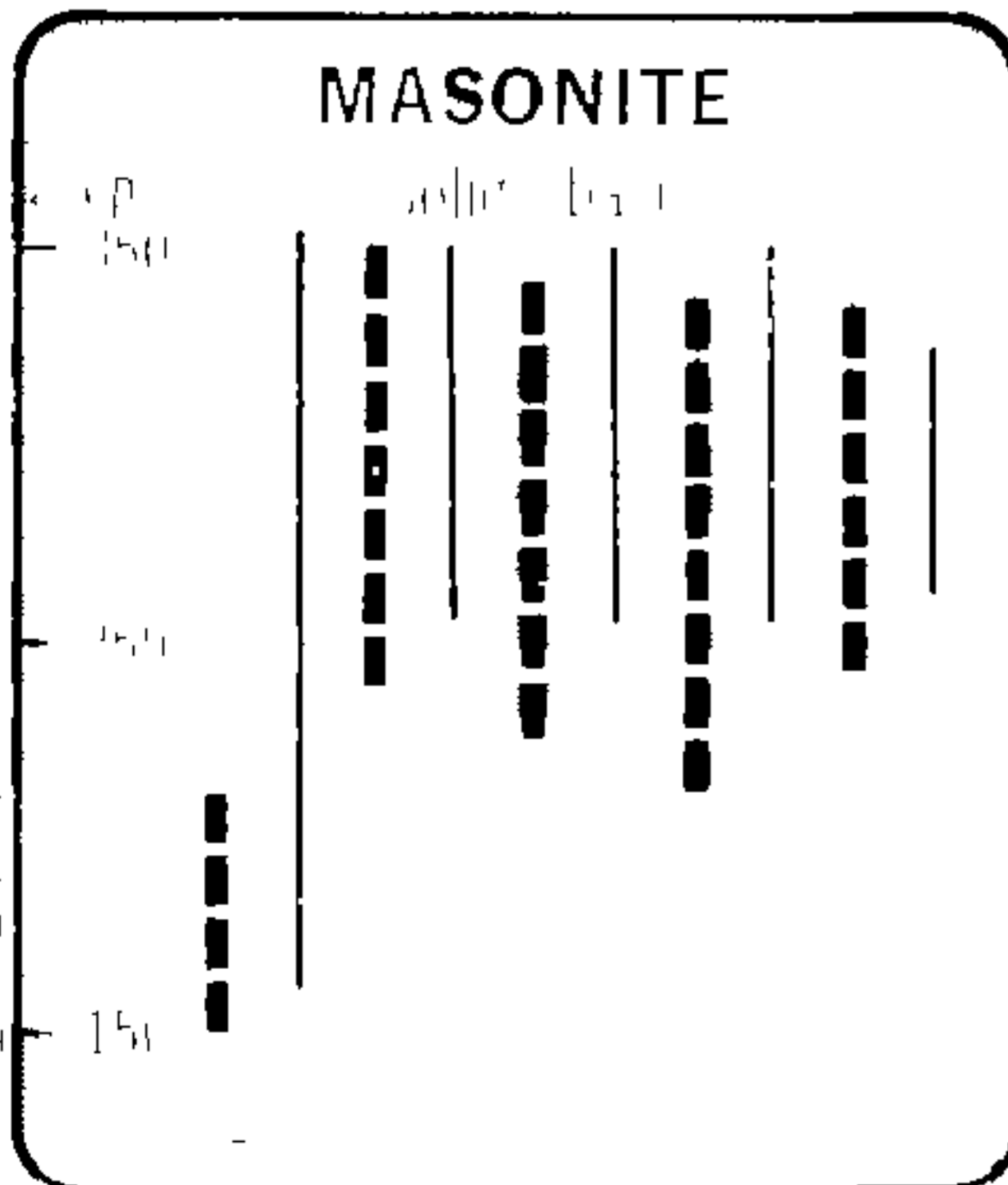
Capital structure 6.5m ordinaries of 50c. Market capitalisation R17.9m

Financial 14 months to August 31 1981. Net cash R5.4m. Current ratio 1.9. Net cash flow R2.5m. Capital commitments R381,000.

Share market Price 275c (1980-81 high 340c, low 110c. trading volume last quarter 424,000 shares). Yields 27% on earnings† 13.1% on dividend†. Cover 2.1. P/E ratio* 2.7.

	'78	'79	'80	*'81
Return on cap (%)	8.6	18.7	36.2	†45
Turnover (Rm)	14.7	16.8	21.9	30
Pre-tax profit (Rm)	0.5	2.0	4.8	9
Gross margin (%)	7.6	14.0	22.1	30
Earnings (c)	1.3	9.1	37.9	86
Dividends (c)	—	4	14	4
Net asset value (c)	131	148	179	23

* 14 month period † Annualised



MANUFACTURING ← WOOD & GORK

1981 — 1986 — SEPT →

3 Aangesien ondergenoemde aanbiedinge op 22 Mei 1981 gemaak is, verstrik die tydperk van agt maande op 21 Januarie 1981.

4. U word versoek om vertoë wat u in verband hiermee wil maak skriftelik by die Streekverteenvoorder, Departement van Gemeenskapontwikkeling, Private Bag X18, Johannesburg, 2000, Tel 28-3500 in te dien.

5. Hierdie advertensie word in gevolge die bepalinge van artikel 7 (5) van Wet 63 van 1975 gepubliseer.

Gedateer te Johannesburg op hede die 11de dag van Desember 1981.

L. FOUCHÉ, Direkteur-generaal, p/a Streekverteenvoorder, Departement van Gemeenskapontwikkeling, Private Bag X18, Johannesburg, 2000.

3 As the compensation was offered to you on 1981 the period of eight months expires on 21 January 1981.

4. All interested parties are requested to submit any representations they may wish to make in connection therewith to the Regional Representative, Community Development, Private Bag X18, Johannesburg, 2000, Tel 28-3500.

5. This advertisement is published in terms of provisions of section 7 (5) of Act 63 of 1975.

Dated at Johannesburg this 11th day of December 1981.

L. FOUCHÉ, Director-General, c/o Regional Representative, Department of Community Development, Johannesburg, 2000

BY LAE

Erf No	Geregistreerde eienaar	Transportakte No	
Erf 124, Finetown	Rose Dawn Luttig	12737/71, gedateer 6 Augustus 1971 ..	R685

SCHEDULE

Stand No.	Registered owner	Title Deed No	
Stand 124, Finetown	Rose Dawn Luttig	12737/71, dated 6 Augustus 1971 ..	R685

(11 Desember 1981)/(11 December 1981)

gg 7952

KENNISGEWING 969 VAN 1981
 DEPARTEMENT VAN NYWERHEID, HANDEL
 EN TOERISME
**ONDERSOEK NA EKONOMIESE KONTPRASIË IN
 DIE AANBOERSEKTOR**

Die Minister van Nywerheid, Handel en Toerisme, het kragtens die bepalinge van artikel 6 van die Wet op die Handhawing en Bevordering van Mededinging (Wet 96 van 1976), die Parlementêre Mededingingsoondersoek instel met die oog op die bepaling van die gevolge van normatiewe ekonomiese konsentrasie in die saagmenbedryf in die Republiek van Suid-Afrika.

Belanghebbendes word versoek om binne 'n tydperk van twaalf (12) weke na die datum van publikasie van hierdie kennisgewing skriftelik vertoë in verband te stig aan Die Direkteur, Raad op Mededinging, Private Bag 244, Pretoria, 0001.

(RM-verwysing R6/2/1/2/44)

(11 Desember 1981)

KENNISGEWING 970 VAN 1981
 DOËANE- EN AKSYNSTARIEFAANSOEKKE —
 LYS 43/81

Onderstaande aansoekke betreffende die Doëane- en Aksynstarief is deur die Raad van Handel en Nywerheid ontvang. enige beswaar teen of kommentaar op hierdie vertoë moet binne ses weke na die datum van hierdie kennisgewing aan die Raad van Handel en Nywerheid, Private Bag X342, Pretoria, 0001, gerig word.

Verhoging van die reg op

- (a) Toebehore van duise en pype van swart smeebare gietyster, indeelbaar by tariefsubpos 73.20.90 10, van 15 persent *ad valorem* plus 19 840c per 1 000 kg (algemeen) en 15 persent *ad valorem* plus 825c per 1 000 kg (m.b.n.) tot 15 persent *ad valorem* plus 70 000c per 1 000 kg; en

NOTICE 969 OF 1981

DEPARTMENT OF INDUSTRIES, COMMERCE
 AND TOURISM
INVESTIGATION INTO ECONOMIC CONCENTRATION IN THE AGRICULTURAL SECTOR

The Minister of Industries, Commerce and Tourism, in terms of section 6 of the Competition Act, 1975 (Act 96 of 1975), has appointed a Competition Board to investigate and report on the effects of excessive economic concentration in the industry in the Republic of South Africa.

Interested parties are invited to submit representations in this regard to the Director, Competition Board, Private Bag 244, Pretoria, 0001, within six weeks of the publication of this notice.

(11 December 1981)

NOTICE 970 OF 1981

CUSTOMS AND EXCISE TARIFF APPLICATIONS —
 LIST 43/81

The following applications concerning Excise Tariff have been received by the Department. Any objections to or comments on these applications must be submitted to the Director, Industries, Private Bag X342, Pretoria, within six weeks of the date of this notice.

Increase in the duty on

- (a) Tube and pipe fittings, of black iron or steel, classifiable under tariff subheading 73.20.90 10, at 15 per cent *ad valorem* plus 19 840c per 1 000 kg (general) and 15 per cent *ad valorem* plus 825c per 1 000 kg (m.b.n.) to 15 per cent *ad valorem* plus 70 000c per 1 000 kg; and

LION MATCH 199 New direction?

FM 15/1/82

Activities: Manufactures and distributes matches and razor blades Assembles sunglasses and has interests in packaging The distribution division handles scissors, disposable lighters, garden tools and kitchen knives Wilkinson Sword Group (UK) owns 64.12% of the equity.

Chairman H A Williams, managing director R W Harker
Capital structure: 8.8m ordinaries of R1 Market capitalisation R52.8m

Financial Year to September 30 1981
Borrowings Nil **Net cash** R5.6m **Debt equity ratio** Nil **Current ratio** 1.9
Group cash flow R8.3m **Capital commitments** R378 000

Share market: Price 600c (1980-81 high, 300c, low, 355c, trading volume last quarter, 28 700 shares) Yields 13.3% on earnings, 6.5% on dividend Cover 2.1 PE ratio 7.5

	78	'79	*'80	81
Return on cap (%)	20.9	20.9	†26.0	31.8
Turnover (Rm)	35.7	39.4	74.2	63.0
Pre-tax profit (Rm)	5.3	6.0	13.4	11.2
Gross margin (%)	15.6	15.4	18.1	17.9
Earnings (c)	34.6	39.2	87.8	80.0
Dividends (c)	17.5	††20.0	††40	39
Net asset value (c)	270	286	330	357

* 18 months to September 30 1980
† Annualised
†† Excludes 5c bonus

While chairman Alan Williams sees the 1982 financial year mainly as being one of consolidation, the medium-term growth outlook for the Lion Match group looks quite promising. This stems from the recent purchase by ultimate parent, Allegheny International, of the Sunbeam Corporation — the world's largest manufacturer of small electrical appliances, according to Williams.

If this means that some form of marketing tie-up between Lion and Sunbeam in SA is on the cards, this could be the major diversification the group needs to realise fully its investment capability.

A feature of the past few years has been the strong build-up of cash resources which, in 1980, totalled R6.9m. While these were reduced to R5.6m last year by unusually heavy expenditure on fixed assets, the balance sheet is now completely ungeared. And with an equity base of over R31m, the group could therefore comfortably afford to borrow up to R15m, giving it a total investment potential in excess of R20m.

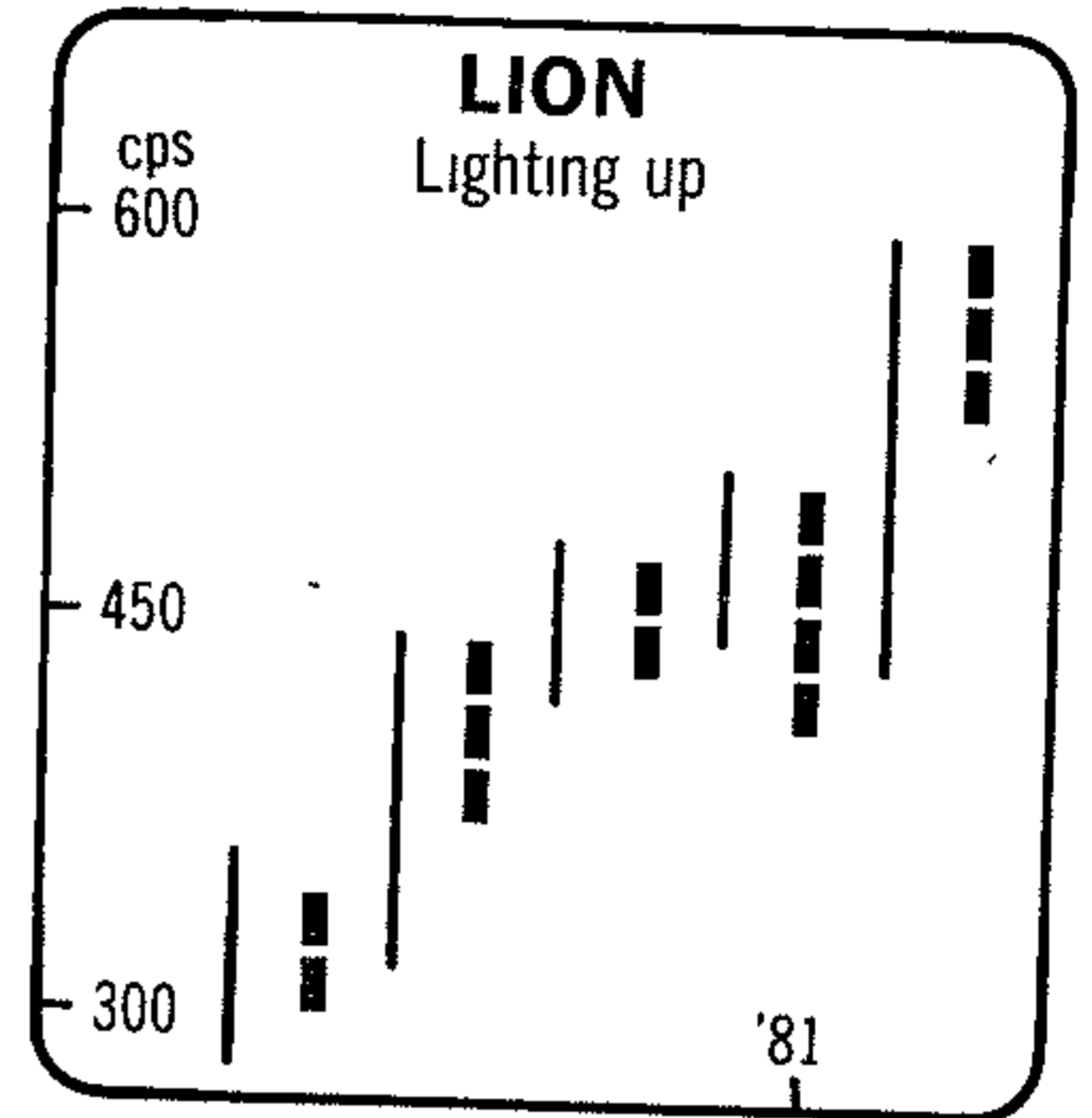
Provided the present fairly strong 32% gross return on capital employed is maintained on the expanded base, such a move would be likely to have a materially beneficial effect on the net return on equity. At the moment, this is a barely-adequate 22.4%, mainly reflecting the lack of gearing.

The small appliance field has an added attraction for Lion in that it would maintain the pattern of increasing involvement in consumer-orientated products while simultaneously reducing the group's dependence on its traditional activity, matches.

In the year to September 30 there was a further drop in the proportion of operating profit attributable to match manufacturing (before taking into account interest received and income from non-consolidated foreign subsidiaries) to 55.3% (60.9%).

This was mainly the result of continued strong growth in the packaging division which boosted its contribution to 42.5% (37.5%). The remaining 2.2% represented the personal products sector which, proportionately, showed the best profit growth over the year (87%) but is still very small in the context of the overall group.

For the current year, Williams expects earnings growth to be slower than last year's 37% (based on annualised results for 1980), but he adds that the improvement should nevertheless keep the group ahead of the inflation rate. Given that consumer



spending is set to slow, the probability is that the reduced growth will be most clearly evident in the non-match divisions. Profit from matches should, logically, be less sensitive to changes in consumer demand and this division should, additionally, start to benefit from last year's acquisition of match manufacturer Chet.

On balance it seems likely that earnings this year could reach 96c (up 20%), of which 48c would probably be distributed. The prospective dividend yield on this basis would thus be 8.3% — roughly one percentage point better than the industrial market prospective yield.

On short-term prospects the shares look reasonably priced. But taking a slightly longer view, and assuming a deal with Sunbeam comes off, the share may well move substantially higher.

Brian Thompson

Timber mill workers fired

~~150~~
199
~~401~~

6/2/82 Mercury

Mercury Reporter

THE entire workforce from Mondri timber mill at Port Durnford near Empangeni was dismissed yesterday after a dispute with management over pension refunds

A spokesman for the Paper, Wood and Allied Workers' Union, a Fosatu affiliate, said yesterday that the 131 workers had been given to understand that they would be paid out their pension contributions this month

'But management deny this and have said that they had only agreed to arrange for an official of the Anglo pension fund to explain the fund to them,' the spokesman said

Following a meeting on Thursday with an official of the pension fund, the workers had sent their

shop stewards to management to demand repayment of their pension money

Down tools

Management told workers they would have to resign in order to get back their pension contributions. Workers refused to resign and decided to down tools

Mr John Dicks, the personnel manager of Mondri, said yesterday that the striking workers 'have opted to have their pension refunds'

Although workers who did not return to work yesterday would now be considered to have 'terminated their services', Mr Dicks said they would be able to apply for re-employment on Monday 'as long as they accept the conditions of employment'

But, Mr Dicks said, the conditions of employment included membership of the

pension fund

Late yesterday the union spokesman denied that workers had agreed to accept their pension refunds under the conditions offered by management

Unresolved

She said workers had refused to accept their wage packets as they did not consider themselves dismissed

'They consider the dispute unresolved and will be returning to the factory on Monday morning,' the spokesman said

At Enduduzweni in Umlazi, about 50 blind workers refused to work yesterday following a dispute with management over wage deductions

Workers, who make cane baskets, cane furniture and weave work, told the Mercury that in spite of low wages management insisted on increasing the weekly deductions for food and board when they returned to work this week

One worker said he was receiving a wage of R17 a week and from this he still had to pay R3 for board and lodging

He said some of the workers had up to R6 deducted from their weekly wages

Necessary

The workers said that, at a meeting with management before they went on leave, they had been told that more money would be deducted from their wages to pay for food

Management said the increase was necessary because of a shortage of funds. This was rejected by the workers

'But when we received our pay packet this week we found that management had gone ahead with the increased deductions,' a worker said

The director of the Enduduzweni, Mr J Randles, said they had lost more than R50 000 last year. The increased deductions were necessary to offset this loss

He said a welfare organisation already

subsidised the workers about R12 for full accommodation which includes food and clothing

Agitators

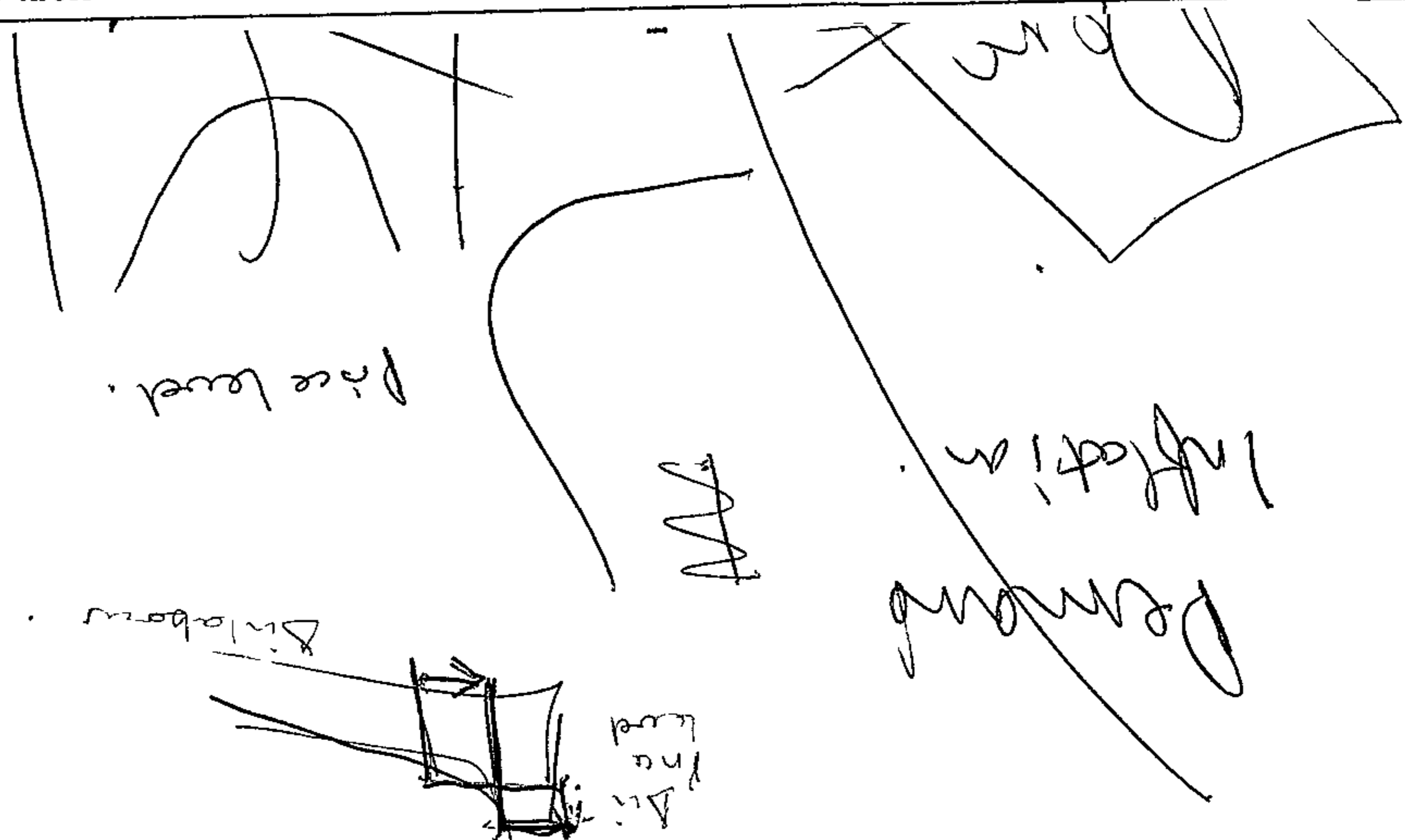
'We raised the deductions for accommodation from R1,50 to R2,50 which was implemented on February 1,' he said

Mr Randles said he believed that most of the striking workers, who all lived in the hostel, were influenced by union agitators

Also, about 200 workers downed tools at T & C Organics at Mandini after management dismissed two of their shop stewards

The personnel manager from the head office in Johannesburg, Mr D Boyes, said 'not too many workers' were involved in the work stoppage and was unsure as to what were the workers' grievances

He said he would be flying to Mandini on Monday to talk to officials of the African Workers' Association, and hoped that the dispute would be resolved shortly



Union surprised at Mondt

199

Mercury Reporter

attitude to the workers' demands was unreasonable

TRADE union men have expressed surprise at Mondt Timber's claim that strikers had been dismissed because none of the workers have yet been paid off

'All that the workers are demanding is that the company review its policy of compulsory membership of the pension scheme Mondt workers are emphatically opposed to belonging to the pension scheme and they are demanding that they be consulted on this before final policy decisions are made,' Miss Horn said

The management of Mondt Timber at Port Durnford said on Friday that the entire workforce of 131 had been dismissed after a dispute over the pension fund

She said management had made it clear that they were not prepared to negotiate with them although 120 out of the 131 workers at the plant were union members

One of the organisers of the Paper Wood and Allied Workers Union, Miss Pat Horn, said yesterday management's

199 16/2/82

Saw mill workers back after week-long stoppage

16/2/82
Mercury Reporter

THE entire workforce at the Monda Saw Mill Fort Dainford, returned to work yesterday after a stoppage which has lasted for more than a week according to a spokesman for the Positu affiliated Paper, Wood and Allied Workers' Union.

The 131 workers downed tools on February 1 in an effort to have their pension fund contributions refunded. According to Monda's Anglo American pension scheme, however, it is a condition of employment that all workers belong to the fund.

The spokesman said that all workers returned yesterday morning.

Management said they were investigating the pension scheme, and would report back to workers as developments took place, he said.

According to the union, production at the factory had stopped from February 1.

61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

~~(12) June 11/1991~~
Metal men
strike for
pay rise at
two plants

Members of Fosatu's Metal and Allied Workers' Union (Mawu) have struck at two factories this week with demands for pay rises.

These are the latest in a series of strikes by black metal workers centring on demands for wage bargaining at plant level rather than Industrial Council level.

At Dresser SA in Wadeville Germiston, about 300 workers are still on strike for a R1 an-hour across the-board increase.

Talks between Mawu and the management broke down yesterday, but are scheduled to resume today.

At McKinnon Chain in Maritzburg about 80 workers were cleared from factory premises by police on Monday afternoon. They had been dismissed after striking for a pay rise.

Meanwhile, the 10 day strike by about 130 workers at Anglo American's Mondi timber mill at Port Durstford, Natal, is over.

A spokesman for Fosatu's Paper, Wood and Allied Workers Union said the workers returned on Monday. Their demand for repayment of pensions contributions was not met.

An Anglo American spokesman said the workers faced loss of benefits if they withdrew from the fund.

LEADER OF THE STRIKE

U
G
T

When a farmer is a factory owner

Jan 20/2/82 (99)

A timber farmer installs a sawmill on his farm in order to manufacture fruit boxes and trays for sale

Act 22 of 1941 requires someone operating a factory to obtain a certificate of registration for it. In terms of the Act, however, premises on which a farmer performs any activity solely in connection with products he produces on the farm, or solely in connection with his farming operation are not regarded as a factory.

A machinery inspector contends that the milling operation is not being performed solely in connection with the farming operation. The mill is therefore a factory in terms of the Act, he says and has to be registered as such.

The farmer contends



on the other hand, that since he is a farmer whose activities include the sawing and processing of timber for sale in the form of boxwood the activity carried out in the mill is solely in connection with his farming operation. For this reason, he says, the mill is not a factory in terms of the Act.

In court, a magistrate rules in favour of

the inspector, and fines the farmer for failing to obtain the certificate.

Do you agree? You be the judge.

VERDICT

Two Supreme Court judges said the magistrate was right. They said, "The object of the lawgiver is to exempt a farmer from the provisions of the Act, where he performs work solely in connection with his own products, produced on a farm occupied by him."

"Once such work is performed in connection with products not produced by him, the exemption no longer applies."

"As an example, one may take the instance of a farmer who maintains a workshop and employs mechanics to repair and service his

own farming implements and machinery. If he then undertakes repairs of his neighbour's machinery in his workshop, it will no longer be work performed solely in connection with his own farming operations."

"Another example would be the fruit farmer who erects a sawmill for the manufacture of his own boxwood, from timber not produced on his own farm, for the packing of his own fruit. This would clearly still be work performed solely in connection with his fruit farming operations. But where, as in this case, the sawmill is used for the manufacture of fruit boxes for sale, it cannot in my view be said that this activity is in connection with his farming operation."

The parking garage consists of two platforms linked by two straight ramps. The garage is not a completely closed building but will have a 2m opening in front and the sides of both storeys. This

We have completed our design for the two storey parking garage and I would like to inform you on the main features of our proposals.

Proposed design of parking garages on plot 73/8000

Dear Mr Tompson

Mr D. Tompson
Tompson Property Developments
31 Long Str.
Cape Town
7000

Highrise Construction
P.O. Box 11224
Cape Town
7000

1991 132
200 lose jobs in strike
24/6/82

Labour Correspondent

MORE than 200 workers at SA Woodbox Manufacturers in Germiston have been sacked after striking over a union recognition dispute — but the workers are refusing to re-apply for their jobs, a union spokesman said

Sources said a second factory, a waste disposal plant, had also been hit by a strike

At SA Woodbox, a spokesman for Fosatu's Paper, Wood and Allied Workers Union said workers downed tools late on Tuesday after a misunderstanding

Yesterday workers were told they could re-apply for their jobs

“But management say they are going to retrench because of the economic climate and that 40 workers — including all the women — will lose their jobs”

He said PWAU suggested workers return and that the union then negotiate with management on retrenchments “but they say they are not negotiable”

A management spokesman said the union had “lost control of their members and are now trying to save face”

He denied the company said it would retrench or that a specific number was mentioned “We merely said we will rehire selectively”

The strike was “illegal” and workers had ignored an ultimatum to return or be fired, he said

The company would begin recruiting today, he said

200 strike

at Rand
wood firm

Labour Reporter

A Roodekop, Germis-
ton, wood firm was hit
by a strike yesterday
by about 200 workers.

Many of the workers
are members of the
Fosatu-affiliated Paper,
Wood and Allied
Workers' Union, which
was involved in talks
with management over
the dispute.

A union spokesman
said SA Woodbox had
previously discussed
the issue of union re-
cognition and workers
were now resisting
plans by the firm to
retrench 40 workers,
mostly women.

An SA Woodbox
spokesman said talks
were going on with the
union and the strike
was due to a misunder-
standing.

Strike at ¹⁹⁹
Germiston ¹⁹⁹
firm is over ^{25/6/82}

Labour Correspondent

A STRIKE by about 200 workers at a Germiston firm, SA Woodbox Manufacturers, had been "settled" and "production is now back to normal", a company spokesman said yesterday

Workers downed tools on Tuesday but were told they had been fired and could re-apply for their jobs. Management said they would be re-employed selectively

However, a spokesman for Fosatu's Paper, Wood and Allied Workers Union said on Wednesday that workers were refusing to return until they were all reinstated

Yesterday a company spokesman said that the company had re-employed "all but a few" of the workers. It had not changed its stand on selective re-employment, but despite that workers returned "amicably", he said

"They returned very peacefully and everything is back to normal," the spokesman said. He said the company had held talks with the union "but we did not budge on their demands"

PWAWU spokesmen could not be contacted yesterday

99 152 46A Mercury

Pinetown shop stewards fired

Mercury Reporter 30/6/82

PINETOWN timber factory, T D M, has fired eight shop stewards from the Fosatu-affiliated Paper Wood and Allied Workers' Union following a brief stoppage earlier this week, union sources said yesterday

A union spokesman said the problems at the factory had begun last week when shop steward, Mr Emmanuel Dlamini, had been fired by the firm.

The entire workforce of 212 workers had downed tools last Tuesday but had returned to work when the company agreed to talk about the issue with the union on Friday, he said

On Friday the management had said they would not take Mr Dlamini back as 'the workers would laugh at them' but, the spokesman said, it had been agreed to meet again yesterday to have further discussions

At a meeting on Monday, workers had decided they were not happy with the company's decision and had refused to start work after lunch, he added.

According to the union, the management had then told one shop steward he was fired because he was 'a troublemaker' and had then told rest of the shop stewards present to leave the factory premises. Workers had then returned to work.

The managing director, Mr D H Scharf, said the matter had been solved last week and that he had no further comment to make.

The union yesterday was seeking legal advice on the dismissal of the shop stewards

(199) 20M 18/8/82
**Timber price
rise expected**

Mail Correspondent

AN INCREASE in the price of timber is expected to be announced today by the national chairman of the South African Lumber Millers Association, Mr Wynne Evans

On Monday Mr Evans said the possibility was being discussed at the association's annual congress this week

TIMBER

199

Pining for profits

FM 27/8/02

Timber growers are not happy with the outcome of the latest price negotiations with major buyers. On average, they say, the new prices do not match inflation and will not encourage the new afforestation



Timber plantation ... more costly to keep

needed to meet future demands

But recession abroad and a short-term oversupply of timber on the local market have allowed buyers to adopt a harder line

at the negotiating table

Price talks started late last year, with growers represented by the Federation of Timber Growers Associations (FTGA), made up of the South African Timber Growers Association (Satga), the South African Wattle Growers Union (Sawgu) and the Forest Owners Association (FOA)

They claimed their costs had risen on average by 18,8% during the year, and wanted to recover 90% of costs, plus an additional amount to bring return on capital to 6% within three years

When buyers balked, growers reduced their demands. A provisional agreement was reached in January with the proviso that prices would be reviewed again in July

While none of the federation members was satisfied with the offers, FOA felt that they should be reluctantly accepted. Satga, and Sawgu, on the other hand, argued that there should be further negotiations. The latest talks between buyers and Satga and Sawgu have culminated in further price increases, some of which were effective from July

In addition to the January increases, growers were granted a 75c/t increase on mining timber. Additional cost to the pulp and paper industry will vary — 55c/t (Sappi), 75c/t (Mondi) and R1,28/t (Saiiccor)

Growers are far from happy about the tendency for buyers to offer one figure in-

tended to cover increased costs as well as increased rail tariffs. They charge that ruling timber prices are too low to enable them to pick up rail tariff increases. They point out that timber processors are normally able to pass on their increased rail costs to consumers

During the latest round of negotiations, however, buyers were more sympathetic towards this view. Satga director Bruce Ferguson says he hopes for a reversion to the previous arrangement whereby rail tariff increases were automatically for the buyer's account

BUSINESS

Luyt may sue JSE for R42m

FERTILISER millionaire Louis Luyt is seriously considering taking the Johannesburg Stock Exchange committee to court in a R42-million ac-

Industry sources said Luyt felt the dispute between him and the JSE committee had caused a drop in the value of Triomf shares — of which he holds 52% — which had eroded his personal fortune by R42-million

The row began when the committee passed a resolution — designed to force Triomf to reveal figures — that Luyt felt was detrimental to Triomf interests.

A decision on the action is likely to be taken early in November

Deafening silence over a Draconian Forestry Bill

S-EX news 24/10/82

By DAVID PINCUS

AN incredible display of lethargy by the timber industry very nearly resulted in a draft Bill that makes a mockery of free enterprise being presented to Parliament, unaltered, for its first reading.

The Bill would also grant the Minister of Environmental Affairs dictatorial powers

The draft Forest Bill was published in the Government Gazette on September 21. Interested parties had until last Wednesday to comment on it, but few did

The silence was so deafening that Wilson van der Merwe, deputy director-general of the Directorate of Forestry, commented "Just about everyone else in the industry was fast asleep. We have

given them until the end of November to comment"

The reaction of industry leaders I contacted ranged from complete ignorance of the Bill (in two cases), to "No time to read it, I'll see if I can make some time over the weekend"

The Bill aims to establish a control board for the timber industry in which the Minister of Environmental Affairs has the final say and only growers may voice opinions

By omission it removes the right of the Timber Federation and of the Department of Industries to sit on the Forestry Council (fights

they have, under the existing legislation) By definition it clips the wings of State and semi-State bodies such as the Post Office, Escom and SATS, and municipalities which may not cut, trim or remove trees "on any land" without the approval of the director-general

The Bill empowers the Minister to impose quotas, to say how much growers may produce, to say who may buy it, and how much may be sold and when It also tells processors from whom, how much and when they may buy

It gives the Minister the full right to fix prices and to ensure that they, as well as the other con-

trols he may impose, are adhered to In other words to police his act

In the existing legislation, the Minister has control over what is termed stuff in the round, meaning logs as they come from the forest The draft Bill proposes to give him full control of everything that comes from a forest until it is finally sold to an end-user

By definition that will now include 'roughly-sawn, planed or further processed wood, chemically-impregnated wood or poles, slabs, chippings, sawdust and charcoal' as well as nearly 50 other items including flowers and fish found in forests And a clause automatically includes in that list anything that may have been accidentally omitted or overlooked Under existing legislation, the

Minister may impose a levy of up to 20c/m³ on imported timber, but must give notice in the Gazette of his intention to impose any levy and allow people time to voice their objections The new Bill gives him the right to impose any levy without having to first Gazette it and allow time for objec-

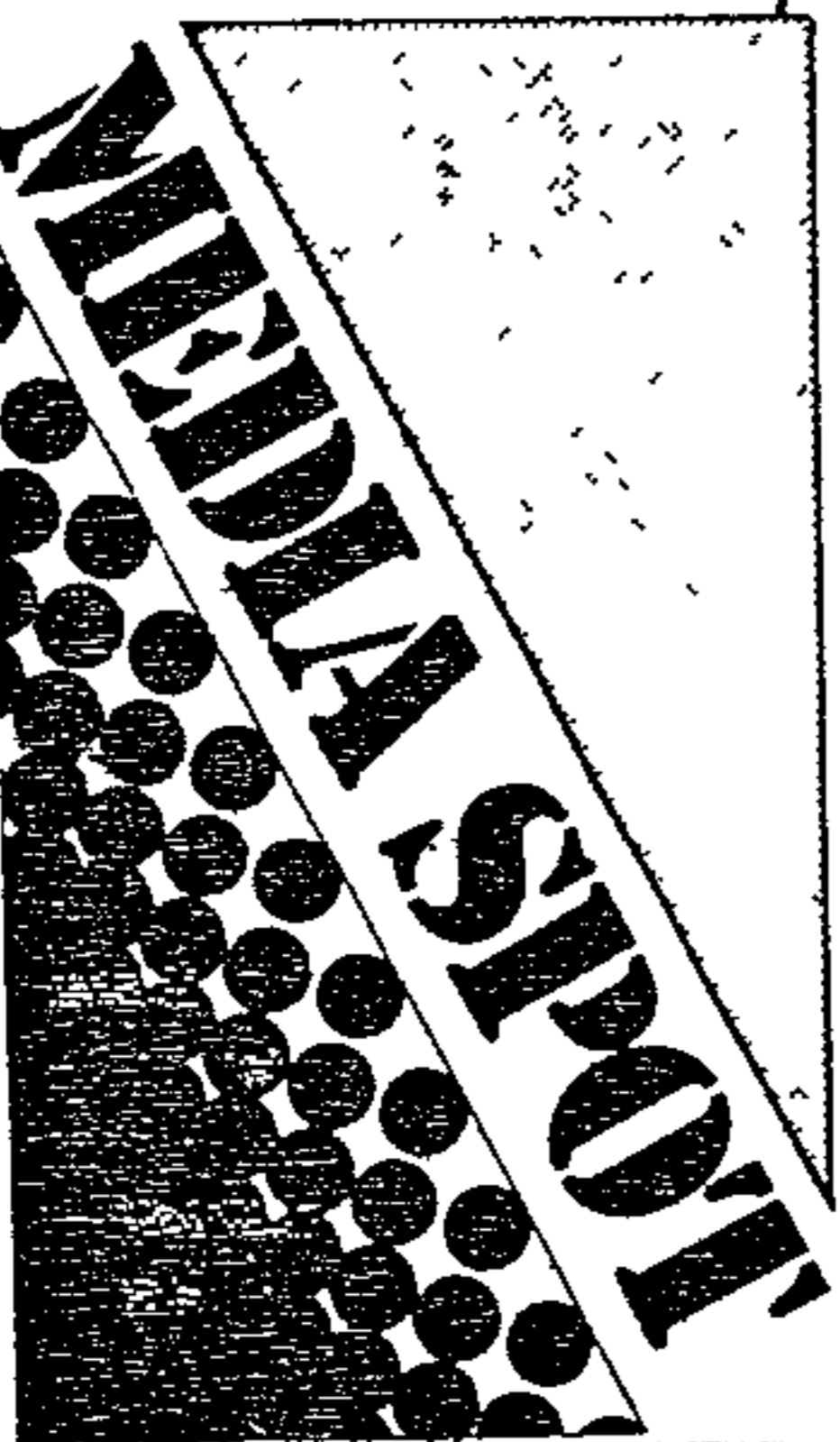
tions

The ugly part of the Bill is that it encourages trapping and spying Magistrates will be empowered to grant up to 25% of any fine paid by people who contravene the act to informers

The Bill makes it obligatory for magistrates to presume that those charged under the Bill, such as allegedly being in possession of State property, are guilty until proved innocent

In a final flourish, it virtually gives the State, its Minister and its officers carte blanche to cause as much damage as they want to to the man in the street, provided "it is done in good faith under this Act"

A provision states "No action shall lie against the State, the Minister, the Director-General, a forest officer, or other officer of the department or a police officer for any injury to or loss sustained by any person in consequence of anything done in good faith under this Act"



Market research: An agency highlights credibility problems

KUPER Hands believes that advertising agencies' market research departments are sometimes viewed with

Steel giant Iscor is rolling out its message

ISCOR has launched a campaign to sell itself to South Africa

The costly catch for 'no show' TV ads

THE SABC is tightening up Next year the corporation will levy a cancellation fee on all TV ad campaigns Any contract cancelled with more than 90 days no-

Bill would give Minister sweeping powers

Timber to get the chop

199
S. Trubing
24/10/82

A DRAFT Bill that contains sinister provisions which cut right across the Prime Minister's belief that the free enterprise system is gaining an increasing hold on the South African economy, came perilously close to becoming law

It's the Draft Forest Bill, gazetted on September 21 which originally gave objectors until last Wednesday to voice their comments

In its present form its aim is, among others, to create a board of control with frightening powers to control the entire timber industry, from the moment a tree is planted until the wood is sold to a user. But only a few in that industry knew about it — and were able at the last-minute to postpone deadline for comment until the end of November

The only two Tribune Finance could find this week who had studied the proposed legislation were David Eloff, Executive Director of Salma, and Bruce McKenzie, Executive Director of the Forest Owners Association, but neither was prepared to comment

Eloff said he was already negotiating with the Department of Environmental Affairs and didn't want to discuss the matter through any newspaper's columns. Things were very delicate at present

Without saying so, the Bill provides for the establishment of a control board for the timber industry. It establishes ma-

Finance Reporter

chinery that can fix prices and establish quotas, say who may buy from whom and in what quantities and at what prices, and when, and police those measures to ensure they are adhered to

It changes the make-up of the Forestry Council in such a way that it can be composed of only growers and representatives of co-operative societies. It cancels the right of the Timber Trade Federation to sit on the council, also, the seat of the Department of Industries, and specifically bars anyone who is a board member of any company that processes wood from sitting on the council

The council is charged with advising the Minister on any aspect affecting the forestry or timber industry, including legislation

The significance of that clause is that timber growers only would be able to decide what is good and what is bad for the entire industry

If passed by Parliament, it will widen the scope of the Act to give the Minister and the council complete control over roughly sawn or planed or further processed wood, chemically impregnated wood or poles, slabs, chippings, sawdust and charcoal, as well as anything else that can conceivably be found in a forest or timber plantation, including ivory, honey, sand, soil and gravel

Timber plantations - a source of many products besides wood

MUST enter in of each question in which it has columns (2) and

External
(3)

Examiners' Initials		

- 1. The answers only on the right hand pages will be marked. The left hand pages may be used for rough work, but no credit will be given for such work
- 2. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.
- 3. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
- 4. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.

- 1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed
- 2. Candidates are not to communicate with other candidates or with any person except the invigilator.
- 3. No part of an answer book is to be torn out
- 4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

(338) (199) (11/17/82)
Mercury

Mercury, Wednesday, October 27, 1982

7

Workers to be laid off this week

Labour Reporter

A PLYWOOD manufacturing firm, Unply, is to retrench more than 100 workers at its Cato Ridge factory at the end of the week, it was revealed yesterday

The factory, which was the focus of a strike earlier this year, negotiated the retrenchments with the Paper, Wood and Allied Workers' Union

The union is presently involved in recognition talks with Unply

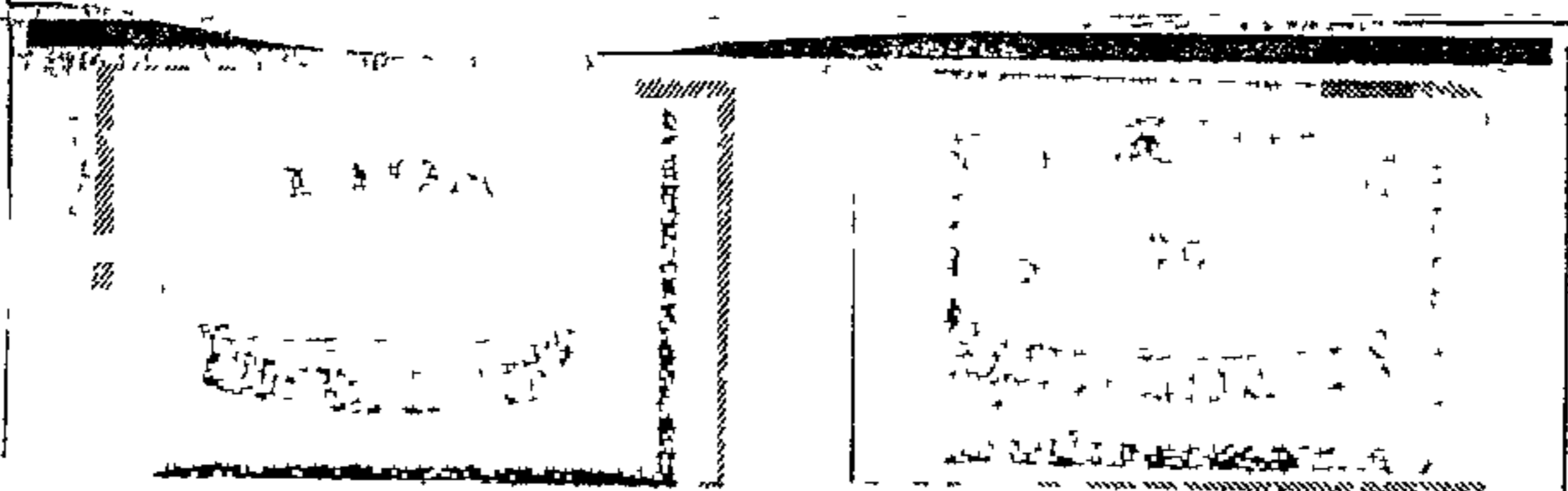
A union spokesman said the company had agreed to retrench the 106 workers on a last-in-first-out basis.

Those retrenched would be given four weeks' pay and a week's wage for every year of service plus Christmas bonus and leave pay, he said

Fifteen workers had volunteered for retrenchment the spokesman said.

The company had guaranteed re-employment of the workers laid-off

ad hoc 27



The famous pride of ⁽¹⁹⁹⁾ Lions meets its match ^{Star 2/11/82}

By Colleen Ryan

That smiling lion on your box of matches has a look at pride which seems to say: "I'm still the cheapest thing around"

But the self-satisfied feline may have met his match in the form of a foreign rival which challenges this famous claim.

South American matches are now selling on the Witwatersrand for two thirds the price of the local brand

The Star matches made in Chile cost 2c a box compared with 3c for Lion matches. Each contains about 40 matches

A spokesman for the importers, LK Distributors in Cape Town, said a cheap consignment of matches

arrived in South Africa about eight months ago.

The managing director of the Lion Match Company, Mr Bob Harker, said rising production costs had made it necessary to increase the price of local matches

The Durban-based company has a monopoly on locally produced matches, selling Lion, Springbok and book matches

Mr Harker said his company did a roaring trade — exporting matches to Chile.

A shop assistant in a Johannesburg tobacconist was asked why Lion matches sold for 3c and Two Star for 2c

"I've never really thought about it," she replied. "I suppose, it's because the price is on the box"

RDM 199
181883
Union warns of
action

Labour Correspondent

THE unregistered National General Workers' Union yesterday threatened industrial court action against a Pretoria subsidiary of wood company BruPLY which has fired its entire work force for striking

The company, Vaness Products, which manufactures doors, sacked all 26 of its black workers yesterday after they had downed tools over a wage dispute

According to union general secretary Mr Donsie Kumalo, the workers were told they could collect their pay on Friday and the company would begin recruiting new staff

He said the union planned to seek an interim order against the company in terms of the Labour Relations Act to reinstate the workers

Mr Kumalo said the strike had been prompted by differences between the pay of most workers at the plant — who received R1,30 an hour — and that of a group which received R1,60

A company spokesman said the strikers had been dismissed after a deadlock in wage talks. He alleged workers had then walked out and management had then dismissed them

'Never fired' workers to go back to job

Labour Correspondent

THE entire labour force of a Pretoria company Vaness Products, who were fired after a strike on Wednesday, will resume work on Monday

The company, owned by a wood company Bruply, told all 26 of its workers on Wednesday that they had "dis-

missed themselves" for walking off the job

Yesterday, however, the general secretary of the unregistered National General Workers Union, Mr Donsie Kumalo, said the company had rescinded its decision to fire the workers after talks with the union

He said they would resume

work on Monday and would not lose any benefits as a result of the strike

Mr Kumalo said Vaness had also agreed to negotiate with the union on the wage demand which prompted the strike

A company spokesman confirmed yesterday that the workers would resume work

on Monday

He said Bruply had investigated the matter and "the workers were never fired in the first place"

He confirmed that talks would take place with the NGWU next week, adding "We are always prepared to negotiate with unions"

152 137 99

ROM

20/8/83

PE union gets rights for 21

ABOUT 21 contract workers in Port Elizabeth have been given permanent city rights in a country-wide movement by trade unions to get their members these rights in terms of the Rikhotso ruling.

In a much larger campaign, about 300 applications for Section 10

(1) (b) rights have been filed with the administration board in Mooi River, Natal

The 21 workers, employed by Timber Industries, were given the rights after an active trade union campaign in the factory

Since the historic

Saxofan *24/8/83*
judgment in which the Supreme Court ruled that migrant workers who had worked for one employer for more than 10 years were entitled to Section 10(1)(b) rights, trade unions have been pushing employers to assist in getting their workers urban rights

On a much larger

scale, a similar campaign has been conducted by another Fosatu affiliate, the National Union of Textile Workers at Mooi River Textiles in Natal

Meanwhile on the Reef the Black Sash has charged that Wrab was still refusing to grant these rights to workers

~~199~~
199

Firm re-instates 25

THE VANESS Products company in Pretoria yesterday re-instated 25 of its employees who were last week fired for going on strike. (199) (152)

According to the organising secretary of the National General Workers Union (NGWU), Mr Don-sie Khumalo, members of his organisation were dismissed after they had gone on strike for better pay and improved working conditions. Management refused to meet their demands and ordered an immediate termination of their services.

Mr Khumalo said, however, an agreement to have all the dismissed workers re-instated at the door manufacturing company was entered into in a meeting between union officials and management.

Negotiations for wage increases will be held today. Workers have requested a 30 cent per hour increase on their present R1,30 hourly rate.

August 1983

NGWU in second big victory in a week

100 By ALINAH DUBE

THE NATIONAL General Workers Union (NGWU) won their second victory in a week when the Vaness Products Company in Pretoria agreed to increase wages of all union members yesterday.

The union had 25 of its members earlier this week re-instated at the same company after they were dismissed for going on strike. The workers' demands included better pay and improved working conditions.

Sowetan 25/8/83
The organising secretary of the union, Mr Donsie Khumalo, said management agreed that disparities in wages of the employees be done away with. A medical aid scheme would also be introduced to cover all the workers and their families, he said.

Before going on strike workers had requested a 30 cents per hour increase on their present R1,30 hourly rate. They also complained that some workers received weekly wages of R58 when some got R50. Mr Khumalo pointed out that this had also been looked into and said everything had "been balanced".

Dispute ends with merit increases for all

Labour Correspondent

A DISPUTE between the un-registered National General Workers Union and Pretoria company Vaness Products, a subsidiary of wood company Bruply, has been settled after talks between the two sides

The dispute led to a strike by the company's 26 workers

last week

NGWU's general secretary, Mr Donsie Kumalo, said yesterday the company had agreed after negotiations, to grant a merit increase — which had been awarded to some workers and not others — to all workers

It had also agreed to establish a medical aid scheme for

workers
A company spokesman confirmed this but added that the difference in pay between workers who had received the increase and those who had not, amounted to only 3c an hour

"Unfortunately, there was a misunderstanding. The union thought the difference

was R1,60 an hour — in fact it was — R1,60 a week," he said

He said the company had never objected to establishing a medical aid scheme and had invited the union to help set one up

"We believe these talks have established a sound relationship between us and the union," he said

~~1997~~ 1997 RDM 2518783

Strikers ready to take legal action

ANOTHER group of dismissed workers who went on strike after one of their colleagues was allegedly assaulted by their white boss, has threatened to take court action if they are not reinstated.

A total 51 workers at the Pienaar and Grabe Wood factory in Rosslyn, who went on strike over pay demands last week, also claimed

yesterday that they were subjected to daily assaults by the authorities including their manager

A spokesman for the workers said the strike was sparked off when their colleague, Mr Antipas Leso, one of the three members of a committee which negotiated for a 30 cents an hour increase, was allegedly punched and kicked by two managers

and a certain foreman

A total of 50 workers went on strike in solidarity with Mr Leso after he was told by management that he had been fired. The workers, who have since joined the union, also lashed out at the company's bad treatment and condemned management for the daily assaults they are subjected to

An official of

SAAWU, Mr Deacon Mathe, yesterday said his union was going to negotiate with management for the re-instatement of the workers failing which court action would be considered

About 300 workers fired at Pool Industries in Rosslyn last week have also threatened to take court action against the company for their "unfair dismissal" over pay demands

300 strike

at Mobeni,

Pinetown

Mercury Reporter

ABOUT 300 workers at the Mobeni and Pinetown branches of Federated Timbers Ltd, a Barlow-Rand subsidiary, have downed tools in support of their demand for more pay.

Workers at the Mobeni branch went on strike on Monday after rejecting a pay rise of between R2 and R3. They are demanding a minimum rise of R10 which, if granted, would push up their minimum wage to R58 a week.

According to a spokesman for the workers, more than 50 percent of the labour force at the Mobeni branch of the building materials merchants earn R48 a week.

He said they found it difficult to 'make ends meet' with their present wages. 'The bulk of our wages is taken up by travelling costs and rent, leaving us with little for food and clothing.'

Across-the-board

Workers were sticking to their demand for an across-the-board rise of R10.

At the Pinetown branch workers downed tools last week. Their demand was considered by the management on Friday.

When told on Monday that their demand had been rejected they continued their strike.

Mr John McDonald,

Natal regional manager of Federated Timbers, yesterday confirmed the work stoppages and said they were apparently the result of dissatisfaction with wages.

The latest increase, which came into effect on October 1, had been 'a fair rise and the best the management could afford in times of economic recession'.

Mr McDonald denied that workers at the Mobeni branch had been given an ultimatum either to return to work today or face dismissal. He said all the striking workers had been asked to return to work.

At Pinetown, the management had met workers' representatives for further talks.

At Mobeni, workers had been asked to nominate a representative with whom grievances could be discussed.

'So far they have not done so, but the company has indicated its willingness to meet them at any time,' Mr McDonald said.

200 pay strikers ~~return~~ return to their jobs

ROOM 3/11/83 199

Mercury Reporter

MORE than 200 workers at Federated Timbers in Mobein, who went on strike on Monday for more pay, returned to work yesterday after talks with the management

But their 100 counterparts at the Pinetown branch continued their strike yesterday after being told by management that there would be no further wage increases this year

Mr John McDonald, the company's Natal regional manager, said management representatives had met Mobein branch workers yesterday morning and confirmed that no wage increases would be given

After further discussions workers agreed to end their strike

At the Pinetown branch, the management met workers' representatives and also confirmed

that no wage increases would be given. Workers were urged to return to work, but they refused

However, they had conveyed a message that they would return today, Mr McDonald said

The workers at the Barlow-Rand subsidiary had demanded a R10 across-the-board weekly increase. They rejected an increase of between R2 and R3 which came into effect on October 1

Mercury
Four-day
stoppage
ends as 199
100 return

Mercury Reporter

THE four-day work stoppage at the Pinetown branch of Federated Timbers ended yesterday when all 100 workers returned to their jobs

Mr John McDonald, the company's Natal regional manager, said yesterday that the strike ended after workers were told that the stoppage could not continue indefinitely

Those who did not return to work by 7 a m would leave management with no choice but to terminate their contract of employment

The workers downed tools on October 31 in support of a demand for more pay, according to a spokesman for the workers

Mr McDonald said management had been very patient and had offered to pay them for Monday and Tuesday, provided they returned by Wednesday, November 2

199
Sappi pays
R2,4m for
9/12/83
board firm

Industrial Editor

SAPPI has acquired a particleboard business which it plans to integrate with its Novobord interests on the Reef. It has paid R2 479 000 for Timberboard and Beau Estate & Finance Company, a property-owning company. The deal is effective from November 1.

The price will be settled by the issue of 230 605 new ordinary shares at a price of 1 075c, Sappi's closing price on October 31.

The new business consists of a particleboard manufacture and upgrading plant at Alrode, near Johannesburg. The acquisition will provide Novobord, which has operations in Port Elizabeth, White River and on the Reef, with additional particleboard manufacturing facilities and will help it to service the Transvaal market.

It will also provide Novobord with opportunities for rationalisation.

As Sappi has sufficient unissued shares under the control of the directors, it does not intend to call a shareholders' meeting to approve the share issue. The Timberboard acquisition is not expected to have much effect on either the earnings or the net asset value of Sappi shares.

1992/1/10
1992/1/10
1992/1/10
16/12/83
D. Defintion

Union: 220 fired after stoppage

EAST LONDON — About 220 workers had been fired at the Buffalo Timber and Hardware factory at Wilsonia here following a work stoppage, the South African Allied Workers' Union said yesterday

The trouble was claimed by the union to

have started on December 6 after a fight between a worker and a supervisor

A Saawu spokesman, whose name was not revealed, said that during the fight the supervisor's brother, also employed at the factory, had tried to join in and other

workers had stopped the fight

The workers downed tools on December 8. When they returned on December 9, they said, they were told they had dismissed themselves and that they should return on January 10 when they would be re-employed

The managing director of the company, Mr John Keil, said yesterday he had been on leave and would reserve comment — DDR

HLH selling off Blaikie-Johnstone, Wolhuter Steel

Barlows in R96m deal

199

2014

19/12/83

By HOWARD PREECE

BARLOW Rand is buying control of Blaikie-Johnstone and the total equity of Wolhuter Steel for R96m cash from Hunt Leuchars and Hepburn.

An offer to the Blaikie minorities will also be made, which will put a final tag of about R105m on the whole deal.

Barlows is acquiring Wolsteel for R50m through Robor Industrial Holdings, which is to be listed on the Johannesburg Stock Exchange today.

Blaikie-Johnstone (Blajohn) will be put together with Federated Timbers through a reverse takeover.

The Competitions Board has given provisional approval to the various proposals.

It appears that HLH made the first approach to Barlows — and that the whole package was organised and agreed to in 10 days.

HLH says it is selling Blaikie and Wolsteel because it wants to "concentrate its resources on fewer activities".

It will use the R96m cash injection to "increase the pace of development in its timber division and to further expand its steel-processing interests".

HLH is an industrial holding company with interests in steel, hardwood timber, building materials, instrumentation and marine engineering.

In the 18 months to August 31, the group made a net profit of R20,5m from a turnover of R730m.

The sale of Wolsteel — one of South Africa's largest steel merchants — is no great surprise.

The division's contribution to HLH net income slumped to 17% in the last accounting period, against 39% in the previous year.

But the sale by HLH of its 100% stake in W J Johnstone, which has 84% of Blajohn, is something of a turn-up.

Control of Blajohn, SA's largest distributor of building materials,

was acquired by HLH only two years ago when it bought W F Johnstone for R39m.

Mr Chris Perry, the chairman of HLH and of Blajohn, spoke glowingly of Blajohn in the company's annual reports last month.

He said, "The blending of professional management with the highly developed trading skills which have existed for some time will ensure the group is even better placed to increase its profitability significantly."

Blajohn accounted for 32% of HLH's group income.

However, HLH will certainly welcome the cash proceeds from the sales of Wolsteel and W F Johnstone.

In the 18 months to August, the group's gross profit of R61,8m was sharply depleted by interest charges of R20,9m.

In any event, everyone concerned seems satisfied with the deal.

Mr John Maree, the chairman of Barlows building materials, steel and paint division, says one great advantage of the deal is that Bar-

lows will have listed companies — Blajohn, Robor and Plascon Evans — heading each section of the division.

This overall division will now have net assets of R446m and sales this financial year of R1 553m.

Barlows is paying the equivalent of R5,50 a share for Blajohn. Blajohn minorities will have the option of a similar offer or staying with the enlarged company after Federated Timbers has been reversed into it.

Federated Timbers has an annual turnover of R354m, against R168m for Blajohn.

The total building materials market is put at R3 380m by Barlows.

The Wolsteel deal is said to be at net asset value, while Barlows has paid a substantial premium for Blajohn.

The test for Barlows will be whether it can make more profitable use of the Wolsteel and Blajohn assets than HLH apparently thought it could.

Mr Maree is confident that Barlows is on to a winner. Time, and the economy generally, will tell.

that they had been forced to take the charge upon themselves were rejected as 'lies'.
The pair, who pleaded not guilty, earlier claimed that the blood-stained jackets they wore when prison warders entered their cell had belonged to two members of the 28's gang

a considerable salary as head of Ciskei's security force but like most of us today has also had extensive outgoings".
General Sebe's only source of income at present was a nominal amount from a farm being run by his wife.
Mr Kirk said a London-based represen-

FUNDS
Although Amnesty did not provide financial aid it could act as an intermediary to try to raise funds, Mr Kirk said

Meanwhile a State application for the withdrawal, cancellation and estreatment of the R10 000 bail of Ciskei's former Minister of Transport, Mr Namba Sebe, was made in the Zwellitsha Magistrate's Court yesterday

BAIL

Advocate P Oosthuizen, SC, argued that Mr Sebe had broken a bail condition by leaving Ciskei and travelling through South Africa to reach his Frankfort farm

Mr Sebe, who is facing charges of fraud and corruption, was re-detained last week under section 26 of the National Security Act

Mr J C F Froneman for Mr Sebe, announced he would apply for a change to the bail conditions to allow Mr Sebe to travel to King William's Town and to his farm

UNION OFFICIAL SACKED

A SHOP steward of the Building Construction and Allied Workers' Union was fired from the Summit Timber Company in Rosslyn after he was allegedly accused of being "troublesome and cause of the unrest," by a white colleague.

Mr Moses Malatji told The SOWETAN that trouble started last week when a white colleague questioned him about his activities

"He said I was doing little work and that I concentrated too much on the union's meetings with management. When I explained to him that my union was recognised by the company, he called me to the manager's office," he said

Mr Malatji said his dismissal resulted in a temporary work stoppage at the factory but things were soon back to normal after police were called in

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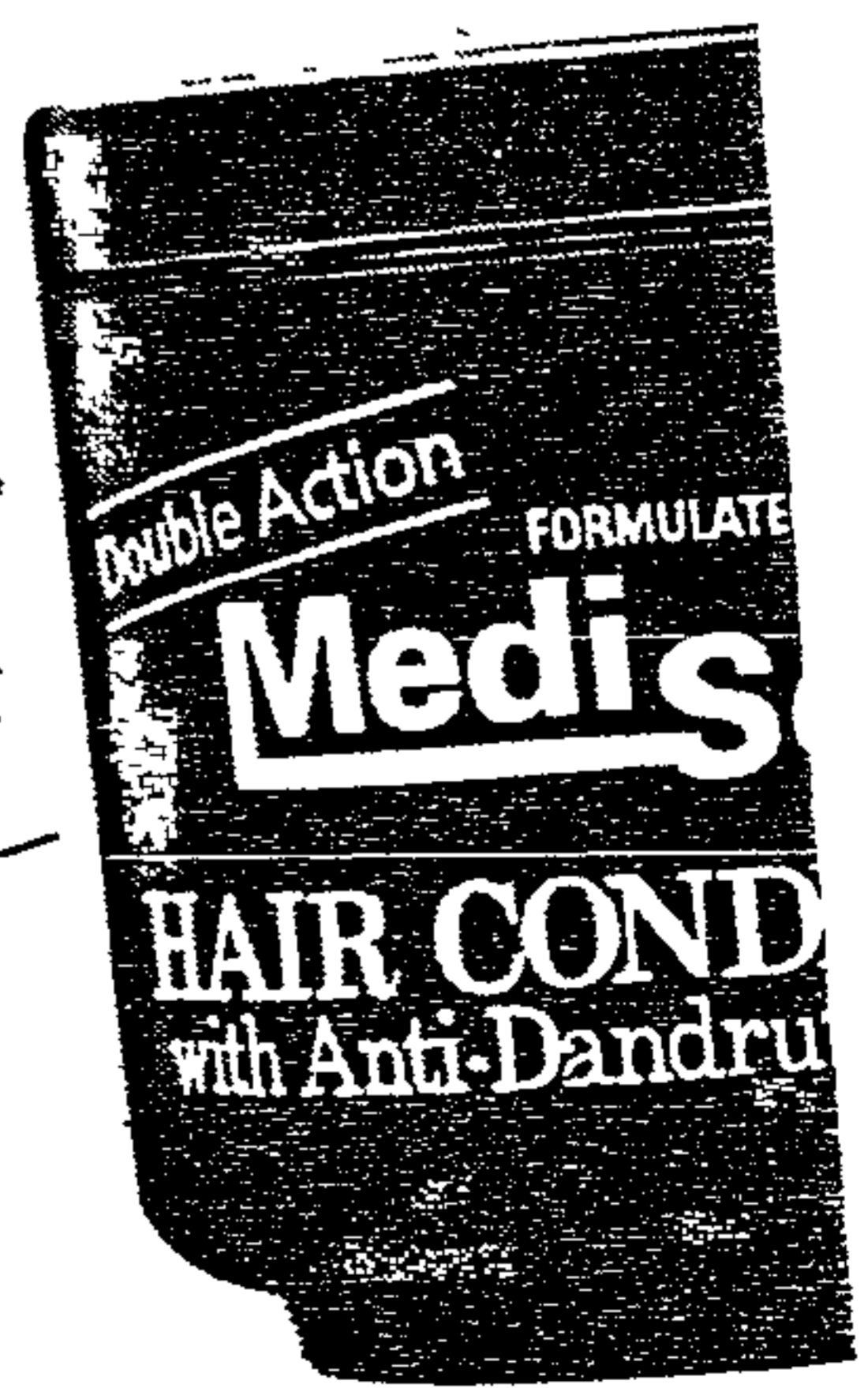
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HLH announces details of pyramid — Huntcor

By PATRICK McLOUGHLIN

JOHANNESBURG. — Flush with cash, Hunt Leuchars & Hepburn (HLH) yesterday took the first step on the road to aggressive organic and acquisitive growth with the announcement of details of its new pyramid company.

HLH will recommend to shareholders that a pyramid holding company called Huntcor be created through a scheme of arrangement. Subject to Johannesburg Stock Exchange approval, the Huntcor shares will be listed at the end of April and documents giving details of the scheme will be mailed to HLH shareholders in March.

HLH, which announced that it intended forming a pyramid company in January, was recently in the news when it sold Wolsteel and W F Johnstone to Barlow Rand for a total of R96,2m.

Wolsteel, the steel merchanting wing of Wolhuter Steel, was sold to Robor Industrial Holdings for R50m and W F Johnstone, which has 84 percent of building materials group Blaikie-Johnstone, went to Barlows for R46,2m.

Pyramid companies are traditionally formed as a protection against take-over raids.

But in HLH's case the main consideration seems to be to provide a base for expansion

when the time is ripe, while also serving to protect the Hancock and Hepburn family interests.

According to a statement from HLH, the creation of Huntcor arose from the wish to provide a group capital structure which would facilitate the future development of the interests and operations of HLH.

Another important factor was to boost the marketability of HLH's shares on the JSE.

"This is now proposed in a manner which will retain the control of HLH in the hands of its existing controlling shareholders on a formalized and secure basis," the statement said.

The mechanics of the deal will mean that all HLH shareholders will be allotted shares in the pyramid, which will in turn hold 66,7 percent of HLH.

New shares

Huntcor will be created by a capitalization issue by HLH to Huntcor of two new HLH shares for each existing HLH share.

Each HLH shareholder will then be allotted and issued with one Huntcor share for each HLH share.

Shareholders with 100 existing HLH shares on the deal's effective date of April 30, will then hold 100 HLH shares and 100 Huntcor shares.

The group says that based on a market price for existing HLH shares of 900c a share it is expected that after the deal HLH shares and the Huntcor shares will have respective market

prices of 300c and 600c. HLH chairman, Mr Chris Perry, said the group had been keen for some time to create a capital structure which would facilitate future development.

"The formation of the pyramid had been under consideration for some months and the timing was now considered opportune.

"The new capital structure will allow us to continue to develop HLH's interests. At the moment we have no major developments in mind which would require the issue of HLH or Huntcor shares, but we feel it important to create the necessary framework."

Asset value

HLH had a net asset value of 716c a share on August 31 last year. Had the scheme been effective on that date, the NAV would have stood at 239c, while the NAV of Huntcor — which will have as its only investment its 66,7 percent HLH stake — would have measured 477c.

After the Barlow Rand sales, the group said it initially aimed at earning 110c a share for the year to August 31, 1984, representing a 15 percent increase. Dividends were projected at 52c.

A spokesman for HLH said that after the formation of Huntcor and based on published forecasts, shareholders could — assuming the scheme had been effective for a full financial year — have expected Huntcor earnings of 73,3c and dividends of 34,67c. Their holdings in HLH would have netted them, under the same circumstances, earnings of 36,7c and dividends of 17,33c.

HLH's interim dividends likely to be about 5,3c for the six months to February 28. Shareholders can expect

a maiden interim of at least 10,67c a share from Huntcor.

Huntcor's policy, as in the way of most pyramids, will be to pay out all income through dividends.

Strategy

Mr Perry, further explaining the strategy behind Huntcor, said HLH was "always looking" for new companies. Huntcor was the first step towards expansion within the designated areas. These comprised the areas of operations of the remaining two divisions after the Barlow sale — timber and steel processing.

Comment. HLH is still consolidating its position after the sale of its divisions to Barlows and, aside from the new pyramid, no fireworks in the way of acquisitions can be expected this year.

But with its structure now right, the following year could very well be exciting.

Call rates

HLH, after having paid certain debts — which has taken the debt equity ratio down from 70 percent to about five percent — still has a significant portion of the R96m left. With good money being earned on call rates, the company is obviously in no hurry for acquisitions.

But there are a number of companies which HLH has its eyes on — nearly all private — as well as possible further acquisitions of timber acreage.

At its current price, HLH could very well prove to become one of the growth stocks of 1985.

TIMBER
A wasteland

199

While commercial forestry produces a surplus of timber, overcrowding in the homelands, where wood is a fuel source, is depleting natural forest areas at an alarming rate

Just how serious the situation has become is spelt out in a report published by the University of Natal's Institute of Natural Resources In KwaZulu, for example,

Financial Mail February 24 1984

199 FM 24/2/84

200 of the 250 indigenous forests have all but disappeared over the last 50 years

Research done in 1982 concludes that the average black rural household (seven people) uses 4t of wood a year, with each woman spending one day a week gathering wood — and often having to walk 15 km to find any.

"If it was dead wood being gathered, there would not be any environmental risk," says researcher Mark Gandar, "but shortages have forced people to use live

trees, thereby diminishing future supplies and causing wide-scale erosion. As the degradation of rural areas worsens, the scarcer become the resources (human and financial) for reversing the downward slide."

Shrinking supplies have made firewood a commercial commodity in both rural and urban areas, with merchants competing for a resource without having responsibility for protecting or replacing it.

KwaZulu commits 94% of its 27 000 ha of

plantation to commercial timber production and spends only 0,1% of its budget on forestry development

There are no simple answers for a problem this size, but an increase in the transfer of waste and surplus timber from the commercial to the non-commercial sectors would have some effect. However, the report says any large-scale change would have to come from setting aside areas for growing firewood and from encouraging black commercial timber growers

ARCS 2/5/84

199

Govt probe into timber problems

Staff Reporter

A Government-appointed committee is seeking a solution to dissatisfaction in the timber industry which buys valuable wood such as stinkwood, yellowwood and blackwood from State-owned forests in the Southern Cape

The committee, appointed by the Minister of Environment Affairs and Fisheries, Mr Sarel Hayward, is under the chairmanship of the former Auditor-General, Mr Gerald Barrie

It will report to the Minister on marketing practices of wood from the

State's Tsitsikama and other Southern Cape forests

It will also investigate shortcomings, if any, in the present marketing practices. The committee will examine methods for the proper marketing of indigenous woods as well as blackwood.

The director-general of the Department of Environment Affairs and Fisheries, Mr J F Otto, said that, until now, part of the wood from the State's forests had been sold at auctions, while some wood was held back for sale to local manufacturers in the Knysna area.

This had caused some dissatisfaction to people who bought at auctions and to local people who complained they did not receive enough of the supply, he said.

Unhappiness

There had also been unhappiness at prices charged to local manufacturers, as opposed to the prices fetched at auctions

Interested parties who wish to make a contribution to the investigation can send written submissions by May 16 to the secretary of the committee, Mr K J Scholtz, Department of Environment Affairs, Private Bag X447, Pretoria, 0001

Midweek 24/7/84

1400-1500 (179)

Factory workers to contest sackings after go-slow pact

Labour Reporter

THE sacking of nearly 500 workers at the Uniply factory in Cato Ridge will be contested by the workers in the Industrial Court in Durban today

According to Miss Pat Horn, Natal branch secretary of the Paper, Wood and Allied Workers' Union, the entire workforce was fired in May after a go-slow campaign in protest against the dismissal of two shop stewards, fired for allegedly organising a May Day

demonstration at the factory

She said that although the workers had accepted their termination pay they did not consider themselves dismissed. An application would be made to the Court in terms of Section 43 of the Labour Relations Act, which provides for temporary relief for reinstatement pending the appointment of a conciliation board by the Minister of Manpower, Mr P T C du Plessis

The woodboard factory

had had labour problems for a considerable time, she said. Matters came to a head earlier in May this year when four shop stewards were fired following the demonstration

Two were reinstated after the Paper, Wood and Allied Workers' Union intervened. The company refused to reinstate the other two — which led to a series of work stoppages and the go-slow campaign

Company spokesmen were not available for comment last night.

199 Mercury 26/7/84

Sacked wood workers to go to court

Labour Reporter

SACKED Pinetown timber workers are to challenge their dismissal in the Industrial Court, a spokesman for the Paper Wood and Allied Workers' Union said

Mr Julius Maxambela, the union's organiser, said yesterday that the workers considered their dismissal to be unfair

He said the workers had stopped work in support of a demand for an explanation from the management of Machined Timbers for the sacking of seven workers

'We do not regard the work stoppage as a strike, but a lockout,' he said

Increase

Lawyers were being briefed to bring an urgent application before the Industrial Court to have the workers reinstated, he said

More than 100 workers, some with up to 10 years' service were fired on Tuesday

Mr Rob Moxham, managing director of the company, yesterday denied that the dismissals had been unfair

He said his company had been 'exceptionally fair' to its employees, and although it only needed

about 60 workers, it had a staff of more than 100

The company had recently granted workers a R5 increase in pay, he said

'Originally we decided to give this as an attendance bonus, but the workers asked that it be included in their basic pay, which we agreed to do

'I informed the staff that because of the tough economic times we will be forced to retrench workers from all departments. Seven workers were retrenched on Monday

'The others assembled outside the factory gates on Tuesday morning and asked to be paid off if the retrenched workers were not taken back.'

Mr Moxham said the workers were free to go court if they wished

Wages: union, firm agree

EAST LONDON — Federated Timbers and the General Workers' Union (GWU) have signed recognition and wage agreements, a union official said here yesterday.

~~1983~~ 199 ~~1984~~
The branch secretary of the GWU, Mr David Thandani, said in a press statement: "The GWU and Federated Timbers have signed a recognition agreement which accords full collective bargaining rights to the union and its shop stewards."

D. Aspinall
"The union and the company have also concluded a wage agreement in terms of which the minimum basic wage will increase by 17 per cent."

5/10/84
"In addition, certain service increments have been agreed upon."

A management spokesman for the company in Johannesburg said the agreements with the union, which is unregistered, would only apply to the East London branch.

The group personnel manager, Mr R. W. Childs, said in a press statement yesterday: "An agreement on wages was concluded today between the East London branch of Federated Timbers and the General Workers' Union."

"Minimum wages will be increased by 17.3 per cent to R1.42 per hour with effect from October 1, 1984."

"In addition the company will introduce a service allowance whereby employees with more than three years' service will receive an extra 30c per week for every completed year of service."

"In view of the current economic situation and particularly the impact this is having on the demand for building materials, the company regards the increases as very fair and reasonable."

"The company has an ongoing commitment to improve the wages and working conditions of all its employees. The company also has a responsibility to protect the jobs of its employees to the best of its ability, especially during periods of economic recession —
DDR

194
10/10/74
GWU minimum wage deal

Mail Reporter

A WAGE agreement concluded between the East London branch of Federated Timbers and the General Workers Union will increase minimum wages by 17.3%.

Mr R W Childs, group personnel manager of Federated Timbers, said in view of the current economic situation the increases were "very fair and reasonable".

"The company has an ongoing commitment to improve the wages and working conditions of all its employees

"It also has a responsibility to protect the jobs of its employees to the best of its ability, especially during periods of economic recession."

Major drive to promote timber houses

W/C PRG 23
-16/3/85
199

By IRVING STEYN
Weekend Argus
Reporter

SOUTH Africa's timber industry is preparing to launch a campaign to promote timber frame housing — approved by the Government last week — which the manufacturers believe will revolutionise the home building industry.

They believe the answer to the chronic housing shortage lies in timber and that it could eventually replace conventional brick housing in popularity.

The South African Lumber Millers' Association (Salma) is injecting R15-million into the campaign, which precedes the implementation of new national building regulations on September 1.

The regulations, published in the Government Gazette last week, place no prohibition, as in the past, on types of building material provided they comply with standards laid down by the South African Bureau of Standards (SABS).

Specific provision is made for timber frame houses, but local authorities are empowered to turn down any plans — and not just for timber — if they think the building will disfigure the area or detrimentally affect the value of neighbouring properties.

A spokesman for Salma, Dr Apies du Toit, said the campaign was aimed at the man in the street.

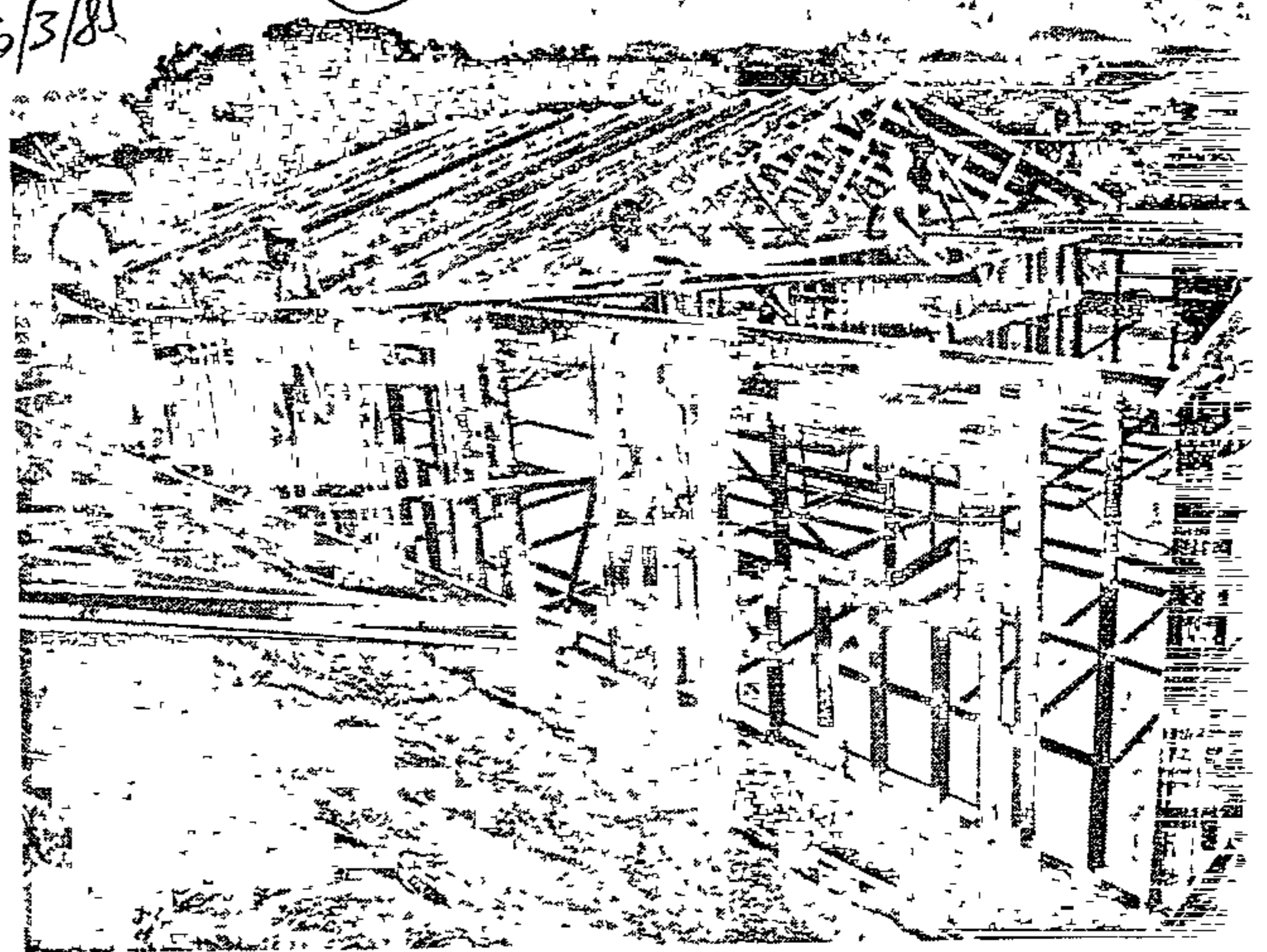
"We want him to make wood his No 1 priority when he considers building material. It has many advantages."

Appealing

These included

- Timber frame houses were aesthetically appealing.
- Timber was durable and flexible and had natural insulation properties.
- Timber was economical, required less maintenance and provided more floor space.

Dr du Toit said timber played a major part in housing in the northern hemisphere — 92 per cent of all homes in the



Workers scramble over the rapidly rising wood frame house — they started on the walls.

United States were built from wood.

The local timber industry had an overproduction at the moment because of the economic climate.

However, this was not the reason behind the campaign South Africa could provide for any amount of timber frame houses in the foreseeable future.

Salma's campaign in the Western Cape centres on a wood frame home being constructed in Fish Hoek.

The builder, Mr Peter Bance, was this week preparing to tile the roof, a mere three weeks after laying the initial concrete slab.

Carpeting

The 152sq m house has three bedrooms, two bathrooms, a television room, double garage, sunken lounge, spacious kitchen, built-in cupboards all round and wall-to-wall carpeting throughout.

The cost of the...



Builder Peter Bance is framed in the window of the wood frame house he is building in Fish Hoek.

will have a brick veneer outside, will be R54 000. The same home in brick would cost about R80 000. Mr Bance...

And instead of six months to build, it took six weeks. All sectors of the population will be approached in the Salma campaign.

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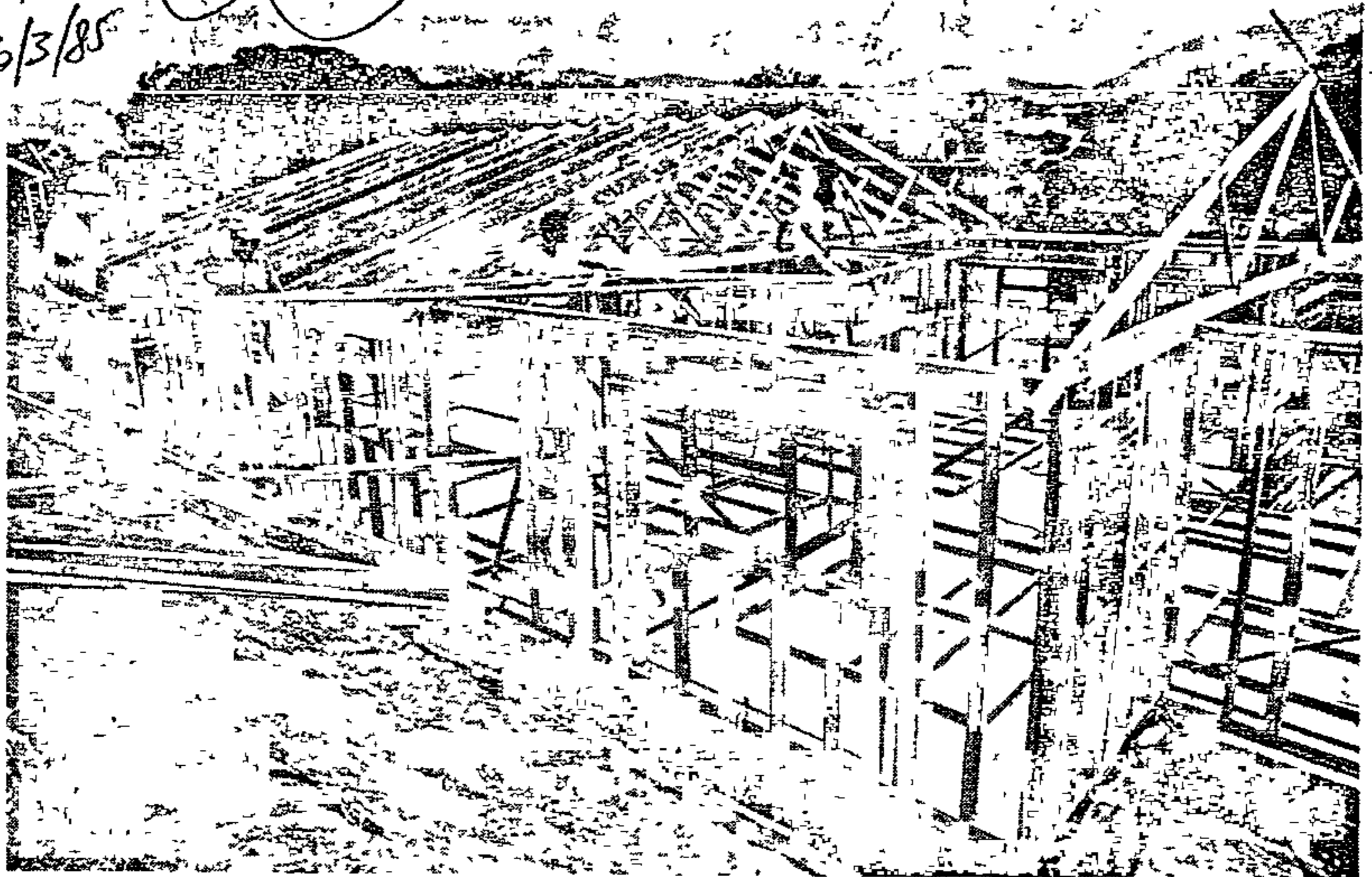
or drive to promote er es

Wife (K.G.C.)
-16/3/85

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“We want him to make wood his No 1 priority when he considers building material. It has many advantages”



Workers scramble over the rapidly rising wood frame house — two days after they started on the walls.

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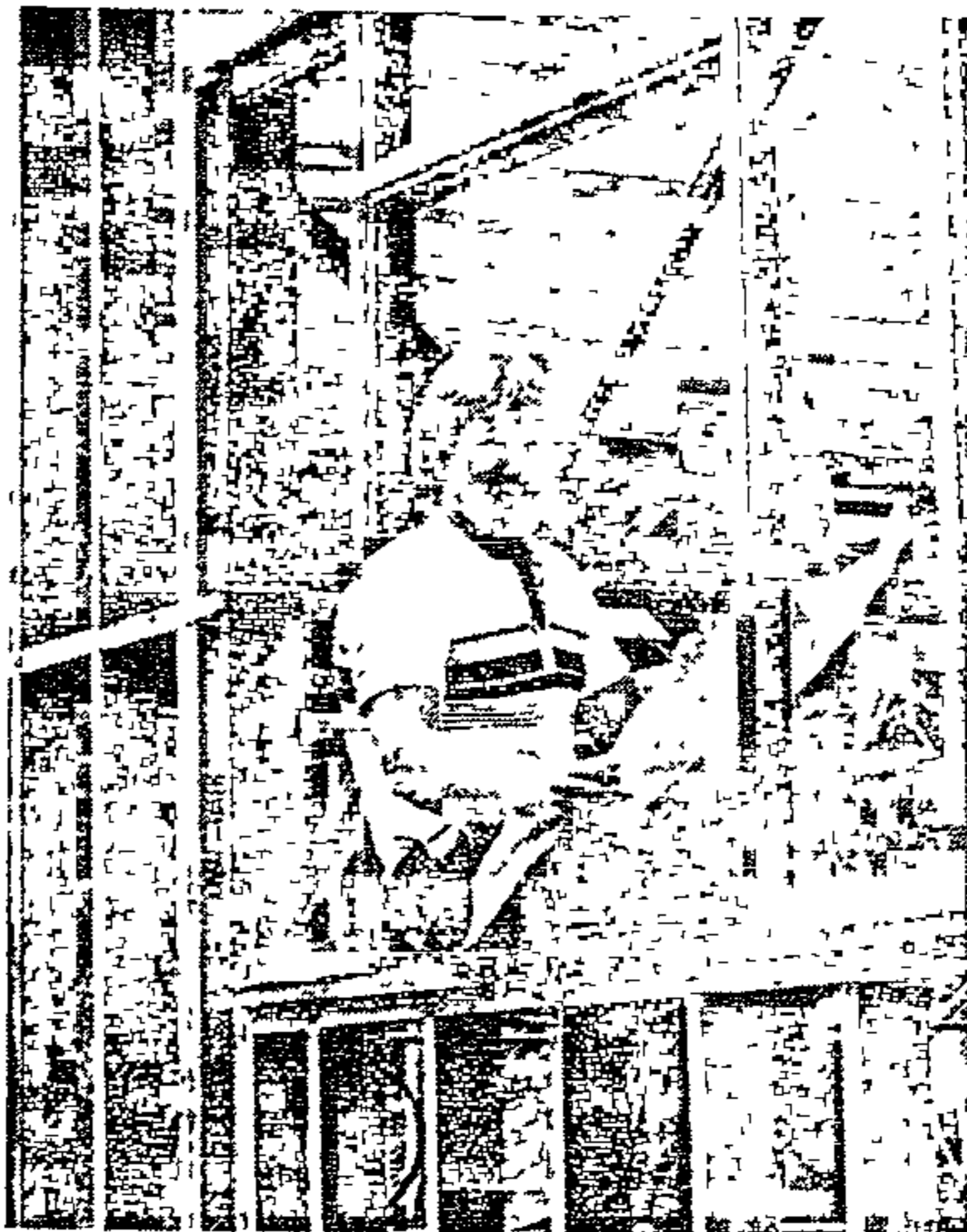
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The cost of the finished product, which



Builder Peter Bance is framed in the window of the wood frame house he is building in Fish Hoek.

will have a brick veneer outside, will be R54 000. The same home in brick would cost about R80 000, Mr Bance said. And instead of taking

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All sectors of the population will be approached in the campaign

Widow of hero sells his medal

Weekend Argus
Foreign Service

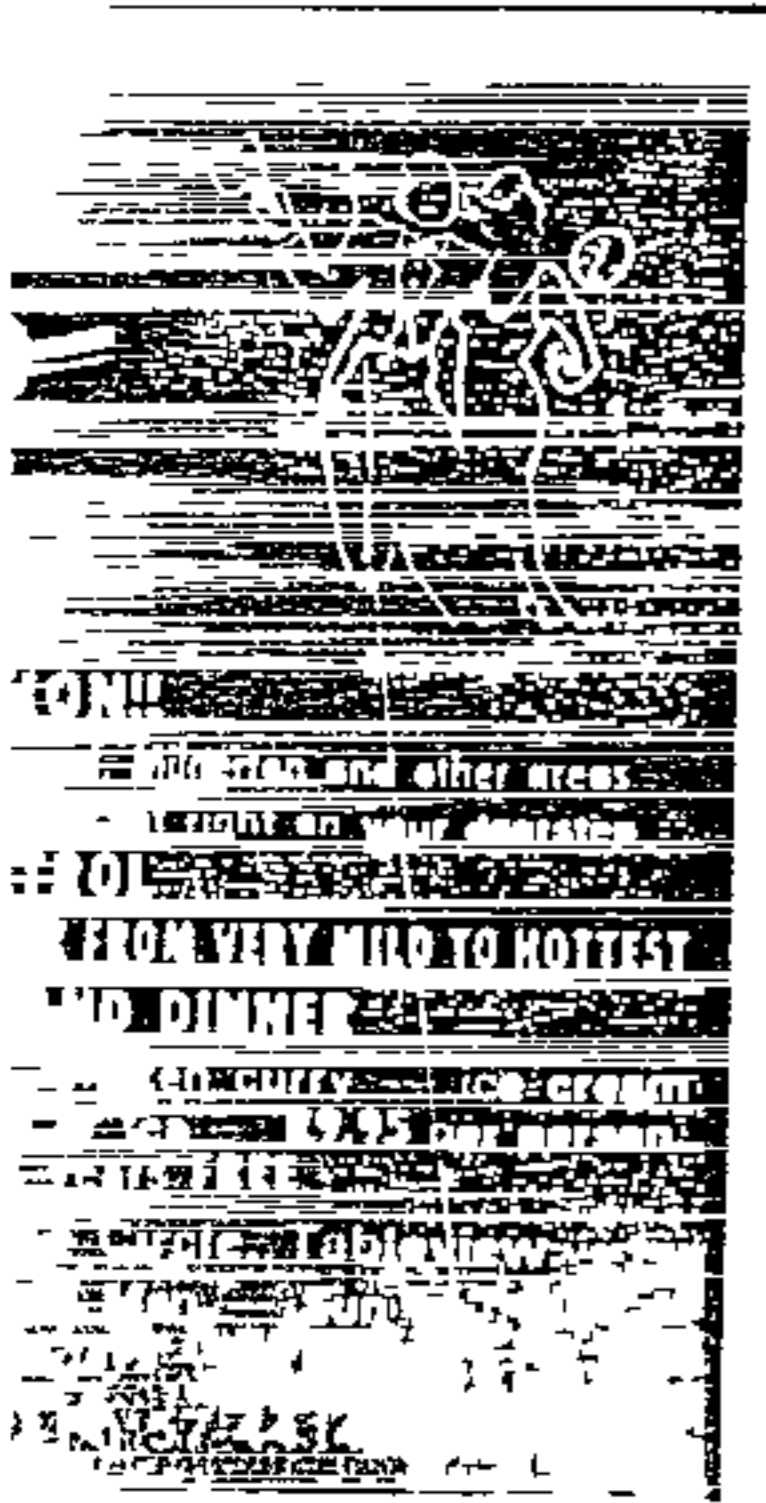
LONDON — An army bomb hero's George Cross, auctioned “with great reluctance” by his widow to raise money for the family, has fetched a record R44 500

It was bought by the National Army Museum in Chelsea

The medal was awarded posthumously to Sergeant Michael Willetts, 27, who, while serving with the Parachute Regiment in Belfast in May 1971, screened civilians with his body during a terrorist bomb attack.

Only hours before the sale Sergeant Willetts' parents appealed to their daughter-in-law Sandra not to sell the medal

Mrs Annie Willetts of Sutton-in-Ashfield Nottinghamshire said she



Timber men win better deal on rail truck levies

Mercury Correspondent

JOHANNESBURG—

The timber industry and South African Transport Services (SATS) have reached an interim arrangement on rail freight tariffs. However discussions on the structure and cost of the new rail freight tariffs will continue because the timber industry is still not happy with the new system.

Mr Mike Edwards, director of the Forest Owners' Association said 'We have negotiated an interim arrangement with SATS whereby the rail freight costs for timber will revert to a charge per ton transported and not a charge per truckload as previously announced by SATS.

This has had an immediate beneficial effect for the industry in that the weighted average railage cost increase has now dropped to about 15 percent. However we still view this level of increase as excessive and further discussions with SATS are to be held.

Estimates by timber company executives put the effect of SATS' original increases in railage charges at an average of 23 percent.

Budget

SATS announced in March, shortly after Minister of Transport Affairs Mr Hendrik Schoeman's budget, that it was changing its rail charge for timber to a rate per truck from the previous system of a rate per ton.

SATS introduced a special levy of R2/ton on timber railed over branch lines.

Mr Edwards said 'In principle we do not object to the system of charging a rate per truck which contains an incentive to the industry to achieve a better load per truck and so benefit from

lower railage costs.

However we do not accept the base on which SATS is charging its rates which is a load of 39 tons of timber per truck.

The timber industry is divided broadly into the supply of softwoods and hardwoods and we would like SATS to recognise this by bringing in a differential rate per truck for the type of timber being transported.

Hardwood

The present system discriminates heavily against suppliers of hardwood,' Mr Edwards said.

He pointed out that softwood, for use in pulp mills, can be supplied wet and would therefore weigh more than hardwood for use as mining timber which is supplied dry.

'You can easily load more than 40 tons of wet pine into a truck and so benefit from the proposed truck freight tariff.'

However the maximum weight of mining timber you can load into a truck is 32 tons and the average load is about 30 tons.

Softwood

The hardwood timber suppliers are being penalised by the new system when compared to softwood suppliers,' Mr Edwards said.

The remaining bone of contention for the industry in the new tariffs is the R2/ton levy imposed by SATS on timber railed over branch lines.

This levy is aimed at earning additional revenue from what SATS considers to be uneconomic railway lines in certain areas.

The effect on the industry varies but one timber executive estimated that more than 90 percent of his production was railed over branch lines.

'We are very unhappy with this R2/ton levy and intend to take the matter further in our discussions with SATS,' Mr Edwards said.

Timber men win better deal on rail truck levies

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**Workers
demand
increase**

1979
E. Post 13/5/88

Post Reporter

PRODUCTION at Sappi Novobord in Port Elizabeth halted at noon today when about 500 workers stopped work in demand for more pay

One worker said the men were asking for an increase of R1,20 an hour on top of normal pay of R1,80

Mr Clive Watkins, general manager, said no offer had been made to the men, but everything was peaceful at the factory

He confirmed production had stopped and said labour relations at the plant were normally good

No settlement yet as PE strike enters 2nd day

(152) (PA) E. Post 14/5/85

Post Reporter

THE strike at Sappi Novoboard went into its second day today as workers again arrived at the plant but refused to do any work unless their wage demands were met

The strike started yesterday when the workforce of about 300 downed tools at midday. They refused to accept the wage increase they thought management had offered, describing it as "pathetically low"

Mr Clive Watkins, general manager of Sappi Novoboard, said he had never even made a wage increase offer to the workers

He had told them their demand of R1,20 increase an hour was unreasonable

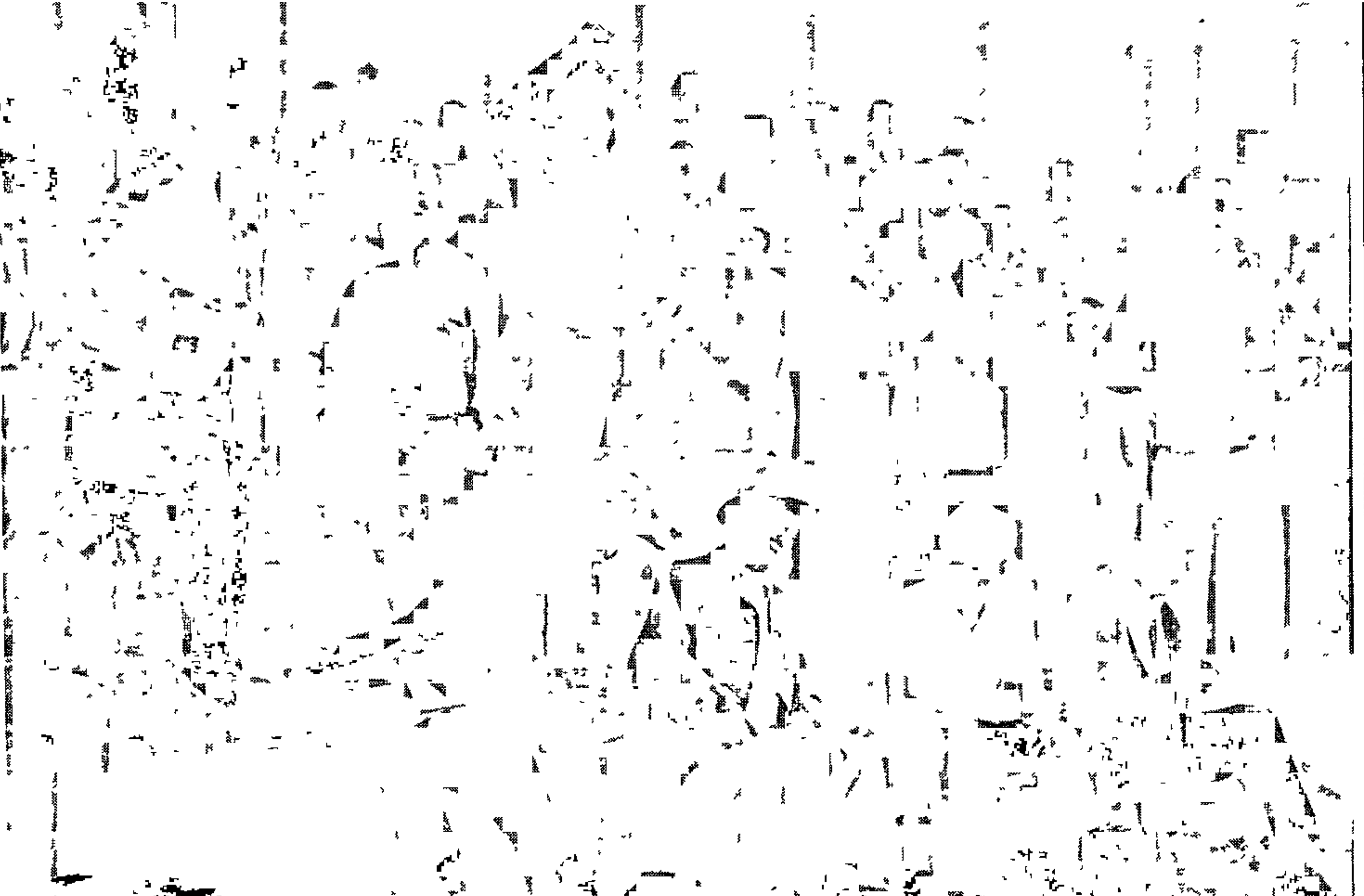
and had refused to consider this. What the workers were demanding was an increase of between 80% and 90% for the lowest paid workers

He said the strike was illegal

Mr Watkins said a group of four people had been making representations to management, but they admitted they were not elected to represent the workers

When the workers elected accredited representatives, negotiations could begin

Today two workers from Sappi Novoboard, Mr Zola Tesana and Mr Gerald Ndlela, said they were spokesmen for the workers and outlined their grievances



A crowd of about 250 dismissed workers stood on the pavement opposite the Sappi Novoboard plant today hoping management would reconsider the decision to fire them and re-open wage negotiations.

Evening Post
17 May 1985

Strikers hope to be hired again

199
E. Post
17/5/85

Post Reporter

WORKERS at Sappi Novoboard, who stood on the pavement outside the plant in Grahams-town Road, Port Elizabeth, today, said they were hoping management would reverse the decision to dismiss them and compromise with worker demands.

A total of 245 workers were fired after a four-day strike which reached a deadlock

Mr Clive Watkins, general manager, warned workers earlier that the strike was illegal, and said those who failed to report for work would be dismissed

He also said the worker demands of an hourly increase of R1,20 was unrealistic

Workers then lowered the demand to an 80c an hour increase Management refused to meet this demand

Today Mr Watkins said those wishing to re-apply for work could do so on Monday However, he could not guarantee re-employment

Workers who gathered outside the factory today said they felt they had been fired unfairly

They said they would stand outside the building until management spoke to them They wanted to return to work and re-open wage negotiations

Among those those who stand to lose their jobs are the two workers elected by the employees as spokesmen — Mr Zola Tesana and Mr Gerald Ndlela

Cape Times 21/5/85. (115) (106) 199

Workers reinstated

Staff Reporter

THE Industrial Court has ordered Boland Hout Nywerhede to reinstate 11 workers who were dismissed in December

The order, which was made on Friday, came after the workers argued

that their dismissal constituted an unfair labour practice because they had been dismissed for union activities

A spokesman for the attorneys acting for the workers said yesterday that applications had been made in respect of 13 workers. No reason had yet been given for the court's refusal to order the reinstatement of the other two workers

The order, issued in terms of Section 43 of the Industrial Conciliation Act, is a temporary interim interdict that will remain in force until the dispute is resolved between the parties

Mr Pierre Roux, SC, was on the bench. Mr Joel Krige was instructed by Mallinck, Ress, Richman and Closen-berg for the applicants. Boland Hout were represented by Mr J Gauntlett, instructed by Silberbauers

117 Sappi ~~199~~ Novobord ~~199~~ workers fired

Own Correspondent

SAPPI Novobord in Port Elizabeth has fired another 117 workers, bringing the total dismissed to 425 since the plant was hit by a strike more than a week ago

The company announced yesterday that a number of workers reported to the factory yesterday morning to seek re-employment. It said there had been attempts by people outside the factory to intimidate those re-applying. The workers went on strike over a wage increase demand. Sappi Novobord then fired workers who refused to return to work.

- Ford's Struandale plant will close at noon tomorrow for the remainder of the week. A company spokesman said a depressed vehicle market had necessitated the move.
- Sixty five Metal and Allied Workers' Union members, dismissed by Lite-master Electrical in the Transvaal in 1983, will be reinstated by order of the Industrial Court. Back-pay is expected to amount to R800 000.
- The reinstatement of workers dismissed by the Triomf Fertilizer company in the Transvaal over a year ago was discussed yesterday by the company and a delegation of the South African Chemical Workers' Union.
- Production at five Corobrick brickworks in the Western Cape was affected yesterday by a strike action over a pay dispute.

Unionist wanted 'to face reality'

By NKOPANE MAKOBANE

A TRADE unionist convicted of high treason would at this point still have kept quiet about concealing two AK-47 automatic rifles of an African National Congress member, had one of his co-accused, a self-confessed ANC member, not been arrested by the police, a court heard yesterday.

Zane Mvula Mapela (25), a member of the Paper, Wood and Allied Workers Union who originally comes from Mdantsane in the Ciskei, was testifying in the trial in which he was this week found guilty in

the Rand Supreme Court with two other men.

They are Marines Jabu Ngobese (21), a self-confessed ANC member, and Meriman Xolani Nduna (24) of Daveyton, Benoni, who is a member of the Chemical Workers Industrial Union. They appear before Mr Justice Le Grange

Hide

Mapela has admitted in court that he agreed to take care and hide two AK-47 rifles at the request of a certain Maxwell, an ANC member, and also helping Nduna to remove and rebury weapons, ammunition and explosives in the front yard of his (Nduna's) Daveyton home

Questioned by Advocate J A Swanepoel, for the State, Mapela said when he agreed to hide the rifles for Maxwell, he was aware he

was committing an offence but did not realise it was treason. He also said although he did not know clearly, he assumed that Maxwell and Ngobese did not possess their arms for legal purposes but for sabotage.

Earlier questioned by his defence counsel, Mr D Kuny, SC, he told the court that after Maxwell had taken him to a bush and showed him an AK-47, he had been frightened and started sweating. He said he had thought about himself and what it meant for Maxwell to show him the rifle.

He denied that he was ever a member of the ANC or participated in its activities before. He told the court that he pleaded guilty to the charge because "there comes a time in a lifetime of a man when there is no alternative but face reality and speak the truth" (Proceeding)

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24/5/85

Ford leaves 850 with no tomorrow

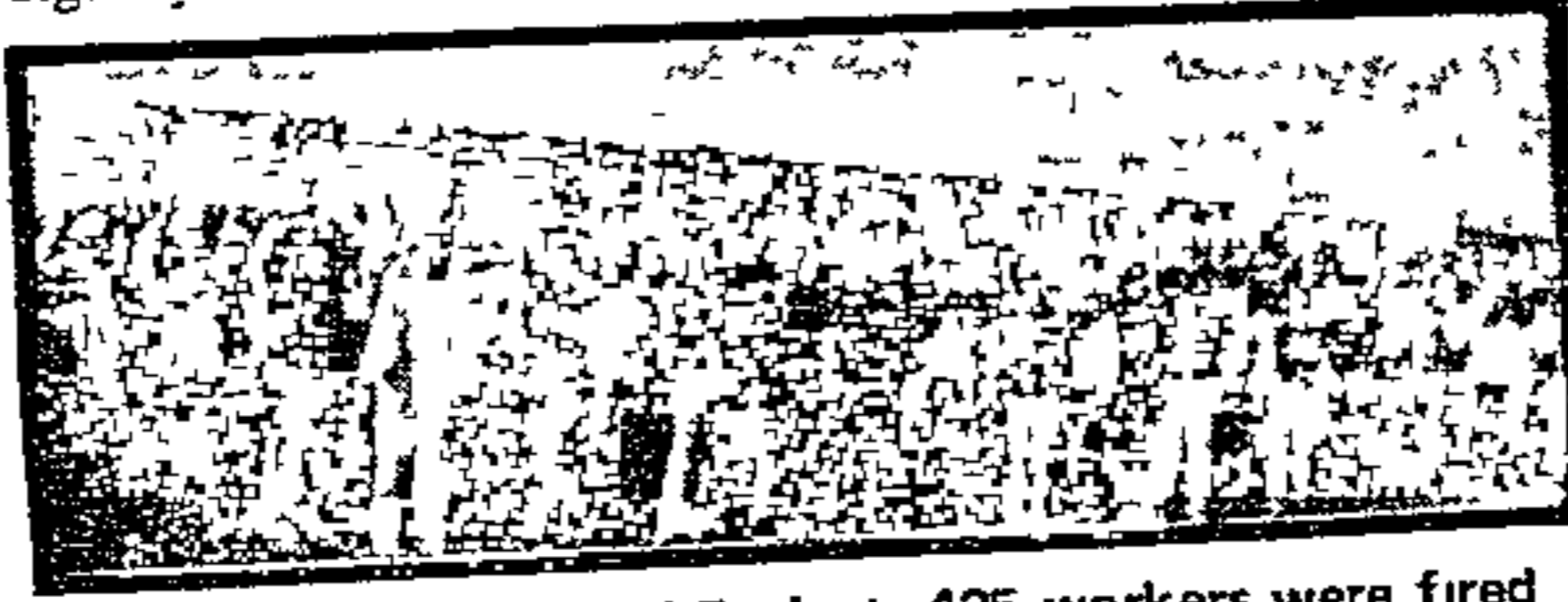
FORD'S Struandale plant in Port Elizabeth was closed on Wednesday — and will only re-open on July 2

About 850 workers are affected by the closure

Ford PRO Deon Ebersohn said the closure was as a result of the lowest April car sales in eight years and the lowest

light commercial vehicle sales in 16 years

The National Automobile and Allied Workers' Union's regional secretary Les Kettledas said it was "terrible" news that Ford would close for a long period instead of organising shorter work weeks



AT SAPPI Novoboard's PE plant, 425 workers were fired after they went on strike a week ago over wage demands.

Some of the workers have been with the firm for over 30 years.

They were demanding that

- Wages be increased by R1,20 per hour for all employees — regardless of grade.
- Shift allowance be increased.
- Annual increase of up to 50 percent be granted
- Shift workers be allowed lunch hour. Workers do a 12-hour shift

199

199

C. P. Ross
26/5/85

CAPE TOWN 15/6/85

Question 2

Bid for Kaap Kunene increased by R6m

- ① Introduce
- ② Free Is
- ③ Protection
- ④ Approval
- ⑤ Sanction

By PAUL DOLD
Financial Editor

KAAP KUNENE'S controlling shareholders — the Du Preez and Neethling families have increased their offer to minorities by R6m to R54m, and the bid has been increased from 420c to 475c a share with the Suiderland offer now up 14c to 144c

The increased offer followed negotiations between Mr Issy Goldberg (on behalf of minorities) and the controlling shareholders

Both the Kaap Kunene and Suiderland shares were suspended at the request of the companies yesterday and the group must be congratulated on the secrecy which surrounded the revised offer

Senior staff and their auditors worked late into the night to prepare the new circulars to some 6 000 shareholders

Certainty

There is no certainty as yet whether the increased bid is sufficient to gain the acceptance needed for the offer to be approved. The house has not yet approached institutional shareholders

Mr Issy Goldberg said yesterday that the revised offer was in his view fair and reasonable, while a spokesman for one of the groups of institutional shareholders opposing the offer said that he was unlikely to vote in favour if the bid remained below 500c

Mr Du Preez made it clear last night that the 475c offer was final and would not be increased. This is bound to weigh



Mr Issy Goldberg successfully negotiating a R6m bonus for shareholders

heavily with most shareholders but several institutions have said that they would rather remain invested in Kaap Kunene than exit at a price which they consider well below their net asset value estimate of over 600c

Thus shareholders are faced with the choice of taking 475c cash now or remaining invested in the shares and sitting out the recession. The share price could fall if the offer is rejected

Offer

In their statement last night, Mr Du Preez and Dr Neethling said the increased offer flowed from the higher price of the stake in I&J which had risen in market value by R2,8m or 20,3c a share since the original announcement

After talks with Mr Goldberg it had also been decided to include

the R3m profit on the expropriation by Armscor of the company's De Hoop property as a special bonus. This totaled some 21,8c a share

The third factor which led to the increased offer was that payment to shareholders on the approval of the offer will now be far later than was envisaged. Although the offer was first mooted in February it had only recently been possible to make a formal bid

Investors

Mr Goldberg said that investors were faced with the vulnerability of the shares due to

- SWA-Namibia sourced income
- The exposure in Chile which could result in a loss of R10m
- The state of the property market and the group's undeveloped land in the Port Elizabeth area
- The poor demand for timber products and the virtual closure of the Piet Retief sawmill
- The vagaries of the fishing industry

Mr Goldberg said he was fully aware that various critical analysts have put the asset value per share of Kaap Kunene at anything between 550c and 650c

"This may or may not be correct. Analysts have been known to make mistakes

"However, asset values should not be the prime factor for consideration. What they produce in terms of income and dividend are of paramount importance to shareholders. Certain shares are trading at a third of their net asset value," he said

F

Capl. Times 13/7/85
350 to
lose jobs
in Natal

Own Correspondent

DURBAN — Three hundred and fifty workers in Durban's Toncoro building material factories will be retrenched next week, executive chairman, Mr Cedric Savage said yesterday

"We have already had to lay off 3 000 workers and by the end it could be 4 000," he said

The cuts were due to the slump in the building industry, which Mr Savage said, had reached a "depression" Sales of Toncoro products had fallen 35 per cent in the past year

Asked whether the trade unions would accept pay cuts rather than unemployment Mr Savage said it was doubtful especially regarding their high demands at past wage negotiations

Yesterday Mr Chris Saunders, the chairman of the parent company, the Tongaat-Hulett conglomerate, said there would have to be retrenchments at all levels in certain divisions

was unable to supply the dollars in gear-

Strike unrest at Sabie mill

CLAIRE PICKARD-CAMBRIDGE

SIX hundred striking workers allegedly burned part of their residential quarters at Mondi's saw mill in the sleepy Eastern Transvaal village of Sabie

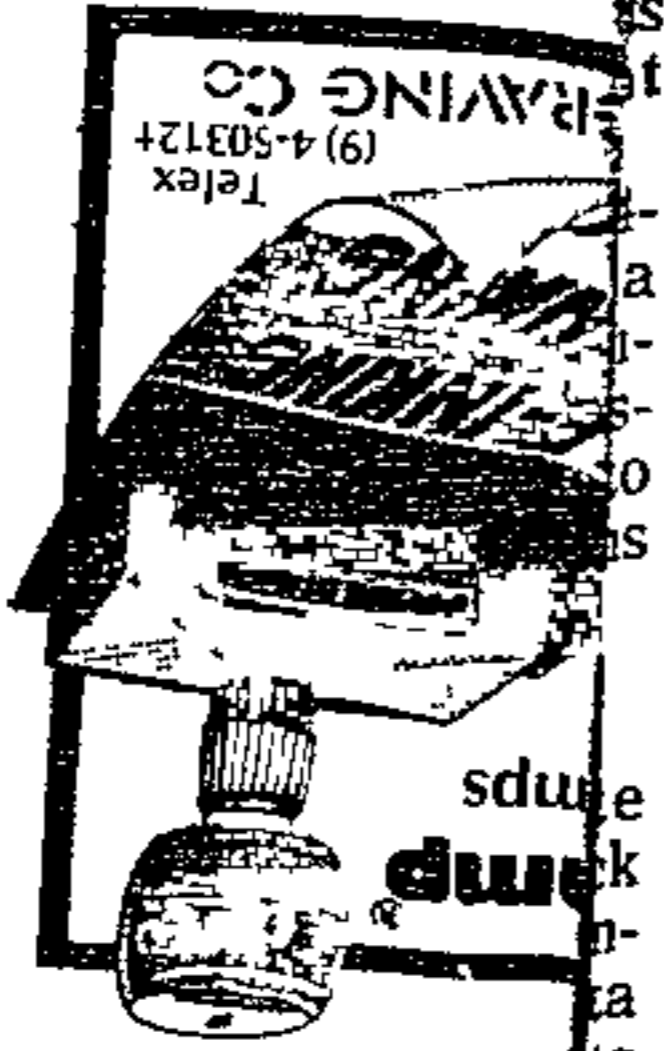
The strike, involving most of the black workforce, flared up on Monday and continued yesterday over production bonuses and working conditions

A police source said there had been unrest among striking workers on Monday night who set some buildings in their living quarters on fire. Management declined to confirm this, saying the cause of the fire was being investigated

Police officially refused to comment on the incident, besides confirming they had been called in

The picturesque town has experienced little industrial action in the past

An Anglo spokesman said the fire damaged a kitchen and a dining room in the workers residential area. Management was still engaged in negotiations with a worker delegation. No union was involved in the dispute



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3/11/86 BUS DAY 199

Mondi Timbers cuts output

MONDI TIMBERS, part of Amic, has cut production and mothballed saw-mills

John Rance, president of the SA Lumber Millers' Association (Salma), reports Mondi has done this to "take the heat off the market".

A spokesman for the Mondi division, confirming the situation, says it is a reflection of the times.

He adds that year-on-year structural timber volume is down 27%, non-structural 11,8% and that one of the surest barometers of the state of the industry is its export level, which has nearly doubled in volume compared to January-November 1984.

"The severe decline in demand for sawn timber, in particular structural grades, led us to review our installed capacity because we had to ensure that our market

LAWRENCE BEDFORD

share enabled us to operate at a level above break-even point.

"To achieve this, a number of smaller units have either been permanently or temporarily closed since 1984 and further capacity reductions have been affected at other sawmills where this was necessary to minimise losses, conserve cash or reduce stocks."

Mondi's cuts have come at its operations across the country from the Cape to the Eastern Transvaal.

However, the developments at Mondi cannot be seen in isolation because they are symptomatic of conditions throughout the entire industry, as highlighted by a recent Salma survey

This showed that the millers'

average total costs over the past five years (1981-1985) increased by 15% a year compared to the average annual increase in sales price of 11,4%.

Further, it showed that the industry's return on investment position was tenuous. According to the survey, the required return is calculated to be 12% in real terms

However, while it went on to say that the industry had achieved this rate over the past five years, it warned that its longer-term viability would come under severe pressure if trends emerging over the past two years continued.

Rance, previewing the industry's prospects for 1986, says he hopes it does not end up in a price war. "I am hopeful that there can be some sanity."

CAPL Timber
15/3/80
199
1999

Timber strike over

Staff Reporter

SEVENTY-FOUR workers at the Airton Timbers factory in Retreat returned to work yesterday after a two-day strike, while 250 workers at two PG Glass factories in Epping downed tools over the threatened retrenchment of 26 colleagues.

A spokesperson for the Paper, Wood and Allied Workers' Union said the 75 returned to work after Airton management refused to negotiate with the union unless workers agreed not to go on strike again.

The workers, in consultation with the union, had already decided to return to work yesterday "in the interests of further negotiations", the spokesperson said.

The strike was called when management initially offered to raise the minimum hourly wage from R1,43 to R1,54 — later to R1,62 an hour. The workers are demanding that it be increased to R1,93.

At PG Glass, 250 workers downed tools when negotiations over the retrenchment of 26 workers broke down.

A spokesperson for the Chemical Workers' Industrial Union said workers had agreed to rather accept lower wages by working short-time than see the 26 retrenched.

Negotiations on the retrenchments continue on Monday.

CAPL Timber
15/3/85

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ARGUS 5/3/86

International ties put a shine on PG

From PETER FARLEY

JOHANNESBURG. — The Platé Glass group leant heavily on its international subsidiaries in the year to end-March, to produce full year figures fractionally up on the previous year.

With both its SA wood and glass operations hit badly by slumps in the building, motor and furniture industries, the group's decision to diversify internationally paid handsome dividends.

Nevertheless, margins remain better in South Africa and the increased contribution from the off-shore interests meant that operating returns slipped to 6 percent from 7 percent.

Though almost 60 percent of turnover was generated by the overseas operations, only 34 percent of pre-interest profit was made outside SA. This was substantially up on the 20 percent from that source in the previous financial year.

Group turnover is now nudging the R2 billion mark, with a 44 percent leap in sales to third parties slightly tempered by less growth in inter-group and indent business.

The dividend has been maintained at a total 105c for the year, costing a total of R17 million

Cartel exemptions while talks go on

Cement and timber set-ups being probed

BUS DAY 6/5/86 199

FURTHER discussions and investigations into organisation of the cement and timber industries will have to take place before the Competition Board can decide on what changes — if any — are necessary.

The cement industry has been given a two-year exemption from the anti-cartel legislation promulgated last week so ways and means of increasing competition in the industry can be discussed with the board

A decision on whether or not the Timber Marketing Agreement (TMA) should be exempt

Industrial Staff

will depend on the outcome of the board's investigations into concentration in the sawmilling industry.

Cement Producers' Association (CPA) chairman Peter Kett, said he did not believe the temporary exemption meant present pricing and distribution arrangements in the industry had to be phased out.

The CPA represents the four major manufacturers — Anglo Alpha, Blue Circle, Pretoria Portland Cement and Natal Portland Cement — and decides on minimum prices.

Andries Swart, executive director of the SA Lumber Millers' Association (Salma), said the board would finalise the application for the exemption of the TMA from the anti-cartel legislation once it had completed its investigation into concentration in the sawmilling industry.

The advertising industry has been granted an exemption until September from the Competition Board's ban on horizontal price-fixing

The board has asked the industry's Joint Accreditation Committee for more information concerning its application for exemption.

Reuter

CMY Trip 7/5/86

Uniply moves to the Cape

By AUDREY D'ANGELO

ONE of the largest manufacturers of plywood and blockboard in the country, Uniply, in the Barlow Rand group, is moving to the Cape from Durban

Managing director Lew Behr said in an interview yesterday that the decision followed Uniply's recent acquisition of Thesen's plywood operation at Knysna

The move to Knysna would bring Uniply near sources of raw materials and it would benefit from decentralization grants

Behr said the move would create between 200 and 300 jobs at Knysna

Although about 25 people in top and middle management and administration would move from Durban, it had proved impossible to take black workers or Asiatic staff because there were no facilities for them at Knysna

As far as possible, they were being found alternative jobs and "quite handsome severance pay" was being offered. About 260 people were affected

Behr said the move would be completed by July and interruptions of supply of plywood and boxwood to industry would be minimal

He said Uniply's market in this country had been badly affected by the recession. It supplied the building, boat-building and furniture industries, all of which had been hit

Uniply had been active in export markets, helped by the weakness of the rand, but mainly in order to maintain production

"The export market can never be very profitable for us because competition is keen and, because of the volume they produce, we cannot match the unit costs of American manufacturers"

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Bertie Lubner heads up board and laminates giant PG Wood in R250-m merger

SMR 19/5/86 *199*

By Peter Farley
 Investment Editor

A major new force in the local board and laminate industry has been created by the merger of various interests of PG Wood Industries, Afcol and Mondi

The new company — which has yet to be named, but which will have turnover of R250 million — brings together 70 percent of PGWI's SA interests, plus Bison Board, a company owned by Mondi and Afcol

The new structure has three main divisions — particleboard manufacture, melamine laminate and a distribution operation — and will be 50 percent owned by PGWI and 50 percent held by Spankor in which Mondi and Afcol have equal stakes

PGWI chairman Mr Bertie Lubner, who also chairs the new company, said last night that the merger will both strengthen operations in the local market and provide an important platform for exports

Until now the three operations have had little in the way of exports of these products, but are aiming for sales in this area to total 10 percent of turnover this year

Mondi chairman Mr Reg Donner said an aggressive attitude will be taken to exports, based on the historic experiences of Mondi and the international network of the PG Group

He, and PGWI's Mr Leon Cohen — who will be chief executive of the new company —



Laurie van der Watt

both stressed that SA exports can find a place in world markets if the quality and reliability of the product is good enough

Both have just returned from business trips overseas and report that the so-called "apartheid discount" or threat of trade boycotts have virtually disappeared in the past few months

On the local front, however, Mr Lubner said that while widespread competition would preclude increased margins through higher prices, a more efficient structure would enable overheads to be lowered and increased exports should reduce overall unit costs

Afcol chairman Mr Laurie van der Watt stressed that the new company would not be extending its activities into the furniture industry, but would re-



Bertie Lubner

main heavily reliant on demand from both that sector and the construction industry

Mr Lubner said that there were no immediate plans to list the new company, but that if capital was required in the future it could be considered

GREAT DEAL BIGGER

While precise figures of the respective companies would not be divulged, all the divisions put into the operation are currently profitable, with Mr van der Watt estimating that its share of Bison last year accounted for more than 20 percent of his group's profit

The R250 million sales figure excludes historic inter-company sales between the three groups, so actual business conducted by



Reg Donner

the new company could be a great deal bigger All three chairman emphasised, however, the strategic importance of the deal and the longer-term implications, rather than any short-term profit benefits

Mr Lubner conceded that the deal had been under discussion for some time, and said that much of the logic behind the merger was justified by the immediate creation of vertical integration within the industry, without one of the three parties involved having to go his own way and duplicate facilities

He emphasised, however, that the new structure will be flexible enough to cater for the widest range of products — including a number of new developments — and will aim to meet the demands of all clients

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New group in board industry

JOHANNESBURG — A major new group in the board industry, was formed yesterday by the merger of certain operations of PG Wood Industries' SA division (PGWI) with Bisonbord (Bison)

The new group with an annual turnover of R250m, gross assets of R160m and employing more than 3 300 people, is involved in the manufacture of particleboard, decorative laminates and the distribution of these and allied products to the furniture and building industries

Forty branches of the board division of PG Wood and the business of laminate industries are included in the merger, with specialist timber and timber-related activities being excluded

Bisonbord with its four strategically located manufacturing plants is the premier particleboard manufacturer in SA

PGWI is a wholly-owned subsidiary of Plate Glass & Shatter-prüfe Industries (PGSI) and Bison is a wholly-owned subsidiary of Spankor, which is jointly controlled by Mondi (an Amic subsidiary) and Afcol (an SA Breweries subsidiary)

As a result of the merger PGWI will hold 50% of the merged business and the other 50% will be held by Spankor

The merger will not have a material impact in this financial year on the earnings a share of Afcol, Mondi or PGSI

The individual operations will continue to trade under their existing names and operate substantially in the same manner as they did prior to the merger

23/5/86

TIMBER FIN MAIL

Joint venture

199

The merger of PG Wood Industries (PGWI) and Bisonbord will create a new giant in SA's timber industry, but not a monopoly

This, at any rate, is the view of PGWI chairman Bertie Lubner "The companies complement each other but they are not operating in the same markets," he says

Bisonbord, a wholly-owned subsidiary of Spankor, which is jointly controlled by Amic subsidiary Mondri and SA Breweries' Afcot, is a major supplier of particle board to PGWI, the wood division of the Plate Glass group PGWI, which contributes 35% of PG earnings, and Spankor will each hold 50% of the equity of the new company For the time being, at least, there are no plans for a separate listing

Essentially, the merger will reduce the duplication of manufacturing equipment, and enable the new company, which will

have annual turnover of some R250m, to increase market penetration.

Lubner stresses that existing outlets will sell other manufacturers' products in line with market demand Sappi's Novobord products, for instance, will still be used in manufacturing and sold through retail outlets

"Our manufacturing companies will not confine the distribution of products to the PG group," says Lubner He points out that Bisonbord is unable to supply full market demand

Lubner hopes to increase exports from about 2% of combined output to 10%-20% in the next couple of years.

He says the PGWI and Bisonbord plants are operating at about two-thirds capacity, but exports could increase this substantially Exports are also seen as an essential factor in keeping prices down

Lubner outlines the different strengths of the companies involved "The Anglo organisation is very manufacturing orientated, while SA Breweries' Afcot concentrates more on manufacturing and distribution. PGWI, on the other hand, is a trader by history, and has strength in marketing and adding value," he says ■

17/6/86 5/1/86
120 on strike over retrenchments

Labour Reporter

~~198~~ 199 ~~198~~
WORKERS in a section of P G Wood at Epping today stopped work over a dispute with management about retrenchments

A spokesman for the Paper, Wood and Allied Workers' Union (Pwawu) said workers clocked in this morning and about 120 refused to work.

The union had been discussing proposed retrenchments with management for about a week and reported to workers last night they would rather go on short-time than have retrenchments, he said

Mr Watson Smith, managing director of P G Wood, said the company was negotiating a recognition agreement with Pwawu which had reached representivity about two months ago.

It was company policy to preserve jobs by working short-time rather than retrenching but in some areas where the situation could not be offset by short-time the company had to consider retrenchments, he said

Negotiations with the union were continuing

FIN MAIL 27/6/86

TIMBER

199

Floating high

South African timber growers are riding the crest of a wave, helped along by a weak rand and strong demand for hardwood

The Natal Co-operative Timber Company (NCT) reports that last year's turnover jumped 43% and profit available for distribution to its 1 000-odd co-op members doubled to R2,7m

At the same time the Central Timber Co-operative (CTC), in which the NCT has a 50% stake, has announced that its programme to sell wood chips to Japan has been so successful that its clients have ordered a vessel specifically designed to ferry wood chips loaded from Richards Bay

Environment Minister John Wiley, CTC, and Forestry Department officials will attend the naming ceremony in Tokyo this week.

The vessel, the 33 000 t *Craig the Pioneer*, is being named after former CTC general manager and timber grower, Craig Anderson. Its maiden voyage to SA will take place later this year

The contract to supply hardwood chips to Japan, now into its 11th year, was expanded from the original deal to supply 2,5 Mt in 10 years to 4 Mt

David Earl, chairman of the NCT, says they are now considering exporting softwood chips and softwood logs in the round to markets in Europe. He maintains there's a temporary surplus of softwood in SA

Better balance

Besides adding to profits, softwood exports could bring a better balance to supply and demand in the local market

The wood chip facility at Richards Bay has a capacity to export 750 000 t a year but is currently only handling 500 000 t a year. Earl says that with minimal capital expenditure to divide the chip piles, the CTC could be in the softwood chip exporting business almost immediately

According to Earl, strong demand has kept hardwood prices satisfactory. But with only two principal users of softwood in the country, Sappi and Mondi, and more than 2 000 private growers as well as State and company-owned forests, prices have "hardly moved in the last three years."

Farmers, he says, are becoming despondent about the low prices. The hope is that a temporary export programme of around 100 000 t a year for two years will remove surpluses, bring about a more reasonable supply/demand situation, and ultimately push local prices up.

The CTC has embarked on a big afforestation programme to meet the expected demand for wood for local and export markets. A total of R3m in soft interest loans has been made available to growers this year and the co-op is working on a new financial assistance package to growers which will involve loans at 10%, with both capital and interest

repayable when trees are felled.

At those terms the CTC could see plans for 20 000 ha of new planting in the next few years come to fruition ■

F IN MAIL 8/8/86
WATTLE INDUSTRY

Branching out

Knocked for a six in the Fifties by massive oversupply and shrinking world markets, the South African wattle bark industry is making a determined rally

The local wattle industry steadily sought new markets for wattle extract, and has now reached the point where revenue from sales of that product is equal to earnings from the sale of wattle timber

The growth, says the director of the South African Wattle Growers' Union (SAWGU), Angus Temple, comes mainly from non-tanning applications of wattle extract, principally in the adhesive industry

The wattle industry, which includes growing and extraction operations, moved profitably into the adhesive market on its own behalf by buying an adhesive factory, Bondtite, from Sappi. This uses extract from SAWGU's four extraction plants in its manufacturing process, but some 95% of extract production now goes to tanning and adhesive markets abroad

High rand earnings from extract sold on the international market in dollars enabled SAWGU to pay its members a bonus of R50

a ton for bark deliveries during the current season. Temple believes another payout will be possible in the new season, which starts in September

A consequence of SAWGU's successful marketing and the improved demand for extract is that wattle growers were permitted to step up their quota allocation to 70% of the basic bark quota. Last year the level was set at 55% of the basic quota. This was achieved at a time when bark supply quotas have also been rising

But with 140 000 ha planted to wattle in Natal, Zululand, and the south-eastern Transvaal, Temple says there is no need to increase basic quotas at this point. There are more than 700 recognised growers, mainly in the Natal Midlands. Smaller black producers in KwaZulu, the Transkei, and Swaziland supply bark under a bulk permit issued to their respective departments of forestry

But there is still an active market for bark quotas. At a recent auction in Maritzburg quotas for 2 400t changed hands at R328 a ton

Controls introduced to stabilise the previous over-supply saw the steady conversion of land under wattle, especially in the Midlands, to alternative crops like sugar cane. Wattle bark demand and supply is now believed to be in much finer balance

Since the Wattle Act of 1960, the SA industry has largely regulated its own affairs with the Wattle Board overseeing its actions

Temple says while it would be an exaggeration to say that the wattle industry is poised for phenomenal growth, the latest trends show that it is not about to curl up and die either

Profit margins being eroded

Freight charges hurt timbermen

BUS DAY
2/18/76
194

RAIL tariff increases continue to plague the timber industry, eroding minimum profits, says Timber Growers' Association (SATGA) director Bruce Ferguson.

In his annual report he says the tariff hikes have given cause for concern, with the January 1 increase pushing freight costs up by 15%.

"A short three months later saw another increase, varying in the case of rough timber from 3% over short distances to in excess of 10% for longer hauls

"The industry is not in a position to absorb these increases at a rate in excess of the overall inflation rate and some alternative will have to be found if forestry is to remain a viable proposition"

Conditions have been exacerbated by adverse socio-political factors.

"Of particular concern has been the high level of inflation, which increased during the year to unacceptable levels.

"Indications in the first quarter were, however, more positive and prospects for economic growth during the remainder of the year appear to be favourable."

MICK COLLINS

Markets for certain commodities, notably structural timber, have been adversely affected, with a resultant decline in demand for roundwood

Demand for hardwoods, mining timber and pulpwoods, remains buoyant. The reduced value of the rand has assisted exports

"Growers, however, were unable to obtain adequate compensation in all instances by way of enhanced roundwood prices for their increased production costs"

This was particularly noticeable in the case of pine pulpwood. Average increases in production costs were R4 a ton for 1985

"Attempts were made to negotiate price increases at mid-year to recover increased rail tariffs. These attempts were unsuccessful, with the result that many growers were receiving less for their timber at the end of 1985 than in 1984"

Negotiations for price increases from January 1 this year were more successful.

CT 12/8/86

PWAWU holds strike ballot

CT 12/8/86 Labour Reporter 199 1707

THE Paper, Wood and Allied Workers' Union (PWAWU) will be holding a strike ballot at five Mondi Board Mill plants around the country from today, following a dispute over a mid-year wage adjustment, a union spokesman said yesterday.

The union went into dispute with management a month ago, but the conciliation board meeting called to settle the matter was unable to resolve the deadlock.

At the Mondi mill in Bellville South, 200 union members out of a workforce of 210 will be asked if they are prepared to strike.

A company spokesman was not available for comment yesterday.

15/8/86 BUS DAY (199) (33)

Timber reports unfair, says Sats

REPORTS that increased rail tariffs are driving timber industry profits below acceptable levels have been queried by Sats

MICK COLLINS

Marketing director Andre Heydenrych feels the reports are unfair in that negotiations with the Timber Growers' Association (Satga) are continuing and nothing has been finalised

"Before deregulation, timber was heavily subsidised by more lucrative commodities — steel, sugar, fuel and cement

"We had a meeting with Satga as recently as last Monday. Our proposals were turned down, but the way was left open for negotiation"

"Now that deregulation is with us, and we subscribe fully to the concept, tariffs must fall in line with the going economic rate"

He says historically revenue from timber — R100m a year — does not cover costs fully

Heydenrych says a third tariff package will be presented to Satga towards the end of October

"And until this package has been presented, I don't foresee any increase in tariffs"

Sawmill saga 199

The strong attack by John Rance, outgoing president of the SA Lumber Millers' Association (Salma), on interference in the industry's restrictive Timber Marketing Agreement (TMA) reflects industry woes.

The R300m-a-year sawmilling industry is fighting tooth and nail to keep its fixed-price TMA cartel, while it accuses State sawmills of undercutting TMA prices and stealing market share

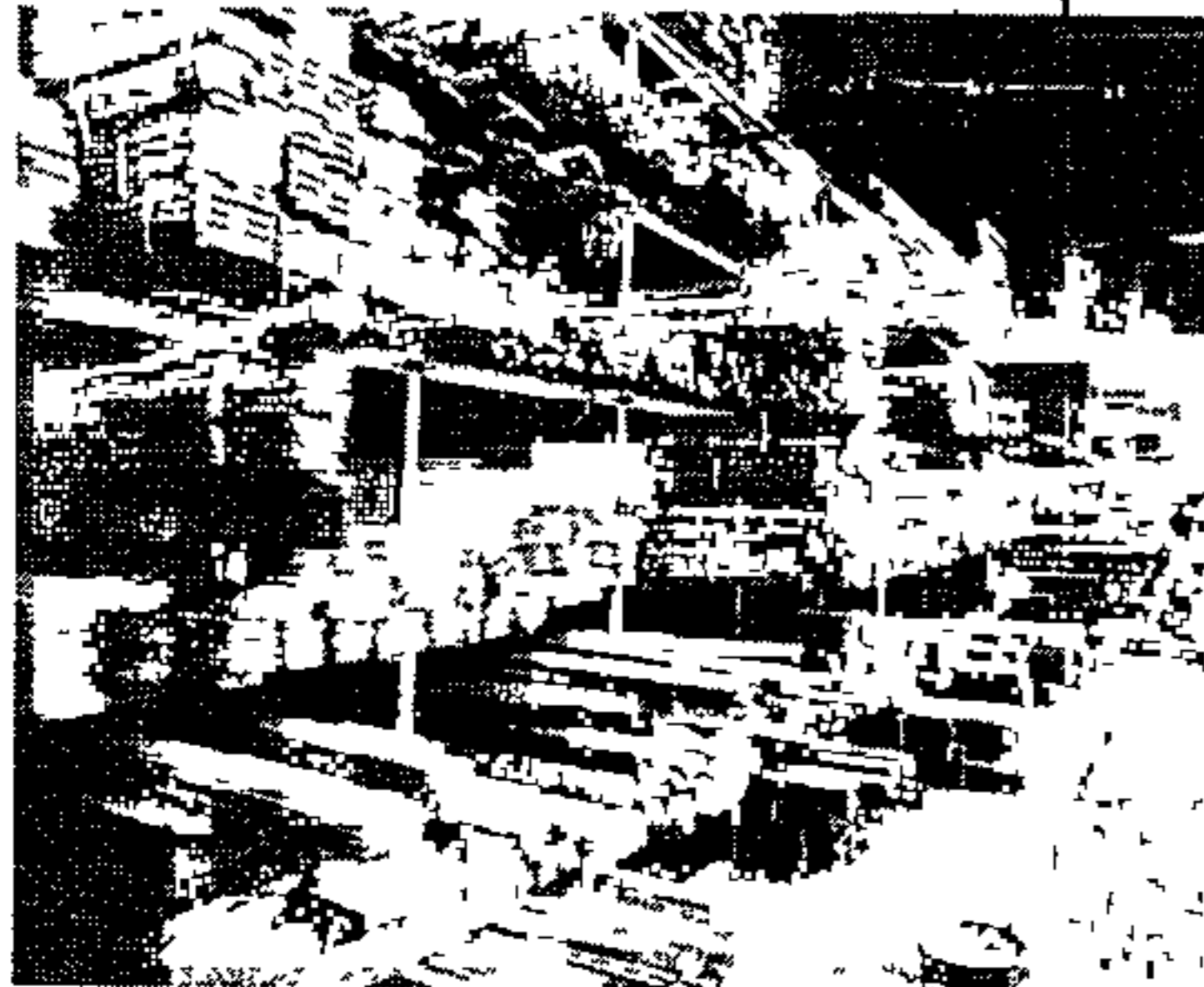
Government is not a TMA signatory Its four State sawmills at Graskop, Louis Trichardt, Wemmershoek and George, offer sawn timber free on rail at prices below those of TMA members. TMA prices include signatory members' aggregate transport delivery costs for specific areas

Salma says this is unfair, but the State sector retorts that it's charging market-related prices as offered by Salma members until some two years ago.

"We did not change the rules," says Department of Environmental Affairs Deputy Director General of Forestry Aat van der Dussen "Salma's TMA signatories decided to up their prices by adding average transport tariffs Although our free on rail tariffs are cheaper than TMA's, their timber is still cheaper in some areas"

He says Salma's problems are related to falling timber demand, and insists "we are not competing unfairly or stealing market-share"

Salma feels threatened by falling demand,



Timber war ... the dispute builds up

undercutting of lumber prices and by government's strong focus on the industry

The TMA was one of only four industry cartels temporarily excluded from the new Competition Board (CB) rulings which came into effect on May 2.

CB Deputy Director Wouter Meyer tells the *FM* the CB's three-year investigation into the dangers of excessive concentration in the sawmilling industry should be completed shortly This will be followed by an investigation into horizontal price collusion

Salma members account for roughly 90% of the sawn timber market, while the State pitches in with 6%-8% of sales The effects of the shrinking market on sawmillers is clear from Salma statistics

Swart says that in the last two years falling sales and changing demand forced some 20 smaller sawmills to close The rest of the industry is running at 75%-78% of capacity, and Salma is fighting to save other sawmills

The industry's annual cash turnover gradually increased from R259m in 1983 to R284m in 1984 and R294,5m in 1985, but sawn timber volumes fell from 1,537m m³ in 1983 to 1,504m m³ in 1984 and 1,333m m³ in 1985

The changing structure of the market also hit turnover and profitability

"The sawn timber market used to be divided between lucrative structural timber sales and less profitable industrial timber," says Swart. "But first-quarter sales this year show a mere 36% share for structural timber and 64% for industrial timber in Salma sales. This reflects the slump in the building industry"

Structural timber sales have been falling dramatically since 1984, while industrial timber sales have remained "normal."

Says Swart: "Structural timber sales in the first half of 1986 were the worst of the past decade First-quarter sales of 80 000 m³ were 5 000 m³ below sales in the same period last year. First quarter industrial timber sales of 140 000 m³ were well above 1985's 112 000 m³."

Booming industrial sales reflect growing exports, including export palletisation, and a significant revival of the furniture market, says Swart

FIN MAIL

KENNISGEWING 642 VAN 1986
DEPARTEMENT VAN MANNEKRAG
WET OP ARBEIDSVERHOUDINGE, 1956
AANSOEK OM REGISTRASIE VAN 'N
WERKGEWERSORGANISASIE

Ek, Adam Johannes Jacobus Barnard, Assistent-nywerheidsregistrator, maak ingevolge artikel 4 (2) van die Wet op Arbeidsverhoudinge, 1956, hierby bekend dat 'n aansoek om die registrasie ontvang is van die Furniture and Wood Products Manufacturers Association (B and C Areas). Besonderhede van die aansoek word in onderstaande tabel verstrek.

Enige geregisteerde werkgewersorganisasie wat teen die aansoek beswaar maak, word versoek om binne een maand na die datum van publikasie van hierdie kennisgewing sy beswaar skriftelik by my in te dien, p/a die Departement van Mannekrag, Mannekraggebou 449, Schoemanstraat 215, Pretoria (posadres: Privaatsak X117, Pretoria, 0001).

TABEL

Naam van werkgewersorganisasie.—Furniture and Wood Products Manufacturers Association (B and C Areas).

Datum waarop aansoek ingedien is.—5 Maart 1986.

Belange en gebied ten opsigte waarvan aansoek gedoen word.—Werkgewers betrokke in die Meubel- en Houtproduktenywerheid in die provinsie Natal, uitgesonderd die landdrosdistrikte Durban, Pinetown, Pietermaritzburg, Inanda en Mount Curry.

Vir doeleindes hiervan beteken—

“Meubelnywerheid” of “Nywerheid”, behoudens die bepaling van die afbakeningsvasstelling gemaak deur die Nywerheidshof op 1 September 1978, of enige daaropvolgende vasstelling, sonder om die gewone betekenis van die uitdrukking enigsins te beperk, die vervaardiging, hetsy in die geheel of gedeeltelik, van alle soorte meubels, afgesien van die materiaal wat gebruik word, en omvat dit onder andere ook die volgende werksaamhede.

Herstelwerk, stoffeerwerk, herstoffeerwerk, beitswerk, spuitwerk of poleerwerk en/of herpoleerwerk, die maak van los oortreksels en/of stoelkussings en/of gordyne, die maak en/of herstel van raamveermatrasse en/of rame vir stoffeerwerk, houtmasjienwerk, fineerwerk, houtdraaiwerk, houtsnijwerk in verband met die vervaardiging en/of herstel van meubels, poleerwerk en/of herpoleerwerk aan klaviere en die vervaardiging van en/of beitswerk, spuitwerk en poleerwerk en/of herpoleerwerk aan meubels vir teekamers, kantore, kerke, skole, kroee of teaters, kabinette vir musiekinstrumente en radio- of draadlooskabinette, en omvat die vervaardiging of die prosesse in die vervaardiging van beddegoed, wat so omskryf en vertolk moet word dat dit alle soort matrasse, veermatrasse, bomatrasse, kussings, peule en stoelkussings insluit, en omvat voorts die werksaamhede wat uitgevoer word op alle persele waar houtmasjienwerk, houtdraaiwerk en/of houtsnijwerk uitgevoer word in verband met die vervaardiging van meubels, en omvat voorts ook herstelwerk, herstoffeerwerk of herpoleerwerk aan meubels in of in verband met bedryfsinrigtings waarin die vervaardiging van meubels of 'n werksaamheid wat in verband staan met die finale bereiding van 'n meubelstuk vir verkoop, of in sy geheel of gedeeltelik, uitgevoer word, en die fineerwerk aan gelamelleerde blokbord- of laaghoutdeure wat vir meubels gebruik word, en alle gedeeltes van materiaal wat by die vervaardiging van meubels gebruik word, maar

NOTICE 642 OF 1986
DEPARTMENT OF MANPOWER
LABOUR RELATIONS ACT, 1956
APPLICATION FOR REGISTRATION OF AN
EMPLOYERS' ORGANISATION

I, Adam Johannes Jacobus Barnard, Assistant Industrial Registrar, do hereby, in terms of section 4 (2) as applied by section 7 (5) of the Labour Relations Act, 1956, give notice that an application for the variation of its scope of registration has been received from the Furniture and Wood Products Manufacturers Association (B and C Areas). Particulars of the application are reflected in the subjoined table.

Any registered employers' organisation which objects to the application is invited to lodge its objection in writing with me, c/o the Department of Manpower, 449 Manpower Building, 215 Schoeman Street, Pretoria (postal address: Private Bag X117, Pretoria, 0001), within one month of the date of publication of this notice.

TABLE

Name of employers' organisation.—Furniture and Wood Products Manufacturers Association (B and C Areas).

Date on which application was lodged.—5 March 1986.

Interests and area in respect of which application is made.—Employees engaged in the Furniture and Wood Products Industry in the Province of Natal, excluding the Magisterial Districts of Durban, Pinetown, Pietermaritzburg, Inanda and Mount Curry.

For the purpose hereof—

“Furniture Manufacturing Industry” or “Industry” means, subject to the demarcation determination made by the Industrial Tribunal on 1 September 1978, or any succeeding determination, without in any way limiting the ordinary meaning of the expression, the manufacture, either in whole or in part, of all types of furniture, irrespective of the materials used, and includes the following operations:

Repairing, upholstering, re-upholstering, staining, spraying or polishing and/or repolishing, the making of loose covers and/or cushions and/or curtains, the making and/or repairing of box spring mattresses and/or frames for upholstering, wood-machining, veneering, wood-turning, carving in connection with the manufacture and/or repair of furniture, the polishing and/or repolishing of pianos and the manufacture and/or staining, spraying and polishing and/or repolishing of tearoom, office, church, school, bar or theatre furniture, cabinets for musical instruments and radio or wireless cabinets, and includes the manufacture or processes in the manufacture of bedding, the definition and interpretation of which includes all manner and/or types of mattresses, spring-mattresses, overlays, pillows, bolsters and cushions, and further includes the activities carried on in any premises where wood-machining, wood-turning and/or carving in connection with the production of furniture is carried on and further includes the repairing, re-upholstering or repolishing of furniture in or in connection with establishments in which the production of furniture or any operation associated with the final preparation of any articles of furniture for sale, either in whole or in part, is carried on, and the veneering of laminated block-board or plywood doors used for furniture, and all parts of materials used in the con-

uitgesonderd die vervaardiging van artikels wat hoofsaaklik van mandjiesgoed, gras en/of rottang gemaak word en die vervaardiging van metaalmeubels, met inbegrip van metaalkatels.

Posadres van applikant.—Posbus 31, Margate, 4275.

Kantooradres van applikant.—Bairnstraat 31, Uvongo, Natal.

Die aandag word gevestig op onderstaande vereistes van artikel 4 van die Wet:

- (a) Die mate waarin 'n beswaarmakende werkgewersorganisasie verteenwoordigend is, word ingevolge subartikel (4) bepaal volgens die feite soos hulle bestaan het op die datum waarop die aansoek ingedien is, en wat die lidmaatskap betref, word alleen lede wat ingevolge artikel 1 (2) van die Wet op voormelde datum volwaardige lede was, in aanmerking geneem.
- (b) Die prosedure voorgeskryf by subartikel (2) moet gevolg word in verband met 'n beswaar wat ingedien word.

A. J. J. BARNARD,
Assistent-nywerheidsregistrateur.
(12 September 1986)

struction of furniture, but excludes the manufacture of articles made principally of wicker, grass and/or cane, and the manufacture of metal furniture, including the manufacture of metal bedsteads.

Postal address of applicant.—P.O. Box 31, Margate, 4275.

Office address of applicant.—31 Bairn Street, Uvongo, Natal.

Attention is drawn to the following requirements of section 4 of the Act:

- (a) The representativeness of any employers' organisation which objects to the application shall in terms of subsection (4) be determined on the facts as they existed at the date on which the application was lodged and, as far as membership is concerned, only members who were in good standing in terms of section 1 (2) of the Act as at the aforesaid date shall be taken into consideration.
- (b) The procedure laid down in subsection (2) must be followed in connection with any objection lodged.

A. J. J. BARNARD,
Assistant Industrial Registrar.
(12 September 1986)

KENNISGEWING 643 VAN 1986

UITSLAG VAN VOLKSRAADTUSSENVERKIESINGS.—KIESAFDELINGS CLAREMONT EN PINELANDS

Ooreenkomstig artikels 108 en 109 van die Kieswet, 1979 (Wet 45 van 1979), word die volgende besonderhede betreffende die verkiesing van lede van die Volksraad vir die kiesafdelings Claremont en Pinelands gehou op 3 September 1986 hiermee vir algemene inligting gepubliseer:

Kiesafdeling Electoral Division	(a) Naam van verkose persoon (b) Meerderheid stemme van verkose persone (c) Datum met ingang waarvan verkies verklaar (a) Name of person elected (b) Majority of votes of persons elected (c) Date with effect from which declared elected	Stemme uitgebring en politieke partye verteenwoordig Votes polled for, and political party represented		Getal verwerpe stem-briewe Number of ballot papers rejected	(a) Totale getal stemme uitgebring (b) Stempersentasie (a) Total number of votes polled (b) Polling percentage	Totale getal kiesers op kieserslys Number of votes on voters' list
		Kandidaat Candidate	Politieke Party Political Party			
Pinelands.....	(a) John Jasper Walsh (b) 1 804 (c) 1986-04-03	N. E. Barret 3 618 J J Walsh 5 422	NRP PFP	48	(a) 9 088 (b) 55,3	16 435
Claremont.. . .	(a) Jan van Eck (b) 3 804 (c) 1986-04-03	A. O. Leisegang 885 J van Eck 4 689	NRP PFP	19	(a) 5 593 (b) 32,2	17 393

(12 September 1986)

KENNISGEWING 644 VAN 1986

DOEANE- EN AKSYNSTARIEFAANSOEKE.— LYS 32/86

Onderstaande aansoeke betreffende die Doeane en Ak-synstarief is deur die Raad van Handel en Nywerheid ontvang. Emge beswaar teen of kommentaar op hierdie vertoe moet binne ses weke na die datum van hierdie kennisgewing aan die Raad van Handel en Nywerheid, Privaatsak X84, Pretoria, 0001, gerig word.

NOTICE 644 OF 1986

CUSTOMS AND EXCISE TARIFF APPLICATIONS.— LIST 32/86

The following applications concerning the Customs and Excise Tariff have been received by the Board of Trade and Industries. Any objections to or comments on these representations must be submitted to the Board of Trade and Industries, Private Bag X84, Pretoria, 0001, within six weeks of the date of this notice.

No R. 1903

12 September 1986

PLANTVERBETERINGSWET, 1976 (WET 53 VAN 1976)

REGULASIES MET BETREKKING TOT ONDERNE- MINGS, VARIETETE, PLANTE EN VOORPLAN- TINGSMATERIAAL — WYSIGING

Die Adjunk-minister van Landbou-ekonomie, hande- lende namens die Minister van Landbou-ekonomie Krugers artikel 34 van die Plantverbeteringswet, 1976 (Wet 53 van 1976), het die regulasies in die Aanhangsel uitgevaardig

AANHANGSEL

Die regulasies gepubliseer by Goewernmentskennisge- wing R 1064 van 23 Mei 1980, soos gewysig deur die regulasies gepubliseer by Goewernmentskennisgewings R 1621 van 22 Julie 1983, R 2173 van 28 September 1984, R 1287 van 14 Junie 1985, R 1522 en R 1524, R 1489 van 11 Julie 1986 word hierby verder gewysig deur in Tabel 2 na die uitdrukking "Vigna unguiculata (L.) Walpers Akkerboon/Cowpea" in kolom 1 daarvan, die uitdrukking "Vitis spp Druif/Grape", "156" en "5" onderskeidelik in kolom 1, 2, en 3 van vermeldde Tabel in te voeg

DEPARTEMENT VAN MANNEKRAG

No. 1878

12 September 1986

WET OP ARBEIDSWERHOUDINGE, 1956

MEUBELNYWERHEID, TRANSVAAL — WYSIGING VAN HOOFDOPREKENKOMS

El, Pieter Theuns Christiaan du Plessis, Minister van Mannekrag, verklaar hierby—

(a) kragens artikel 48 (1) (a) van die Wet op Arbeidswer- houding, 1956, dat die bepalings van die Ooreen- komms (hierna die Wysigingsooreenkoms genoem) wat in die Bylae hiervan verskyn en betrekking het op die Ondertekening, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 Junie 1988 eindig, bindend is vir die werkgevers- ooreenkoms aangesien het en vir die werkgewers en werknemers wat lede van genoemde organisasie of vereniging is, en

(b) kragens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van die Wysigingsooreenkoms, uitgeson- derd dié vervat in klousule I (1) (a), met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 Junie 1988 eindig, bindend is vir alle ander werkge- wers en werknemers as die genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in genoemde Ondertekening, Nywerheid, Be- dryf of Beroep in die gebiede in klousule I van die Wysigingsooreenkoms gespesifiseer

P T C DU PLESSIS,

Minister van Mannekrag

BYLAAE

NYWERHEIDSRaad VIR DIE MEUBELNYWERHEID

TRANSVAAL

OOREENKOMMS

ooreenkomsing die Wet op Arbeidswerhouding, 1956, gesluit deur en aangegaan tussen die

No. R. 1903

12 September 1986

PLANT IMPROVEMENT ACT, 1976 (ACT 53 OF 1976)

REGULATIONS RELATING TO ESTABLISHMENTS, VARIETIES, PLANTS AND PROPAGATING MATERIAL — AMENDMENT

The Deputy Minister of Agricultural Economics, acting on behalf of the Minister of Agricultural Economics under section 34 of the Plant Improvement Act, 1976 (Act 53 of 1976), has made the regulations in the Annexure

ANNEXURE

The regulations published by Government Notice R 1064 of 23 May 1980, as amended by the regulations published by Government Notices R 1621 of 22 July 1983, R 2173 of 28 September 1984, R 1287 of 14 June 1985, R 1522 and R 1524, both of 12 July 1985, R 256 of 14 February 1986 and R 1489 of 11 July 1986 is hereby further amended by the insertion in Table 2 after the expression "Vigna unguiculata (L.) Walpers Akker- boon/Cowpea" in column 1 thereof, of the expressions "Vitis spp Druif/Grape", "156" and "5" in columns 1, 2 and 3 of the said Table respectively

DEPARTMENT OF MANPOWER

No R. 1878

12 September 1986

LABOUR RELATIONS ACT, 1956

FURNITURE MANUFACTURING INDUSTRY, TRANS- VAAL — AMENDMENT OF MAIN AGREEMENT

I, Pieter Theuns Christiaan du Plessis, Minister of Man- power, hereby—

(a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 30 June 1988, upon the employers' organisation and the trade union which entered into the Amending Agreement and upon the employers and employees who are members of the said organiza- tion or union, and

(b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the Amending Agreement, ex- cepting those contained in clause 1 (1) (a), shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 30 June 1988, upon all employers and em- ployees, other than those referred to in paragraph (a) of this notice, who are engaged or employed in the said Undertaking, Industry, Trade or Occupation in the areas specified in clause 1 of the Amending Agreement

P T C DU PLESSIS

Minister of Manpower

SCHEDULE

INDUSTRIAL COUNCIL FOR THE FURNITURE MANUFACTUR- ING INDUSTRY, TRANSVAAL

AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

Transvaal Furniture and Upholstery Manufacturers' Association (hierna die werkgewers of die 'werkgeversorganisasie' genoem), and die een kant en die

National Union of Furniture and Allied Workers of South Africa (hierna die werknemers of die vakvereniging genoem), aan die ander kant,

wat die partye is by die Nywerheidsraad vir die Meubelnywerheid Transvaal, om die Ooreenkoms gepubliseer by Goewernmentskennisgewing R 1347 van 30 Junie 1981, soos gewysig en vering by Goewernmentskennisgew- ings R 1819 van 27 Augustus 1982, R 1453 van 1 Julie 1983, R 1919 en R 1920 van 2 September 1983, R 1026 van 10 Mei 1985, R 2500 en R 2501 van 8 November 1985 en R 1344 van 27 Junie 1986 te wysig

1 TOEPASSINGSBESTEK VAN OOREENKOMMS

(1) Hierdie Ooreenkoms moet in die Meubelnywerheid, Transvaal, na- gelook word—

(a) deur alle werkgewers wat lede van die vakverenigingsorganisasie is en deur alle werknemers wat lede van die vakvereniging is en wat onderskeidelik by die Meubelnywerheid betrokke of daarin werk- saam is

(b) in die provinsie Transvaal en in die landdroststreek Vrburg soos dit op 24 Junie 1960 saangetel was

(2) Ondanks subklousule (1), is hierdie Ooreenkoms—

(a) slegs van toepassing op werknemers vir wie lone daaraan voorge- sêf word en op die werkgewers van dié werknemers,

(b) van toepassing op vakleerlinge vir sover dit die onbetsaansaan is met die Wet op Mannekragopleiding, 1961, of met 'n regulasie gemaak of kontrak aangegaan ingevolge genoemde Wet, en

(c) onderworpe aan die bepalings van die Vaststelling van die Nywerheidsraad gedateer 30 Oktober 1984, in die saak tussen die Nywerheidsraad vir die Meubelnywerheid, Transvaal en Natal, en die Nywerheidsraad vir die Bounywerheid, Transvaal en Natal, en die Nasionale Nywerheidsraad vir die Yster- Staal-, Ingeneun- en Metalurgiese Nywerheid

HOOFSTUK 1

2 KLOUSULE 3 — WOORDOMSKRYPING

(1) Voeg die volgende nuwe omskrywing in na die omskrywing werk- nemer graad IV:

"werkster graad IV (A) (handskunder) 'n werknemer wat ingegaan van of al die werksaamde uitvoer wat in die Meubelnywerheid verrig word soos in klousule 27 van Hoofstuk II van die Ooreenkoms bedoel.

(2) Voeg die volgende nuwe omskrywing in na die omskrywing multiêre diens:

"veenoot iemand wat as sodanig aangedui word in 'n vennootskaps ooreenkoms van 'n vennootskaps wat kragens klousule 18 as werk- gewer geregistreer is of geregistreer moet word en—

(a) wat gemaak is om op die bankrekening van die werkgewer te werk, en/of

(b) wie se naam voorkom as 'n vennoot in die vennootskapsoor- eenkoms wat by die Raad ingedien is en wat aan die bepalings van artikel 71 (2) van die Wet op Arbeidswerhouding 1956 (Wet 28 van 1956), moet voldoen.

(3) Voeg die volgende nuwe omskrywing in na die omskrywing sink- werk:

"'proefwerkster' 'n werknemer vir wie lone voorgeskryf word en wat in diens is van 'n spesifieke bedryfsinstelling vir 'n proeflydperk van twee weke om die werkgewer in staat te stel om te bepaal of die werknemer die werksaamde in Hoofstuk II, of Hoofstuk III van die Ooreenkoms bedoel, kan uitvoer."

(4) Voeg die volgende nuwe omskrywing in na die omskrywing "besol- diging":

"'personeelverminderingsoeloe' die beding wat ooreenkomsing klousule 8 (soos hieronder gewysig) betaal moet word aan 'n werknemer wat algedank is."

(5) Verang die omskrywing "werkende eenaar" of "werkende ven- noot" deur die volgende omskrywing:

"'Werkende werkgewer' iemand uitgesonderd 'n vennoot of direkteur in 'n vennootskap of maatskappy of 'n lid van 'n bepaalde korporatiewe Assosiasie, wat self werk verrig in enige van die werksaamde beoel in Hoofstuk II of Hoofstuk III van die Ooreenkoms en wat—

(a) kragens klousule 18 as 'n werkgewer geregistreer is of moet wies, of

(b) 'n vennoot is in 'n vennootskap wat kragens klousule 18 as 'n werkgewer geregistreer is of moet wies, of

(c) 'n direkteur is van 'n maatskappy wat kragens klousule 18 as 'n werkgewer geregistreer is of moet wies, of

Transvaal Furniture and Upholstery Manufacturers' Association (hierna referer tot as die werkgewers of die werkgewers organisa- tion), of the one part and the

National Union of Furniture and Allied Workers of South Africa (hierna referer tot as the employees or the trade union), of the other part

being the parties to the Industrial Council for the Furniture Manufacturing Industry, Transvaal, to amend the Agreement published under Government Notice R 1347 of 30 June 1981 as amended and extended by Government Notices R 1819 of 27 August 1982, R 1453 of 1 July 1983, R 1919 and R 1920 of 2 September 1983, R 1026 of 10 May 1985, R 2500 and R 2501 of 8 November 1985 and R 1344 of 27 June 1986

1 SCOPE OF APPLICATION

(1) The terms of this Agreement shall be observed in the Furniture Manufacturing Industry, Transvaal—

(a) by all employers who are members of the employers organisation and by all employees who are members of the trade union who are engaged or employed in the Furniture Manufacturing Industry, respectively,

(b) in the Province of the Transvaal and in the Magisterial District of Vrburg as it was constituted as at 24 June 1960

(2) Notwithstanding the provisions of subclause (1), the provisions of this Agreement shall—

(a) apply only to employees for whom wages are prescribed therein and to the employers of such employees,

(b) apply to apprentices in so far as they are not inconsistent with the provisions of the Manpower Training Act 1981 or any regulation made thereunder or contract entered into in terms of the said Act, and

(c) be subject to the provisions of the Determination by the Industrial Court dated 30 October 1984, in the matter between the Industrial Councils for the Furniture Manufacturing Industry, Transvaal and Natal, and the National Council for the Building Industry, Transvaal and Natal and the National Industrial Council for the Iron Steel Engineering and Metallurgical Industry

CHAPTER 1

2. CLAUSE 3 — DEFINITIONS

(1) Insert the following new definition after the definition Grade IV employee:

'Grade IV (A) employee (handskunder) means an employee who per- forms any or all of the operations performed in the Furniture Manu- facturing Industry referred to in clause 27 of Chapter II of the Agreement'

(2) Insert the following new definition after the definition multi- party service:

'partner means a person reflected as such in a partnership agreement of a partnership which is registered or is required to be registered as an employer in terms of clause 18 and—

(a) who has powers to operate on the banking account of the em- ployer and/or

(b) whose name appears as a partner in a partnership agreement lodged with the Council which agreement shall conform to the requirements of section 71 (2) of the Labour Relations Act, Act 28 of 1956.

(3) Insert the following new definition after the definition "piece- work":

'probationer means an employee for whom wages are prescribed and who is engaged in a specific establishment for a probationary period of two weeks to enable the employer to assess the employee's ability to perform the operations defined in Chapter II of Chapter III of the Agreement'

(4) Insert the following new definition after the definition "piece- work":

'retrenchment allowance' means the amount to be paid as prescribed in clause 8 (as amended hereunder) to an employee who has been retrenched.

(5) Substitute the following for the definition working proprietor 'or working partner':

'working employer means a person, other than a partner or a director in a partnership or company or a member of a close corporation which is a member of the Transvaal Furniture and Upholstery Manufactur- ers Association, who himself performs any of the classes of work referred to in Chapter II or Chapter III of the Agreement and who—

(a) is registered as an employer in terms of clause 18, or is liable to such registration, or

(b) is a partner in a partnership which is registered as an employer in terms of clause 18, or is liable to such registration, or

(c) is a director of a company which is registered as an employer in terms of clause 18, or is liable to such registration, or

(d) In die van 'n beslore korporasie wat kragtens klousule 18 as 'n werkgewer geregistreer is of moet wees.

3. KLOUSULE 4 — SLUITING VAN BEDRYFSINRICHTINGS VIR DIE JAARLIKSE VAKANSIESLUITING

Versaam klousule 4 deur die volgende

- 4 SLUITING VAN BEDRYFSINRICHTINGS VIR DIE JAARLIKSE VAKANSIESLUITING
- Geen werkgewer mag werk vering of van 'n werknemer vering of hom toelaat om werk te verrig nie, en geen werknemer mag werk onderneem of verrig, teen besodiging al dan nie gedurende die volgende tydperke nie
- (1) 1986/87
 - (2) Vanaf die aand van Vrydag 12 Desember 1986 tot die heropeningsyd op die oggend van Donderdag 8 Januarie 1987, of
 - (3) vanaf die aand van Vrydag 19 Desember 1986 tot die heropeningsyd op die oggend van Woensdag 14 Januarie 1987,
 - (4) vanaf die aand van Vrydag 11 Desember 1987, tot die heropeningsyd op die oggend van Donderdag 7 Januarie 1988, of
 - (5) vanaf die aand van Vrydag 18 Desember 1987, tot die heropeningsyd op die oggend van Woensdag 13 Januarie 1988

8. KORTTYD EN PERSOONEL VERMINDERINGSSTOELE

- (1) Versaam die opsak van klousule 8 deur die volgende.
- (2) Wanneer korttyd gewerk word moet die beskikbare werk verdeel word onder die werknemers wat getal is in 'n sekse, en as daar verskille in die getal is om werknemers af te dek, moet die werknemers wat algevalk gea word 'n personeelverminderingstoelae van een week se gewone loon vir elke volkonde jaar dien onderworpe aan maksimum van 12 wke se normale jaar betaal word. Met dien verstande dat geen werknemer weens korttyd ontsien mag word nie voordat die korttydwerk vir minder as 35 per week oor 'n ammenlopse tydperk van een week daal

5 KLOUSULE 13 — VAKANSIEBONUSFONDS

In subklousule (1) (a) voeg die volgende nuwe voorbehoudebeplanning (b) in

(b) die besodiging van 'n werkende werkgewer vir die toepassing van hierdie klousule gesag moet word die loon te wees wat vir die hoogste besodigde werknemer in hierdie Ooreenkoms voorgeskryf word.

6 KLOUSULE 18 — REGISTRASIE VAN WERKGEWERS

Versaam subklousule (2) deur die volgende

(2) Waar die werkgewer 'n vennootskap of 'n beslore korporasie is, moet die afdigting wat in subklousule (1) veris word in verband met elkeen van die venote of die lede van die beslore korporasie versiek word, asook die naam waaronder die vennootskap of die beslore korporasie sake doen, tesame met 'n kopie van die vennootskapsoprekenings of die sittingsverklaring van die beslore korporasie na gelang van die geval

7 KLOUSULE 19 — WERKENDE EIERNAARS EN VENNOTE

Versaam klousule 19 deur die volgende

19 WERKENDE WERKGEWERS

- (1) In subklousule 6 (a), voeg die uitdrukking, 'uitgesondert 'n leerling' in na die woorde 'Lerling'
- (2) Voeg die volgende nuwe subklousule (6) (c) in.
- (3) Die werksaamhede waarvoor 'n leerlingklas grad IV toegestaan kan word, is ingedeel onder klousules 5, 8, 12, 15, 17, 18, 19, 20 en 24 van Hoofstuk II teen 'n geaansverhouding van een leerling tot 10 werknemers grad IV en/of grad IV (a). Met dien verstande dat sodanige leerlingklas se toegeestaan kan word ten opsigte van getal en al nuwe werknemers wat in die Nywerheid in dies gemeen word van grad IV werksaamhede is 12 maaande.
- (4) In subklousule (7) (a), skrap die uitdrukking 'en/of grad IV' na die uitdrukking 'onder grad III'
- (5) Die leerling vir werksaamhede ingedeel onder klousules 2, 3, 6, 10, 13, 21 en 22 van Hoofstuk II is twee jaar
- (6) Voeg die volgende voorbehoudebeplanning in aan die einde van subklousule (10)
- (7) Met dien verstande dat geen sertifikaat of diploma uitgereik word aan 'n werknemer wat 'n leerling grad IV volloor het nie

(d) is a member of a close corporation which is registered as an employer in terms of clause 18, or is liable to such registration,

3. CLAUSE 4 — CLOSING OF ESTABLISHMENTS FOR ANNUAL HOLIDAY SHUT-DOWN

Substitute the following for clause 4

- 4 CLOSING OF ESTABLISHMENTS FOR ANNUAL HOLIDAY SHUT-DOWN
- No employer shall perform work or require or allow an employee to perform work and no employee shall undertake or perform work, whether for remuneration or not, during the following periods
- (1) 1986/1987
 - (2) From the evening of Friday, 12 December 1986, to re-opening time on the morning of Thursday 8 January 1987, or
 - (3) from the evening of Friday, 19 December 1986, to re-opening time on the morning of Wednesday, 14 January 1987,
 - (4) from the evening of Friday, 11 December 1987, to re-opening time on the morning of Thursday 7 January 1988, or
 - (5) from the evening of Friday 18 December 1987 to re-opening time on the morning of Wednesday 13 January 1988

8. SHORT-TIME AND RETRENCHMENT ALLOWANCE

- (1) Substitute the following for the heading of clause 8
- (2) Substitute the following for subclause (2)
- (3) When short time is worked, the work available shall be distributed amongst the employees affected in any section and should it be found necessary to dismiss any employees, the employees to be dismissed shall be paid a retrenchment allowance of one week's normal wage for each completed year of service subject to a maximum of 12 week's normal wages. Provided that no employee shall be dismissed by reason of short-time until the hours of work on short time fall below 35 per week over a continuous period of one week

5 CLAUSE 13 — HOLIDAY BONUS FUND

In subclause (1) (a) insert the following new proviso (iv)

(iv) the remuneration of a working employer for the purposes of this clause shall be deemed to be the wage prescribed for the highest paid employee in this Agreement.

6 CLAUSE 18 — REGISTRATION OF EMPLOYERS

Substitute the following for subclause (2)

(2) Where the employer is a partnership or a close corporation, information in accordance with subclause (1) regarding each of the partners or members of the close corporation, as well as the title under which the partnership or close corporation operates shall be furnished in addition to a copy of the partnership agreement or founding statement of the close corporation, as the case may be.

7 CLAUSE 19 — WORKING PROPRIETORS AND PARTNERS

Substitute the following for clause 19

19 — WORKING EMPLOYERS

- All working employers shall observe the provisions of clauses 7 (1), 10 and 13
- 8 CLAUSE 29 — LEARNERS
- (1) In subclause (6) (a) insert the expression 'excluding a Grade IV learner', after the words 'A learner'
- (2) Insert the following new subclause (6) (c)
- (3) The operations in respect of which Grade IV learners may be granted are classified under clauses 5, 8, 12, 15, 17, 18, 19, 20 and 24 of Chapter II in a ratio of one learner to 10 Grade IV and/or Grade IV (A) employees. Provided that such learners may only be granted in respect of an entire new partnership engaged in the industry. The period of learnership shall be for a period of 12 months.
- (4) In subclause (7) (a), delete the expression 'and/or Grade IV' after the words 'under Grade III'
- (5) Substitute the following for subclause (8)
- (6) The period of learnership for operators classified under clauses 2, 3, 6, 10, 13, 21 and 22 of Chapter II shall be two years
- (7) Add the following proviso to subclause (10)
- (8) Provided that no certificate or diploma shall be issued to an employee who has completed a Grade IV learnership

9 HOOFSTUK II — MINIMUM LONE

Versaam Hoofstuk II deur die volgende

- HOOFSTUK II — MINIMUM LONE
- Onderstande is die minimum weeklone voorgeskryf vir die onderskeie klasse werk hieronder opgesom. Met dien verstande dat die minimum voorgestreefde lone by elke geleentheid ingevolge hierdie Ooreenkoms verhoog moet word 'n werknemer wat 'n loon ontvang as die minimum voorgestreefde lone vir die klas werk wat hy verrig moet ondanks andersluidende bepalinge hierin verval 'n verhoging omvang wat getyke is aan die bedrag hieronder vir daardie toonkalcigone aangevul
- Werklike verdelers**
- | | |
|--|--|
| Werknemers grad I wat R128,56 of meer per week verdien | Werkloon moet verhoog word met R11,88 per week |
| Werknemers grad II wat R123,28 of meer per week verdien | Werkloon moet verhoog word met R11,88 per week |
| Werknemers grad III wat R104,61 of meer per week verdien | Werkloon moet verhoog word met R11,88 per week |
| Werknemers grad IV wat R89,74 of meer per week verdien | Werkloon moet verhoog word met R11,88 per week |
| Werknemers grad IV (A) wat R79,62 of meer per week verdien | Werkloon moet verhoog word met R12,12 per week |
- Werklike verdelers**
- | | |
|--|--|
| Werknemers grad I wat R128,56 of meer per week verdien | Werkloon moet verhoog word met R10,12 per week |
| Werknemers grad II wat R113,16 of meer per week verdien | Werkloon moet verhoog word met R10,12 per week |
| Werknemers grad III wat R94,69 of meer per week verdien | Werkloon moet verhoog word met R10,12 per week |
| Werknemers grad IV wat R79,62 of meer per week verdien | Werkloon moet verhoog word met R10,12 per week |
| Werknemers grad IV (A) wat R79,62 of meer per week verdien | Werkloon moet verhoog word met R12,12 per week |

9 CHAPTER II — MINIMUM WAGES

Substitute the following for Chapter II

- CHAPTER II — MINIMUM WAGES
- The following shall be the minimum weekly wages prescribed for the respective classes of work enumerated hereunder. Provided that on each occasion the minimum prescribed rate has to be increased in terms of this Agreement. Employees who are in receipt of a wage in excess of the minimum prescribed rate for the class of work performed by him shall, notwithstanding anything to the contrary herein contained, receive an increment equivalent to the amount shown hereunder for that wage category
- Actual earnings**
- | | |
|--|---------------------------------------|
| Grade I employees earning R128,56 per week or more | Weekly wage to be increased by R11,88 |
| Grade II employees earning R123,28 per week or more | Weekly wage to be increased by R11,88 |
| Grade III employees earning R104,61 per week or more | Weekly wage to be increased by R11,88 |
| Grade IV employees earning R89,74 per week or more | Weekly wage to be increased by R11,88 |
| Grade IV (A) employees earning R79,74 per week or more | Weekly wage to be increased by R12,12 |
- For period ending 30/6/87**
- | | |
|--|---------------------------------------|
| Grade I employees earning R128,56 per week or more | Weekly wage to be increased by R11,88 |
| Grade II employees earning R123,28 per week or more | Weekly wage to be increased by R11,88 |
| Grade III employees earning R104,61 per week or more | Weekly wage to be increased by R11,88 |
| Grade IV employees earning R89,74 per week or more | Weekly wage to be increased by R11,88 |
| Grade IV (A) employees earning R79,74 per week or more | Weekly wage to be increased by R12,12 |

2 Werknemers grad I

Werknemers in diens in een van of al die werksaamhede wat in die Meubelnywerheid uitgevoer word, ingesondert die werknemers in Klousules 3 tot 27 bedoel. Met dien verstande dat ten opsigte van die werksaamhede betreffende enige nuwe masjien wat ingevoer word en wat nie in Klousules 3 tot 27 ingesondert is, moet die werknemers vir sodanige werksaamhede betaal word teen die minimum loon in hierdie Klousule voorgeskryf tot tyd en wyl die Raad die loon skaal vasstel vir die werksaamhede wat met so 'n masjien uitgevoer word

A MEUBELMAKERY

- | | | |
|--|--------|--------|
| 3 Werknemers grad II | 123,28 | 135,16 |
| (1) Staafwerk met die hand, | | |
| (2) Beelwerk, | | |
| (3) Skraapwerk, | | |
| (4) Rasperwerk, | | |
| (5) Wywerk, | | |
| (6) Spekskaafwerk, | | |
| (7) Saagwerk met die hand, | | |
| (8) Versteekte met die hand sny, | | |
| (9) Snykers en/of paneelsnykers en/of kranne masjien en/of impens en/of insker | | |
| 4 Werknemers grad III | 104,61 | 116,49 |
| (1) Glas in rame vasstel (ingesondert skroefwerk), | | |
| (2) Versteekte van profielnywerk met die gulle-tue sny, | | |
| (3) Laan se onderkante vaarkam | | |

2 Grade I employee

Employees employed in any or all of the operations performed in the Furniture Manufacturing Industry, with the exception of the employees referred to in clauses 3 to 27. Provided that in respect of the operations relating to any new machine introduced and not specified in clauses 3 to 27 inclusive, employees shall be paid for such operations at the minimum wage prescribed in this clause until such time as the Council determines the wages rate for the operations performed on such machine

A FURNITURE MAKING

- | | | |
|--|--------|--------|
| 3 Grade II employee | 123,28 | 135,16 |
| (1) Planning by hand, | | |
| (2) Chaselling, | | |
| (3) Scriping, | | |
| (4) Rasping, | | |
| (5) Filings, | | |
| (6) Spekschaving, | | |
| (7) Sawing by hand, | | |
| (8) Cutting mitres by hand, | | |
| (9) Knocking and/or punching and/or shooting in nails and/or panel pins and/or staples | | |
| 4 Grade III employee | 104,61 | 116,49 |
| (1) Securing glass in frames (other than screwing operations), | | |
| (2) Cutting mitres of moulded beendings by gulle-tue, | | |
| (3) stapling of drawer bottoms | | |

Typeperk ein- digende	Vanaf	For period ending	From
30/6/87	1/7/87	30/6/87	1/7/87
R	R	R	R
89,74	101,62	89,74	101,62

5 Werkermer graad IV

(1) Poppie en/of splinters invoeg en die oorskiet verwyder.

(2) alle vasbouwerk, met inbegrip van die vasbou van loebelore en die vasstroef van handvarels in vooraf geboorde gate uitgesondert die monter van meubels en/of meubelonderdele deur dit vas te hou en/of aanmekeer te sit, behalwe die werksaambede in subklousule (3) bedel.

(3) vasst van die loebelore van stangsolke en/of slagplaatjies en/of beslae en/of slingerpe.

(4) laegate vir boue, stykers skroewe en/of plusskroewe met die hand of 'n handwerklik boor.

(5) tappene maak en/of spuis maak.

(6) soliede lummehout buig.

(7) enige soort gelynde blok vasst (die vasstroef of vasstjier nie).

(8) sokke vir rolwieljies aanbring.

(9) rolwieljies en/of keerpels en/of kalsjyle, hangeboue en -plate aanbring.

(10) heekblokke in stoele insaan en/of vasst (stege van die tipe bekend as "Kitchen Benchwood", "Globe", "Standard", "Sturdy en Super"). Met dien verstande dat sodanige heekblokke nie vasgepaker, vasgepen of vasgestroef word nie.

(11) soliede lummehout in 'n sigmakings- en dompel.

(12) lynn meng en/of massament en/of betel.

(13) tappene insaan.

(14) lynn en/of lynnverlangsmiddels aanbring.

(15) skroewe insa in gate wat vooraf geboor is, ter voorbereiding vir skroefwerk.

(16) karkelkranne invoeg in die raammonteringsproes.

(17) help met die aanmekeer of montering van meubelde wat vasgeklem of vasgeklam moet word. Met dien verstande dat die gealverbinding van sodanige assistente tot werkers wat die tone ooring wat in klousule 2 van hierdie Hoofstuk voorgeskryf word en wat klein- of klampwerk doen, hoogsens vier tot ses mag wees en dat sodanige assistente in die afwesigheid van voornoemde werker wat die loon ontvang wat in klousule 2 van hierdie Hoofstuk voorgeskryf word, nie geg word as assente te wees nie. Voorts met dien verstande dat die assistente nie toegelaat mag word om gate te boor nie.

(18) glas in vooraf gemaakte groewe insa.

(19) siegs met die hand selfs- en/of kleefrolle vasst ten einde bottelkante te bedek.

(20) meubeldekings, beslagings en/of skuif-doppe aanbring.

(21) skroefboue in poelies of pole insa.

(22) proupe insaan in gate wat vooraf geboor is om bevestigingswerk te bedek.

(23) met leipatroon, patroon of semant uitmerk.

(24) spelels deur middel van kleefband vasleg.

(25) siefjies in voorafbedeelde groewe insa (die op panele nie).

B MEUBELMASJENRY

6 Werkermer graad II

Een of meer van ondergenoemde masjiere stel en/of bedien en/of werk daarmee verrig:

(1) Diktekaafmasjiere (enige skaafwerk behalwe reiskraafwerk).

(2) skadlyfmasjiere met vier en/of vyf bevels.

(3) 'n outomatiese kopieermasjiere of kopieer-draaband.

(4) 'n outomatiese kopieermasjiere of kopieer-draaband.

(5) 'n Houtsaag.

B FURNITURE MACHINERY

6 Grade II employee

Setting up and/or operating and/or performing work with any one or more of the following machines:

(1) Thicknesser (any planing other than jointing-planing).

(2) Four and/or five cutter planer moulder machine.

(3) automatic copying machine or copying lathe.

(4) multiple cutter carving machine.

(5) rip saw.

Typeperk ein- digende	Vanaf	For period ending	From
30/6/87	1/7/87	30/6/87	1/7/87
R	R	R	R
89,74	101,62	89,74	101,62

5 Grade IV employee

(1) Inserting plugs and/or slivers and removing excess.

(2) all bolting, including the bolting of fittings and screwing of handles into pre-drilled holes, excluding the assembling of furniture and/or furniture parts by means of bolting and/or fitting, other than the operations referred to in subclause (3).

(3) affixing fittings of rod sockets and/or striking plates and/or escutcheons and/or self studs.

(4) drilling guide holes for bolts, nails, screws and/or plastic inserts by hand or hand tool.

(5) making and/or pointing of dowels.

(6) bending solid timber.

(7) affixing of any kind of glue block (not screwed or nailed down).

(8) affixing sockets for casters.

(9) affixing of casters and/or domes and/or bed irons, hanger bolts and plates.

(10) knocking in and/or securing of corner blocks to chairs (only of the type known as "Kitchen Benchwood", "Globe", "Standard", "Sturdy" and "Super") Provided that such corner blocks shall not be nailed, painted or screwed.

(11) dupping of solid timber into softening solution.

(12) mixing and/or mass-measuring and/or pre-pairing glue.

(13) knocking in dowels.

(14) applying glue and/or glue hardeners.

(15) inserting screws into prebored holes preparatory to screwing.

(16) inserting corrugated fasteners in the process of assembling frames.

(17) assisting in the putting together or assembling of furniture parts which are to be cramped or clamped. Provided that the ratio of such assistants to employees in receipt of wages prescribed in clause 2 of this Chapter who are engaged in cramping shall not exceed four to one and that such assistants shall not be deemed to be assistants in the absence of the aforementioned employee who is in receipt of the wage prescribed in clause 2 of this Chapter. Provided further that the assistants shall not be permitted to bore holes.

(18) dropping glass into pre-made grooves.

(19) affixing by hand only of self-sticking and/or gummed strips for the purpose of covering board edges.

(20) affixing of nut covers, females and/or guides.

(21) inserting of screw bolts into slumps or legs.

(22) knocking in of plugs into pre-bored holes to cover any fixing devices.

(23) marking out by template, pattern or jigs.

(24) attaching nutrons by means of adhesive tape.

(25) inserting ornamental beading into prepared grooves (not on panels).

Typeperk ein- digende	Vanaf	For period ending	From
30/6/87	1/7/87	30/6/87	1/7/87
R	R	R	R
104,61	116,49	104,61	116,49

7 Werkermer graad III

Een of meer van ondergenoemde masjiere stel en/of bedien en/of werk daarmee verrig:

(1) 'n Uitsaag.

(2) 'n boormasjiere.

(3) 'n skarnverhuilmasjiere.

(4) 'n tapvoegmasjiere.

(5) 'n bandskruwmasjiere.

(6) 'n tapgatanmasjiere.

(7) 'n tromskruwmasjiere.

(8) 'n gullione.

(9) 'n tolkruur- of suiermasjiere.

(10) 'n skyfkrur- en/of tromskruwreelmassjiere.

(11) 'n bandkruip.

(12) 'n kamfiuremasjiere, insluitende siegs kamfiurewerk, afwerking en/of skuurwerk.

(Die loon wat betaal word, moet bepaal word volgens die aard van die werk wat op sodanige masjiere verrig word en nie volgens die tipe masjiere wat gebruik word nie.

(Die aard van die werk wat op 'n masjiere verrig word tenyvi dit aan die gang is, is die beslissende faktor by die bepaling van die tipe masjiere.)

8 Werkermer graad IV

Een of meer van ondergenoemde masjiere stel en/of bedien en/of werk daarmee verrig:

(1) 'n Houtskroefdraad- en/of houtburek-roef-draadsmasjiere.

(2) 'n tappemasjiere.

(3) 'n tappeldrukmassjiere (uitgesondert kleenwerk).

(4) skuurpapierhande maak en/of aanmekeer beg vir 'n bandskruwmasjiere.

(5) skuurpapierstyre maak en/of aanleg.

(6) skuurpapier styre vir 'n skuurmasjiere.

(7) skuurpapier aanbring op rolle en/of skuurmasjiere.

(8) setmate met materiaal aan en ontlaan ter voorbereiding vir masjiere. Met dien verstande dat die setmate nie gebruik word vir die kleen van meubelde nie.

(9) masjiere en/of motorvoertuie smeer en/of olie.

(Die loon wat betaal word, moet bepaal word volgens die aard van die werk wat op sodanige masjiere verrig word en nie volgens die tipe masjiere wat gebruik word nie.

(Die aard van die werk wat op 'n masjiere verrig word tenyvi dit aan die gang is, is die beslissende faktor by die bepaling van die tipe masjiere.)

9 Werkermer graad III

Assistent vir die saagsteltel by die herstel van sae, bevels, lemme en messe, nie in sy permanente afwesigheid nie.

Typeperk ein- digende	Vanaf	For period ending	From
30/6/87	1/7/87	30/6/87	1/7/87
R	R	R	R
104,61	116,49	104,61	116,49

7 Grade III employee

Setting up and/or operating and/or performing work with any one or more of the following machines:

(1) Jig saw.

(2) boring machine.

(3) hinge receiving machine.

(4) dowel inserting machine.

(5) belt sandpapering machine.

(6) notice machine.

(7) drum sanding machine.

(8) gullion.

(9) bobbin sandpapering or reciprocating machine.

(10) disc sanding and/or brushback orbital sanders.

(11) leafcramp.

(12) edge veneering machine including edge veneering, turning and/or sanding operations only.

(Payment of wages shall be determined by reference to the nature of work performed on such machines without reference to the type of machine used.

The nature of work performed on a machine whilst in operation shall be the deciding factor in determining the type of the machine.)

8 Grade IV employee

Setting up and/or operating and/or performing work with any one or more of the following machines:

(1) Wood threading and/or wood tapping machine.

(2) dowel squeezing machine.

(3) lemon squashing machine (other than cramping operations).

(4) making and/or joining sandpaper belts for belt-sandpapering machine.

(5) making and/or affixing discs of sandpaper.

(6) cutting sandpaper for sandpapering machine.

(7) affixing sandpaper to bobbins and/or sanding machines.

(8) the loading and unloading of jigs with material in preparation for machining. Provided that such jigs are not used for cramping of furniture parts.

(9) greasing and/or oiling machines and/or motor vehicles.

(Payment of wages shall be determined by reference to the nature of work performed on such machines without reference to the type of machine used.

The nature of work performed on a machine whilst in operation shall be the deciding factor in determining the type of the machine.)

9 Grade III employee

Assistant to the saw doctor in doctoring saws, cutters, blades and knives, not in his permanent absence.

D POLIERAFDELING		D POLISHING DEPARTMENT	
Typtek ein digende	Vanaf	For period ending	From
10 <i>Werkstermer graad II</i>	123,28	123,28	135,16
(1) Spruifert van onderlag, (2) 'n ontwerp produseer deur middel van 'n stel- sil end/of systeem, (3) veroudering (behalwe met die hand)			
11 <i>Werkstermer graad III</i>	104,61	104,61	116,49
Veroudering met die hand			
12 <i>Werkstermer graad IV</i>	89,74	89,74	101,62
(1) Kleurverries end/of kleuwerkreming op mas- beis oordruk (2) 'n ontwerp produseer deur middel van 'n oor- druk, (3) beuse end/of kleurowwe meng, (4) gepoleerde oppervlakte met die hand of mas- jien gestroop, (5) gate end/of krake vul, (6) was aansit bleik, beits en olie, (7) opknapwerk by die op- end/of afhaalplek; (8) die rande van hamelbord of laaghout verf end/of inval, (9) deure end/of toebehoere van meubelstukke ver- wyder en te rugplaas om dit te poleer end/of te hetsel, (10) vloekwiel op kleevoertrekkers versprei en die kleevoertrekkers vir vloekwiel slegs vir die binnekant van laasie aansit (11) metaalspruifertwerk, (12) in emaljé verf of lak te rug deoep, (13) oplossings deursny, (14) spruifapparaat skoonaak, (15) vloekbestrykingsmasjien of soortgelyke toestelle voer end/of omhaal end/of bedien, maar uitgesonderd die stel daarvan, (16) met die hand opvul of skoon wek end/of was			
E STOFFERAFDELING			
13 <i>Werkstermer graad II</i>	123,28	123,28	135,16
(1) 'n Fondament vir kroekelvere maak end/of aan- bring met ander materiaal as hout end/of metaallate, (2) vere end/of vereend, de aan fundamente vassit, (3) vere in posisie vaswiel, (4) raamwerk, bedbass- of aeljersbankse stof- feer, (5) koppilante stofteer, uitgesonderd diamant- krope aansit, (6) los stoele, eelkameer end/of kombusstoele stof- feer Vir die toepassing van heurde klousule beteken 'n veerendheid 'n onafhanklik monasie van kroekel- vere of aascehandelende vere wat so in mekaar gevleg, aannekaar gebel of so gemak is dat 'n verfond- ment end/of verhoedekant vertrek vir gebruik in 'n binneverkeerssling, binneverkeersplek end/of binnever- sindesiel			
14 <i>Werkstermer graad III</i>	104,61	104,61	116,49
(1) Gump end/of framings vassig end/of vassam, (2) krope aanwerk behalwe aan los kruisings (uit- gesonderd diamantkrope aanwerk), (3) afneem ter voorbereiding vir die vassig van gump end/of framings, (4) fondamente vir kroekelvereendelede maak end/of aanbring met hout end/of metaallate, (5) deurtroepwerk			
15 <i>Werkstermer graad IV</i>	89,74	89,74	101,62
(1) Heuse vere end/of ketting end/of hoepelyster aanhang wat uitsluitlik as ondersteuning vir los stoe- kruisings moet dien, (2) rubberstoele aanhang wat uitsluitlik as ondersteuning vir los stoelekruisings dien,			
10 <i>Grade II employe</i>	123,28	123,28	135,16
(1) Spraying undercoating, (2) producing a design by means of a stencil and or silk screen (3) ageing (other than by hand)			
11 <i>Grade III employe</i>	104,61	104,61	116,49
Ageing by hand			
12 <i>Grade IV employe</i>	89,74	89,74	101,62
(1) Transferring nursery rhymes and/or nursery characters on to furniture, (2) producing a design by means of a transfer, (3) mixing stains and/or colouring materials, (4) stripping of polished surface by hand or machine (5) filling in holes and/or crevices, (6) waxing, bleaching, staining and oiling, (7) touching up at the point of loading and/or off- loading, (8) painting and/or filling in of edges of laminated board or of plywood, (9) removing and replacing doors and/or fittings from articles of furniture for the purpose of polish- ing and/or repairing (10) spreading flock on adhesive surfaces and the application of the adhesive for flock for the insides of drawers only, (11) spraying metal, (12) dipping in enamel paint of lacquer, (13) cleaning solutions, (14) cleaning spraying apparatus, (15) feeding and/or off-loading and/or operating of flow-coater machines or similar plant but exclu- ding the setting up, (16) ragging or wiping and/or washing by hand			
E UPHOLSTERY DEPARTMENT			
13 <i>Grade II employe</i>	123,28	123,28	135,16
(1) Making and/or affixing a foundation for coil springs with any material other than wooden and/or metal laths (2) securing springs and/or spring units to founda- tions, (3) lashing springs in position, (4) upholstering box springs, bed base or studio couches, (5) upholstering headboards other than diamond buttoning, (6) upholstering occasional chairs, diningroom and/or kitchen chairs For the purposes of this clause, a spring unit means an independent assembly of coil or conium- ous springs so interconnected, associated or con- structed as to provide a spring foundation and/or interior for use in an undersprung cushion, seat and/ or seating device			
14 <i>Grade III employe</i>	104,61	104,61	116,49
(1) Tacking and/or stapling gump and/or fringes, (2) buttoning, excluding buttoning of loose cush- ions (other than diamond buttoning), (3) marking off preparatory to the securing of gump and/or fringes, (4) making and/or affixing foundations for coil spring units with wood and/or metal laths, (5) tufting			
15 <i>Grade IV employe</i>	89,74	89,74	101,62
(1) Affixing helical springs and/or chain and/or hoop iron for the sole purpose of serving as a sup- port for loose cushions, (2) affixing rubber strips for the sole purpose of serving as a support for loose cushions,			
(3) heuse vere end/of ketting end/of sigsag- of nu- sakeverwek aan rande vir stoffeersit eke aanhang, (4) hoepelyster end/of seilband end/of plaasveran- gde materiaal vir seilband aan los stoelekkie end/of rugleunings vir eekantstoelekkie aanhang, (5) die herwing van veerkanne met die sigsag- end/of nie-saksig vere aan rande vir stoffeersit eke, met inbegrip van die aanhang van samestellende dele, maar uitgesonderd die vassig end/of aanhang van goungsak end/of sisal end/of plaasverangende mate- riaal vir goungsak of sisal (6) laaghout end/of gepersie bord aan los stoelekkie en rugleunings van stoele vassiglyk end/of met begryppers vassiaan vir stoffeersit eke, (7) kruisstake aan los veerkruisingsendelede heg, (8) platforme sny vir die bedekking van heuse vere, (9) 'n plus- end/of baalopmaak- end/of baalbrek- masjien bedien end/of werk daarmee verbyg, (10) binneverkeers kruisings end/of oortrekkers end/of penle met die hand of 'n masjien opstap, (11) vulsel in touvoorn losdaan, (12) krope end/of lossies maak, (13) die stoffeersit help deur oortrekkers vas te hou, (14) bandersier- end/of kralewerk maak (15) klaar gesnyde materiaal sorteer nadat dit by die grootmaat uitsny is, (16) klaar gemaakte stoelekruisings vir allewering magaan end/of gereedmaak, (17) skuumrubber end/of dergelyke stowwe volgens grootte of vorm sny, (18) skuumrubber end/of dergelyke stowwe aan be- dekkingsmateriaal vassiglyk slegs vir deurtrekwerk, (19) rubberstoele sny, (20) skuumrubber end/of dergelyke stowwe aan- kaar heg, (21) stroke teksiel end/of smetende stof aan skuumrubber end/of dergelyke stowwe vasheg maar uitdruklik uitgesonderd die vasheg daarvan van oor- trekmateriaal in Fly, (22) grootmaatlike stoffeermateriaal van alle soorte van seilant tot seilant met die hand opbrek end/of opstap, (23) kerton in die stoffeersit met die hand end/of 'n masjien sny, (24) 'n skuummateriaal bedien, (25) die snyer help om lae materiaalengtes mee te le, (26) van stowwe met 'n handmasjien reguul sny vir die onderkante of fondamente bo-oor die vere (lunne en goungsak), (27) patroon vir die rugleunings van stoele of rus- bankke op alle stowwe atrek (behalwe) (28) onderkante van gestoffeerde artikels vassiaan, (29) meubels stroop vir hetselwerk, (30) rubber of rubberstroop aan kaal rande heg vir stoffeersit eke (uitgesonderd die vassig, vas- kran of vassiaan daarvan) (31) kanton of veeringmateriaal aan kaal rande heg vir stoffeersit eke, (32) rugleunings van kanton, kalko of goungsak slegs aan gestoffeerde kopsukke heg			
F PINEERAFDELING			
16 <i>Werkstermer graad III</i>	104,61	104,61	116,49
(1) Finneelwerk verbyg uitgesonderd op 'n vakkantmasjien, (2) ingesels maak end/of invoeg (uitgesonderd die nie van finneelwerk van artistieke ontwerp en vieren- deling van finneelwerk), (3) rugkant en nie aanpassingwerk sny			
(3) affixing helical springs and/or chains and/or zig-zag or no-sag springs to frames for upholstery, (4) affixing hoop iron and/or webbing and/or webbing substitutes to loose seats and/or backs for diningroom chairs (5) the springing up of spring edges with zig-zag and/or no-sag type of spring to frames for uphol- stery including the attachment of any component part but excluding the tacking on and/or securing of hessian and/or sisal and/or substitutes for hessian or sisal, (6) nailing and/or tacking plywood and/or com- pressed board to loose seats and backs of chairs for upholstery (7) securing pads to unaffixed spring cushion units, (8) cutting of platforms, used for covering helical springs, (9) operating a leasing and/or bale opening and/or bale breaking machine and/or performing any work therewith, (10) filling cushion cases and/or slips and/or bol- sters by hand or machine, (11) unwinding filling materials in rope form (12) making buttons and/or tufts, (13) assuring upholsterer in holding cover (14) making banding and/or beading (15) sorting of ready-cut materials after bulk cut- ting, (16) regulating and/or preparing completed cush- ions for delivery (17) cutting foam rubber and/or similar sub- stances to size or shape, (18) gluing of foam rubber and/or similar sub- stances to covering material for quilting only, (19) cutting rubber strips, (20) joining together foam rubber and/or similar substances (21) affixing textile and/or synthetic strips to foam rubber and/or similar substances but expressly excluding the affixing of covering material thereto, viz Fly (22) breaking up and/or cutting up by hand of bulk rolls of upholstery materials of all kinds from selfedge to selfedge (23) cutting cardboard in upholstery section by hand and/or machine (24) operating foam mangle machine (25) assisting cutter in putting down layers of lengths of cloth, (26) straight cutting of materials by hand machine for bottoms or undersewing over springs (linen and hessian) (27) marking out pattern for chair or settee backs on all materials (repentive marking), (28) tacking on bottoms of upholstered articles, (29) stripping of furniture for recovering (30) affixing of rubber or substitutes to bare frames for upholstery (excluding the sewing, stap- ling or tacking thereto), (31) affixing of cardboard or lining materials to bare frames for upholstery, (32) affixing of cardboard calico or hessian backs to upholstered headboards only			
F VEEVER DEPARTMENT			
16 <i>Grade III employe</i>	104,61	104,61	116,49
(1) Joining veneer other than on surface planer, (2) making and/or inserting slabs (excluding in- laying of veneers with an artistic design and quarter- ing veneers), (3) cutting backing and non-match veneers			

Typperk in digende	Vanaf 1/7/87	For period ending 30/6/87	From 1/7/87
17 <i>Werknemer graad IV</i>	R 89,74	R 101,62	R 101,62
(1) kantfinneerwerk met die hand, (2) perse van enige soort bedien end/of versorg end/of laai end/of ontlaa, (3) gom end/of lym end/of band end/of papier afwas end/of verwyder; (4) dele opstapel ná perswerk, (5) gom en gomverharders aanstyk end/of smeer; (6) oortollige finier afwerk nadat dit vasgeplym is (met 'n handwerkering), (7) laswerk sonder bande met 'n masjien, (8) finierhout end/of laaghout end/of hardbord in posisie vasbind vaskeem end/of vasspyker			
G MEUBELHOUTSVYAFDELING			
18 <i>Werknemer graad IV</i>	R 89,74	R 101,62	R 101,62
(1) Sluipeljonswerk verrig, (2) kraslyvisie aan borde vaslym end/of vastleg vir boordswywerk, (3) bestanddele vir vormwerk meng (4) versiersels fasioneer (uitgesonderd die vasst daarvan)			
H VERPAKKING VAN MEUBELS			
19 <i>Werknemer graad IV</i>	R 89,74	R 101,62	R 101,62
(1) Versterkende stroke boni aan vollooid meubels aanhang vir die doel van verpakking of vervoer; (2) verpakkingkassie end/of kasse vir meubels end/of dele daarvan maak, (3) meubels end/of dele daarvan in goueasak verpak; (4) meubels end/of dele daarvan in kartondose end/of kartonhouers end/of plastiekverpak, (5) kartondose end/of kartonhouers toemaak, (6) meubels end/of dele daarvan in papier end/of karton end/of plastiekverpak toedraan, (7) toebehoere end/of dele van meubelsake verwyder om vervoer end/of verpakking te vergemaklik, (8) toebehoere end/of dele van meubelsake wat vooraf verwyder is om die vervoer end/of verpakking daarvan te vergemaklik, tensin			
I ALGEMEENE WERKSAAKMAKING			
20 <i>Werknemer graad IV</i>	R 89,74	R 101,62	R 101,62
(1) Rottangvlegwerk, (2) rotangspiepleke aanhang, (3) remspeewerk (4) 'n pluismasjien stel end/of bedien end/of werk daarmee verrig (5) kussings vir veeteubede maak end/of sny, (6) werknemers in diens in verband met enige van die prosesse by die vervaardiging van veeteubede end/of die vervaardiging van hul samestelde dele, (7) veeteubaadrigingsmasjien stel end/of bedien, (8) luidspreektoelke en beddeleel aan relings, deure panele en borde vir radiokabinete aanhang, (9) oortollige lym van meubels of dele daarvan verwyder (10) metaalstele end/of skarnere end/of metaalbuise end/of vere end/of hoepelstier end/of draad end/of metaalstrole sny (11) blinkwerk end/of skroefdraad in ysterhoue end/of -stave sny (12) hoepelstier reguit maak, (13) gate in metaal pon, (14) metaalstave skoommaak, (15) metaalstrole buig, boor end/of monteer;			

Typperk in digende	Vanaf 1/7/87	For period ending 30/6/87	From 1/7/87
17 <i>Grade IV employee</i>	R 89,74	R 101,62	R 101,62
(1) Edge veneering by hand, (2) opening presses and/or attending and/or loading and/or unloading of presses of any kind, (3) washing off and/or removing gum and/or glue and/or tapes and/or paper; (4) stacking parts after pressing; (5) applying and/or spreading glue and glue hardeners, (6) running away excess veneer after affixing of veneer (by hand tool) (7) zapless jointing by machine, (8) taping and/or stapling and/or tacking veneers and/or plywood and/or hardboard into position for pressing			
G FURNITURE CARVING DEPARTMENT			
18 <i>Grade IV employee</i>	R 89,74	R 101,62	R 101,62
(1) Sluipel punchung, (2) glueing and/or affixing beading to board for carving (3) mixing ingredients for moulding (4) making moulded embellishments (excluding the affixing thereof)			
H FURNITURE PACKING			
19 <i>Grade IV employee</i>	R 89,74	R 101,62	R 101,62
(1) Affixing strengthening woodstrips to completed furniture for the purpose of packing or transporting (2) making packing crates and/or cases for furniture and/or parts thereof, (3) packing furniture and/or furniture parts in boxes, (4) packing furniture and/or furniture parts in cartons and/or cardboard containers and/or plastic sheeting, (5) closing cartons and/or cardboard containers, (6) wrapping furniture and/or furniture parts in paper and/or cardboard and/or plastic sheeting, (7) removal of fittings and/or parts from articles of furniture to facilitate transportation and/or packing, (8) replacement of fittings and/or parts previously removed to facilitate their transportation and/or packing			
I GENERAL OPERATIONS			
20 <i>Grade IV employee</i>	R 89,74	R 101,62	R 101,62
(1) Weaving of cane, (2) affixing cane seats (3) remspeewerk (4) setting up and/or operating tassing machine and/or performing work therein, (5) making and/or cutting pads for spong units, (6) employes employed in connection with any of the processes in the construction of spring interiors and/or the manufacture of their component parts, (7) setting up and/or operating springmaking machines (8) affixing speaker cloths and fabrics to rails, doors, panels and boards for radio cabinets, (9) removing excess glue spread on furniture or parts thereof (10) cutting metal rods and/or hinges and/or metal tubes and/or metal springs and/or hoop iron and/or wire and/or metal strips, (11) riveting and/or making threads on iron bolts and/or rods, (12) straightening hoop iron, (13) punching holes in metal, (14) cleaning metal rods, (15) bending drilling and/or assembling metal parts.			

Typperk in digende	Vanaf 1/7/87	For period ending 30/6/87	From 1/7/87
21 <i>Werknemer graad III</i>	R 104,61	R 116,49	R 116,49
(1) Meubelootreksels suk, (2) alle besnukke vaswerk end/of aanmaak, (3) kussingslope end/of -oortreksels suk, (4) donsokkeroortreksels suk end/of suk; (5) omboorrels maak, (6) gipssteekwerk end/of gump end/of frangse end/of materiaal aanwerk, (7) gump, frangse, gelton end/of plooierwerk afwerk end/of vaswerk, (8) knope aan los kussings aanwerk, uitgesonderd diamantknopwerk			
J STOFFERNAARS- EN OF NAALSTERSWERK			
22 <i>Werknemer graad III</i>	R 104,61	R 116,49	R 116,49
(1) Meubelootreksels suk, (2) alle besnukke vaswerk end/of aanmaak, (3) kussingslope end/of -oortreksels suk, (4) donsokkeroortreksels suk end/of suk; (5) omboorrels maak, (6) gipssteekwerk end/of gump end/of frangse end/of materiaal aanwerk, (7) gump, frangse, gelton end/of plooierwerk afwerk end/of vaswerk, (8) knope aan los kussings aanwerk, uitgesonderd diamantknopwerk			
K GORDYNWERK			
23 <i>Werknemer graad III</i>	R 104,61	R 116,49	R 116,49
(1) Gordyne suk en any, (2) gipssteekwerk aan gordynkapgetekane en frangse			
24 <i>Werknemer graad IV</i>	R 89,74	R 101,62	R 101,62
(1) Snywerk, (2) alle soorte gordynhake insteek end/of aansuk, (3) afwerking van gordyne (slags met die hand knoop waar blindstreeksjies die werk voltooi bet), (4) die kante van los gevende gordyne varyg, (5) bandstrokke aan gordyne werk, (6) assistent vir 'n gordynpasser (slags as die passer by is)			

Typperk in digende	Vanaf 1/7/87	For period ending 30/6/87	From 1/7/87
21 <i>Grade III employee</i>	R 104,61	R 116,49	R 116,49
(1) Sewing of furniture covers, (2) sewing on and/or hooking on of any attachments (3) sewing of cushion cases and/or cushion slips, (4) making and/or sewing of quilted covers, (5) making piping, (6) slip-stitching and/or sewing gump and/or fringes and/or materials, (7) marking off and/or affixing gump, fringes, brand and/or pleating, (8) buttoning of loose cushions other than diamond buttoning			
J UPHOLSTERY SEAMSTERS AND/OR SEAMSTRESSERS WORK			
22 <i>Grade II employee</i>	R 104,61	R 116,49	R 116,49
(1) Sewing of furniture covers, (2) sewing on and/or hooking on of any attachments (3) sewing of cushion cases and/or cushion slips, (4) making and/or sewing of quilted covers, (5) making piping, (6) slip-stitching and/or sewing gump and/or fringes and/or materials, (7) marking off and/or affixing gump, fringes, brand and/or pleating, (8) buttoning of loose cushions other than diamond buttoning			
K CURTAIN MAKING			
23 <i>Grade III employee</i>	R 104,61	R 116,49	R 116,49
(1) Sewing and cutting of curtains, (2) Slip-stitching pelmet backs and fringes			
24 <i>Grade IV employee</i>	R 89,74	R 101,62	R 101,62
(1) Ironing, (2) Inserting and/or stitching of all types of curtain hooks, (3) Fastening off of curtains (only to the knot by hand where blind stitch machine has completed the work), (4) tacking sides of loose-lined curtains, (5) taping out of curtain, (6) assistant to curtain fitter (only in the presence of the fitter)			

L. DIVERSE—HULPERWERSAAMHEDE

Typeperk diende	Vanaf	For period ending	From
1/3 Wv... 1/4 V... 1/5 V... 1/6 V... 1/7 V... 1/8 V... 1/9 V... 1/10 V... 1/11 V... 1/12 V... 1/13 V... 1/14 V... 1/15 V... 1/16 V... 1/17 V... 1/18 V... 1/19 V... 1/20 V... 1/21 V... 1/22 V... 1/23 V... 1/24 V... 1/25 V... 1/26 V... 1/27 V... 1/28 V... 1/29 V... 1/30 V... 1/31 V... 1/32 V... 1/33 V... 1/34 V... 1/35 V... 1/36 V... 1/37 V... 1/38 V... 1/39 V... 1/40 V... 1/41 V... 1/42 V... 1/43 V... 1/44 V... 1/45 V... 1/46 V... 1/47 V... 1/48 V... 1/49 V... 1/50 V...	17/87	30/6/87	17/87

L. MISCELLANEOUS—ANCILLARY OCCUPATIONS

Typeperk diende	Vanaf	For period ending	From
25 Grade II employee (1) Despatch clerk, (2) storeman (3) time keeper, (4) welding other than spotwelding, (5) sandblasting and/or burning, 26 Grade III employee (1) Caretaker, (2) watchman, (3) spotwelder, (4) welding of fabric M. HANDSANDING OPERATIONS ALL DEPARTMENTS 27 Grade IV (A) employee (1) Rasping and/or filing and/or scraping (operations in carrying only), (2) sandpapering by hand or portable machine, (3) rubbing with an abrasive paste and/or abrasive liquid by machine and/or mechanical appliance, (4) punching away any protruding nails pins and/or staples Provided that this is done only by hand-sandpaperers finding such unpunctured items during the sandpapering process in the sandpapering section (5) machine for sanding turned parts (6) reviving by hand or machine and/or mechanical appliance with a substance other than an abrasive paste and/or abrasive liquid N. FOREMEN CHARGHANDS SUPERVISORS AND GRADE IV CHARGHANDS (1) Foremen and supervisors (2) Chargehands (3) Grade IV chargehands	17/87	30/6/87	17/87

(1) Learners authorised in terms of clause 29 (1) of this Agreement employed in learning seamstresses and/or seamstresses work under Grade III employees and learners under Grade I and/or Grade II employees shall, notwithstanding the minimum wage specified on the certificate issued by the Council in terms of clause 29 (3) and (4) of Chapter I, be paid not less per week than the following wage

During the first six months of learnership 80 per cent during the second six months of learnership 85 per cent during the third six months of learnership 90 per cent during the fourth six months of learnership 95 per cent, of the minimum prescribed rate for Grade I Grade II or Grade III employees as the case may be

(2) The minimum weekly wage to be paid to a Grade IV learner as authorised in terms of clause 29 (5) (d) of Chapter I shall not be less than the following

During the first six months of learnership 60 per cent, during the second six months of learnership 80 per cent, of the minimum prescribed rate for a Grade IV employee

P. JUVENILE EMPLOYEES

(1) Juvenile male employees engaged in a trade or part of a trade designated under the Apprenticeship Act, 1944 during the authorised probationary period shall be paid not less than the wages prescribed in terms of the provisions of the said Act

(2) All other juveniles—The minimum wage prescribed in this Agreement for employees employed on the same class of work

10 CHAPTER III. CLAUSE B.—WAGE INCREASE AND MINIMUM WAGES

Substitute the following for subclause (1) of clause B

B. WAGE INCREASE AND MINIMUM WAGES

(1) The following shall be the minimum weekly wages prescribed for the respective classes of work enumerated hereunder: Provided that on each occasion the minimum prescribed rate has to be increased in terms of this

Verhoog moet word	Werknemer wat 'n beet loon ontvang as die minimum voorgeskrewe loon vir die klas werk wat by verhoog, moet, ondanks andersins belyende hierna verval in verhoging ontvang wat geëyk is aan die bedrag hieronder vir daardie loonkategorie aangedui	Typeperk eindigende	Vanaf
Drywer ingedeel onder 1 (a) (i)	Weekloon verhoog word met R10,12	30/6/87	17/87
Drywer ingedeel onder 1 (a) (ii)	Weekloon moet verhoog word met R10,12		
Drywer ingedeel onder 1 (a) (iii)	Weekloon moet verhoog word met R10,12		
Drywer ingedeel onder 1 (a) (iv) en (b)	Weekloon moet verhoog word met R10,12		
Drywer ingedeel onder 1 (c)	Weekloon moet verhoog word met R10,12		
Drywer ingedeel onder 1 (a) (i)	Weekloon moet verhoog word met R11,88		
Drywer ingedeel onder 1 (a) (ii)	Weekloon moet verhoog word met R11,88		
Drywer ingedeel onder 1 (a) (iii)	Weekloon moet verhoog word met R11,88		
Drywer ingedeel onder 1 (a) (iv) en (b)	Weekloon moet verhoog word met R11,88		
Drywer ingedeel onder 1 (c)	Weekloon moet verhoog word met R11,88		
Drywer ingedeel onder 1 (a) (i)	Weekloon moet verhoog word met R11,88		
Drywer ingedeel onder 1 (a) (ii)	Weekloon moet verhoog word met R11,88		
Drywer ingedeel onder 1 (a) (iii)	Weekloon moet verhoog word met R11,88		
Drywer ingedeel onder 1 (a) (iv) en (b)	Weekloon moet verhoog word met R11,88		
Drywer ingedeel onder 1 (c)	Weekloon moet verhoog word met R11,88		

(a) Drywer van 'n motorvoertuig uitgesonderd n sjoonwa, wat geïnsentseer is om n loon vir te dra of te trek van—
(i) onder as 2 722 kg (6 000 lb)
(ii) 2 722 kg (6 000 lb) en meer, maar hoogstens 4 536 kg (10 000 lb)
(iii) meer as 4 536 kg (10 000 lb) maar hoogstens 6 350 kg (14 000 lb)
(iv) meer as 6 350 kg (14 000 lb)
(b) Drywer van n sjoonwa
(c) Drywer van n vrughuyswa trekker bromponie, passasiebestuurder
(d) Losdrywer van n motorvoertuig, uitgesonderd n sjoonwa wat geïnsentseer is om vir n tydperk van negen uur of minder as negen uur per dag n loonvirg te dra of te trek van—
(i) minder as 2 722 kg (6 000 lb)
(ii) 2 722 kg (6 000 lb) en meer, maar hoogstens 4 536 kg (10 000 lb)
(iii) meer as 4 536 kg (10 000 lb) maar hoogstens 6 350 kg (14 000 lb)
(iv) meer as 6 350 kg (14 000 lb)
(e) Losdrywer van n sjoonwa
(f) Losdrywer van n vrughuyswa, trekker, bromponie, passasiebestuurder

Mei dien verstande eger dat geen werknemer op grond van n bepaling van hierdie kousules te enger tyd n loon betaal mag word as dié wat by ontvang het of wat by gegring sou gewes het om te ontvang in sy besonderse pos op die datum waarop hierdie Ooreenkoms in werking tree

(2) Vervang subkousule (6) deur die volgende

(6) Verhogings—n Werknemer moet, benevens ander beoeliding wat verksidig is aan sy werknemer wat tydens n reis onderneem vir die vervulling van sy pligte van sy woonplek en sy werknemer se bedryfsnriging alswaag is vir n tydperk van een of meer nagte minstens die volgende verhogings betaal

(a) Waar dit vir die werknemer nodig is om n aandele en bed te bekom R7 00,
(b) waar dit vir die werknemer nodig is om n aandele, bed en ontyt te bekom R9 00,
(c) waar dit vir die werknemer nodig is om n bed, ontyt, middag en aandele te bekom. R11 00

Agreement Employees who are in receipt of a wage in excess of the minimum prescribed rate for the class of work performed by him shall notwithstanding anything to the contrary herein contained receive an increment equivalent to the amount shown hereunder for the wage category

Classification	For period ending	From
Driver classified under 1 (a) (i)	Weekly wage to be decreased by R10,12	17/87
Driver classified under 1 (a) (ii)	Weekly wage to be decreased by R10,12	
Driver classified under 1 (a) (iii)	Weekly wage to be decreased by R10,12	
Driver classified under 1 (a) (iv) and (b)	Weekly wage to be decreased by R10,12	
Driver classified under 1 (c)	Weekly wage to be decreased by R10,12	
Driver classified under 1 (a) (i)	Weekly wage to be increased by R11,88	
Driver classified under 1 (a) (ii)	Weekly wage to be increased by R11,88	
Driver classified under 1 (a) (iii)	Weekly wage to be increased by R11,88	
Driver classified under 1 (a) (iv) and (b)	Weekly wage to be increased by R11,88	
Driver classified under 1 (c)	Weekly wage to be increased by R11,88	

(a) Driver of motor vehicle other than a stream wagon, authorised to carry or haul a payload of—
(i) under 2 722 kg (6 000 lb)
(ii) 2 722 kg (6 000 lb) and over but not exceeding 4 536 kg (10 000 lb)
(iii) over 4 536 kg (10 000 lb) but not exceeding 6 350 kg (14 000 lb)
(iv) over 6 350 kg (14 000 lb)
(b) Driver of steam wagon
(c) Driver of fork lift, tractor, scooter, passenger car
(d) Casual driver of motor vehicle other than a stream wagon, authorised to carry or haul a payload of (for any period or time hours or less per day)—
(i) under 2 722 kg (6 000 lb)
(ii) 2 722 kg (6 000 lb) and over but not exceeding 4 536 kg (10 000 lb)
(iii) over 4 536 kg (10 000 lb) but not exceeding 6 350 kg (14 000 lb)
(iv) over 6 350 kg (14 000 lb)
(e) Casual driver of a steam wagon
(f) Casual driver of fork lift, tractor, scooter passenger car

Provided however that no employee shall at any time by reason of any provision of these clauses be paid a wage less than that which he received or would have been entitled to receive in his particular post as at the date on which this Agreement comes into operation

(2) Substitute the following for subclause (6)

(6) Subsistence allowance—An employer shall, in addition to any other remuneration due, pay his employee who on any journey undertaken in the performance of his duties is absent from his place of residence and his employer's establishment for any period exceeding one or more nights a subsistence allowance of not less than—
(a) where it is necessary for the employee to obtain an evening meal and bed R7 00,
(b) where it is necessary for the employee to obtain an evening meal, bed and breakfast R9 00,
(c) where it is necessary for the employee to obtain bed, breakfast, lunch and evening meal R11 00

Tiny island supplies timber needs

21/07/75 08:05 AM

A TINY island in the middle of a scenic southern Cape lagoon is home to Africa's biggest plywood and blockboard factory

Uniply, in the Barlow Group, has spent six months setting up the factory on Thesens Island in the Knysna lagoon.

By consolidating four factories into one, it has created an operation able to supply all SA's plywood and blockboard needs.

MD Lew Behr said "We will also be in

Industrial Staff

a position to replace almost all imports of boards, plywoods and veneer"

Heavy rains, among other factors, have delayed completion of the factory and Behr said the move had disrupted supplies

"We have been having difficulty meeting demand but that period is almost behind us," he added

MANUFACTURING — WOOD & CORK

1987

FRIDAY, NOVEMBER 20, 1987

Mine strikes cut timber demand Sales cutback hits HLH profit

CME Trip 20/11/87 *(2008 2200 1150)* *199*

From LINDA ENSOR

JOHANNESBURG — The miner's strike had a dramatic impact on the sales of timber group, Hunt Leuchars & Hepburn Holdings (HLH), in the six months to September with turnover lagging inflation by only rising 11,2% to R138,8m (R124,8m).

CE Neil Morris said that for the months of August and September sales of timber to the mining industry — which constitute about 60% of the group's total sales — were severely cut. The mines took some time after the two-week strike, he said, to get full production going.

Having to cover fixed overheads, the real decline in sales resulted in margins dropping from 17,4% to 16,4%.

Borrowing

This plus a hefty increase in interest paid from R985 000 to R3,1m — due to the higher level of external borrowing by the group's operating timber company — also hit pre-tax profits which dropped by 5,2% to R19,7m (R20,7m). However, attributable earnings rose 21,8% to R10m (R8,3m) on account of a sharp dive in the tax rate from 30,7% to 10,8%.

This was due to development allowances for timber planting as well as to higher dividends received by HLH.

Earnings per share — including the share of the retained earnings of HLH's operating company — rose 20% to 21,6c (18c) and excluding this amount from 9,1c to 10,7c.

An interim dividend of 8c (6,5c) was declared.

Cash

HLH presently has cash resources of R65m for future investment. Its directors believe the second half of the year will continue to show an improvement.

Huntcor which derives its income from subsidiary HLH declared an interim dividend of 16,25c per share (13,25c) for the half year to September. Earnings per share of 42,7c (35,4c) were notched but excluding Huntcor's R3,2m share of the net income retained by HLH, this dropped to 21,2c (17,8c).

Huntcor's attributable income rose 21,3% to R6,4m (R5,3m), benefitting from a dramatic cut in the tax rate from 23,3% to 1,8%. Huntcor's share of HLH's retained earnings climbed 23% to R3,2m (R2,6m).

Giants accused of depressing prices

Timber men complain of big squeeze

199
23/11/87
B/day

CORPORATION-OWNED timber companies are deliberately squeezing the independent opposition out of business, it is claimed.

Sappi, Mondi and other timber-processors are depressing prices to such an extent that private timber-growers are having to sell their forests — to the processors themselves

The accusation is made by the 1 800-member SA Timber Growers' Association (Satga), but is denied by the Forest Owners' Association (FOA), which represents the processors.

FOA members control about 75% of the country's private-sector forests and 81% of pine plantations

According to Satga, processing companies have bought an additional 4% of private-sector forests in the past three years from independent growers. Calling it a "disturbing trend", Satga chairman Werner Weber says more individually owned plantations are in danger of going the same way.

The FOA has more than 30 members, many of them in the Anglo American and Gencor groups. Satga claims that because FOA members both own forests and process timber, it is in their interests to create a near-monopoly. This they are

DAVID FURLONGER
Industrial Editor

doing by holding down prices to timber suppliers, even at the cost of reducing their own forests' profitability.

Satga claims price increases have been below the inflation rate for several years, while costs have increased to the point where many growers are making losses

It says processors are using short-term market conditions to set prices, when a long-term approach is necessary in an industry where it takes up to 15 years for plantations to grow

Satga says a study has shown that because of the financial squeeze, many farmers and labourers are leaving the land, and development of new pine plantations has been impeded.

It adds, "The monopoly control of giant corporations, such as Anglo and Gencor, over the private timber industry is escalating, with no evident offset through increased efficiency."

The FOA denies its members are trying to destroy the independent opposition.

Director Mike Edwards says the

● To Page 2

Timber growers claim 'squeeze'

processors welcome competition to their own plantations and do not seek a monopoly. In some cases, he says, FOA members have gone into partnership with independents, rather than buy them out.

He says "The strategic objective is not to remove small growers but to ensure a continuing source of raw materials"

He admits processors are not paying forest-owners what they need for their timber, but says this will continue as long as timber is in over-supply

← ● From Page 1

"I agree prices sometimes haven't been what we would like them to be, but you have to consider the ultimate market. If the cost of the raw material becomes prohibitive, the processors will be priced out of the market"

"We admit growers haven't been able to recover cost increases. Had they done so, our competitiveness would have been eroded"

BUSINESS

MD 24/11/87 199
Timber growers: we are being squeezed

JOHANNESBURG — Corporation-owned timber companies are deliberately squeezing the independent opposition out of business, it is claimed

Sappi, Mondi and other timber-processors are depressing prices to such an extent that private timber-growers are having to sell their forests — to the processors themselves.

The accusation is made by the 1 800-member SA Timber Growers' Association (SATGA), but is denied by the Forest Owners' Association (FOA), which represents the processors

FOA members control about 75 per cent of the country's private-sector forests and 81 per cent of pine plantations

According to SATGA, processing companies have bought an additional 4 per cent of private-sector forests in the last three years from independent growers. Calling it a "disturbing trend", SATGA chairman, Mr Werner Weber, says more individually owned plantations are in danger of going the same way

The FOA has over 30 members, many of them in the Anglo American and Gencor groups. SATGA claims that because FOA members both own forests and process timber, it is in their interests to create a near-monopoly. This they are doing by holding down prices to timber suppliers, even at the cost of reducing their own forests' profitability

SATGA claims price increases have been below the inflation rate for several years, while costs have increased to the point that many growers are making

losses

It says processors are using short-term market conditions to set prices, when a long-term approach is necessary in an industry where it takes up to 15 years for plantations to grow

SATGA says a study has shown that because of the financial squeeze, many farmers and labourers are leaving the land and development of new pine plantations has been impeded

It adds "The monopoly control of giant corporations such as Anglo and Gencor over the private timber industry is escalating, with no evident offset through increased efficiency"

The FOA strongly denies its members are trying to destroy the independent opposition.

Director Mr Mike Edwards says the processors welcome competition to their own plantations and do not seek a monopoly. In some cases, he says, FOA members have gone into partnership with independents rather than buy them out

He says "The strategic objective is not to remove small growers but to ensure a continuing source of raw materials"

He admits processors are not paying forest owners what they need for their timber, but says this will continue as long as timber is in over-supply

"I agree prices sometimes haven't been what we would like them to be, but you have to consider the ultimate market. If the cost of the raw material becomes prohibitive, the processors will be priced out of the

market

"We admit growers haven't been able to recover cost increases. Had they done so, our competitiveness would have been eroded"

market prices

DD 25/11/87
199

Squeeze on independents in timber industry denied

EAST LONDON — A claim by the South African Timber Growers' Association (Satga) that corporation-owned timber companies were squeezing independent opposition out of business "was not major news in this part of the world," a Stutterheim sawmiller, Mr John Rance, said yesterday.

Mr Rance said one had to understand the nature of the timber industry — "there are different fields in the industry and what happens in one sector does not affect the other

"We supply a com-

pletely different market and are not directly affected by the so-called attempt by the corporation-owned timber companies to push us out of the market."

Mr Rance said there was an element of truth and nonsense in the Satga statement by the Forest Owners' Association (FOA) — which represented the processors — that the big corporations were depressing prices to such an extent that private timber-growers were having to sell their forests to the processors

"FOA and Satga have formed a federation —"

the Federation of the Timber Growers' Association, so it is illogical that one should try to outdo the other," Mr Rance said

The FOA has denied that its members are trying to destroy the independent opposition

Its director, Mr Mike Edwards, said the processors welcomed competition to their own plantations and did not seek a monopoly

In some cases, he said, FOA members had gone into partnership with independents rather than buy them out — DDR

300 ^{CAP- TMD 15/7/8}
~~15/7/8~~
Kuils River
workers ¹⁹⁹
on strike

Staff Reporter

ALMOST 300 Cosatu-affiliated workers at the Boland Wood Industries factory in Kuils River have not worked since Wednesday afternoon, in support of wage demands, a union organizer said yesterday.

Ms Geraldine Kennedy, a branch organizer of the Paper, Wood and Allied Workers' Union, said the union had sent management a letter requesting a meeting on Wednesday afternoon, but management had responded that wage demands would not be discussed before an interim recognition agreement had been made final.

Mr J F Hattingh, administrative manager of the firm, said the employees had been striking illegally since 2pm on Wednesday. It was presumed this was "in connection with wage increases".

Ms Kennedy said: "The basic minimum wage at that factory is R78 a fortnight.

"The union said the workers are demanding a 50% wage adjustment from August 1 this year."

There were about 300 workers at the factory, 280 of them union members, she said.

In July this year the workers had received a wage increase of R3 each a fortnight, but they regarded this merely as recompense for a R3 wage reduction two years previously, Ms Kennedy said.

TIMBER INSURANCE

Knotty problem

Following huge rate increases in timber insurance costs by the local market, the South African Timber Growers' Association (Satga) has decided to go it alone.

Explains director Bruce Ferguson "Our members used Allianz Insurance until it withdrew from the market last year. Before it left, there was a dramatic increase in rates — in some cases as much as 40%-50% "

Indeed, certain rates, as charged by the Growing Timber Pool, administered by the SA Insurance Association (Saia), rose as

much as 300%. Its premiums for pines, for example, under a zero no-claims bonus, were upped to 4,5% of the sum insured with a 10% excess or R6 000 whichever is greater. Additional cover for "removal of stock debris" costs 0,3% of the sum insured.

Needless to say, though the pool tried to garner some of Satga's ex-Allianz business, it was to little avail "Their rates were too high," says Ferguson, "and some of their terms and conditions were less favourable than our previous arrangements "

Comments Rodney Schneeberger, CE of Saia. "This is not the only business written by the pool, but it is a material development. We did have negotiations with Satga, but nothing came of them "

The doors are not entirely closed, he adds

One bargaining chip the pool could play is that it can offer political riot cover from the SA Special Risks Insurance Association (Sasria), unlike Satga

"They feel they can transact business at lower rates than we can," says Schneeberger. "We concede we never intended to be a competitive body. But they don't realise that this business is largely prone to catastrophe losses."

The irony is that the pool was originally set up precisely for Satga members in 1969 because of its difficulties in obtaining cover in conventional markets. "We welcomed its formation," says Ferguson, "but we never placed all our business with the pool even then." Members used Lloyd's of London and Allianz as well.

4/11/87
FIM 199

<p>the smaller timber growers, since Brokoop was established, to be favourable on balance — which is what prompted us to go this route. I will say the business of the larger operations has not been so profitable</p> <p>"In any event, we will use considerable reinsurance arrangements and also have guarantees to back up Central Timber."</p>	<p>trophe insurance should be well known to Satga. Since about 1969 it has also run Brokoop, a broking operation responsible for placing members' business. So it should have a good idea of rating structures and levels of risks, especially those involving members who already have long track records</p> <p>Notes Ferguson, "When we examined the scheme, we found past claims history with</p>	<p>The latest move by Satga is the establishment of the Central Timber Fire Protection Co-operative, in terms of the Co-operatives Act 1981 s49.</p> <p>This was set up in May, says Ferguson, to provide compensation to timber growers for damage Not included are large operators, like Sappi or Mondi, nor the sawmills</p> <p>The dangers of underwriting such catas-</p>
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announcement of a
R500m investment by SAB

CAPIT 7/3/77 (67) 32 (199)

Everite bids R65m

for T & N division

JOHANNESBURG. — Everite Limited is to acquire the building products division of Turner and Newall Holdings Ltd (T & N) for R65m.

T & N would be issued ordinary shares in lieu of cash, representing 25% of Everite's enlarged capital.

A holding company, Everite Holdings Limited (Evhold) is to be formed, which after the issue of shares to T & N, would hold 56,2% of Everite's ordinary issued share capital.

Everite would seek the approval of shareholders to form Evhold by way of a three-for-one capitalization issue of additional ordinary shares out of non-distributable reserves. The three additional shares would be exchanged for one Evhold share. Thus, 25% of ordinary shareholder's investment would be in Everite Ltd and 75% in Evhold. — Sapa

A factory run by the staff for the staff

Taking a leaf out of the new-style European management book, a small Atlantis factory, Cape Cabinets, is blazing a trail for South African employee advancement and training. JANE ARBOUS visited the company and was fascinated by its participative management approach.

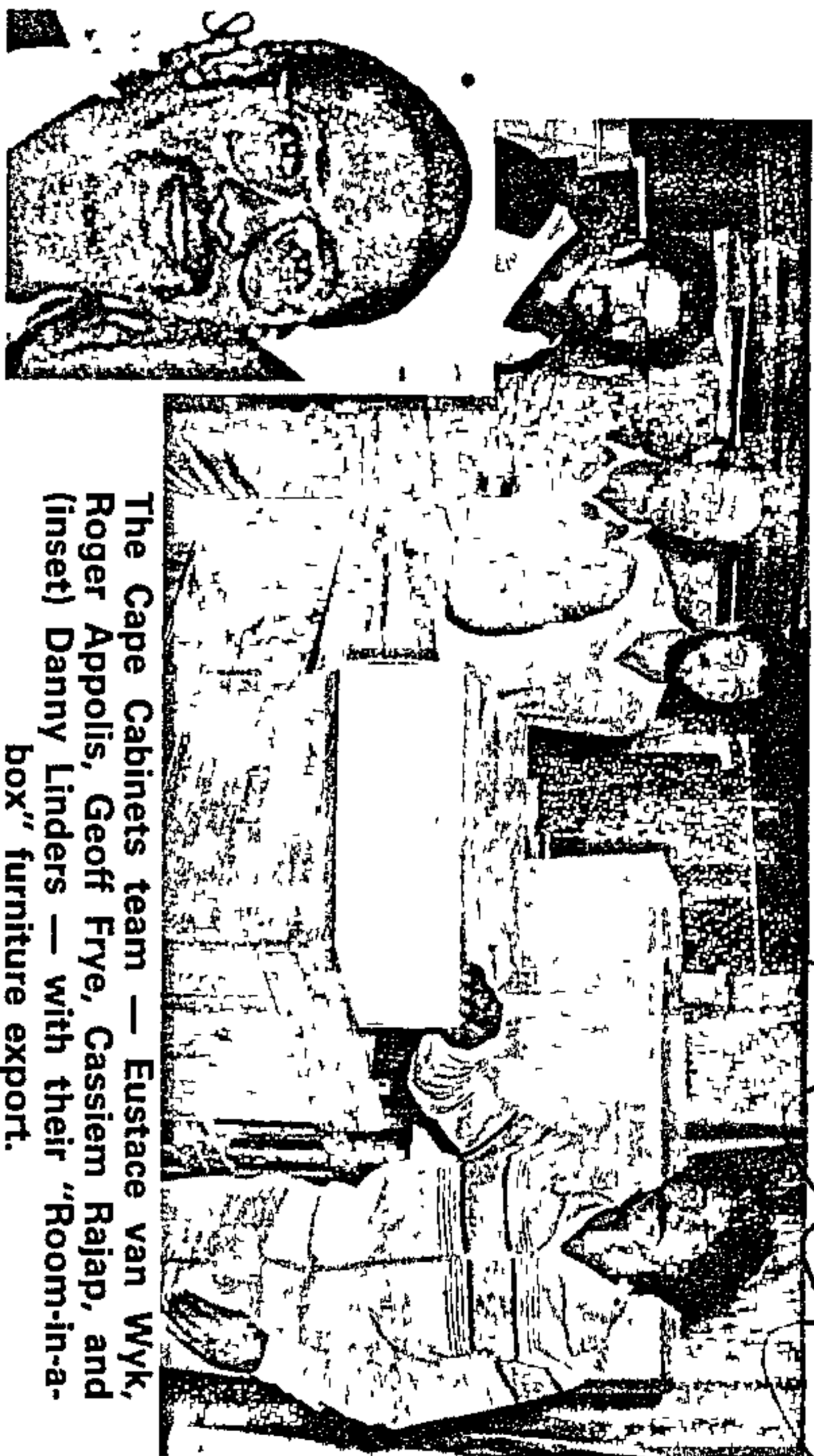
CAPE CABINETS is run by the people for the people — a concept taking shape slowly in South African business where the workforce is mainly coloured or black and the management is still white.

Geoff Frye, general manager of CC, did more than talk about employee advancement. Less than two years ago he took four of his best workers — armed with only technical experience — off the floor and turned them into a management committee, and then into THE management.

Since then, the company has notched up record turnovers, suppliers have battled so much to keep up with demand that schedules have had to be brought forward, and this week Frye flew to America to tie up their first export deal.

The latter is a direct result of the 20% increase in productivity of the factory's 219 employees. The company probably has the highest productivity in the entire furniture industry per man-hour worked.

And while Frye is away, the task of his deputies is to set their professional and per-



The Cape Cabinets team — Eustace van Wyk, Roger Appolis, Geoff Frye, Cassiem Rajap, and (inset) Danny Linders — with their "Room-in-a-box" furniture export.

sonal goals for the next two years, five years, and 10 years.

Frye comments "The industry has always imported management skills and not really looked at the local talent — which 10 years ago wasn't there because there was no training."

Ten years ago the Furniture Industry Training Board was established and since then Frye has become totally committed to training on a skills and supervisory development level.

In October 1985 he phased out the classic management structure in the company, investigated the potential of his manpower resources and identified four supervisors whom

he thought had management potential to form a management committee.

In June 1986 the committee members, of whom three live in Atlantis, were promoted to management level. Cassiem Rajap became production manager, Eustace van Wyk machine shop manager, Roger Appolis assembly shop manager and Danny Linders polish shop manager.

By January this year the four were responsible for running the company "learning manpower skills on the job."

On the first working day in January, Frye fell ill and was put off work for six weeks. "It was their first test and I let them do the worrying. It was unbelievable," he says.

Business took off. When he returned to work, the factory was running one week ahead of schedule and breaking production records. Turnover and productivity had shot up by 18%.

This was bettered in April, despite the short weeks, and turnover for the month broke the preceding month's by 20%.

The achievement is summed up by the fact that in the company's first three years of operation in Atlantis, it took double shifts to do half the turnover. Staff turnover has been slashed also — a good indication of employee happiness.

The committee's success has highlighted the problem of management succession and back-up. So, a three-year development programme devised in conjunction with the Furniture Industry Training Board has been started for six young trainees.

The first group were packers with matric. Their most recent projects over a four-month period have saved the company R52 000 a year.

"The first motivation here is security for all employees. They don't talk cash (apart from an obviously fair wage), they talk security and status."

Financial incentives could come at a later stage. Although they work a 40-hour week, they are paid for 44 hours — a 10% advantage over the rest of the industry's workers. Frye says the increased productivity has been used to create job opportunities and reduce product prices rather than to produce profits.

"Our message is that motivation is self-motivation and self-discipline. The factory is really run by the people — they decide who gets hired; they do the planning."

Cape Times 23/5/87 (199)

Lion Match ups div 14,8%

THE Lion Match group is to concentrate its activities in the medium term on development and expansion of its four operating divisions, and does not expect to diversify outside these main areas of its business.

Chairman M R A McElligott outlines strategy in the company's annual report after the 1986 results fell short of the group's long-term goal of generating increasing dividends in real terms and cover of not less than twice earnings.

Group operating profit on average net assets rose by 2% in 1986, earnings by 15,6% and dividends by 14,8%.

McElligott says the programme for the year ahead includes extending local manufacturing capacity, modernising match machinery, upgrading other plant, and implementing improved planned-maintenance systems, while balancing these efforts with production requirements.

"Taking account of capital-

MERVYN HARRIS

expenditure requirements and a further increase in working capital to sustain a higher level of turnover, the group is budgeting for negative cash flow, a rise in debt and an increase in interest payable in 1987.

"These developments are likely to acquire a reappraisal of the current level of dividend cover," McElligott notes. Dividend cover was 1,87 times in 1986.

Expected fiscal stimulation of the economy this year and increases in remuneration for public servants should enable the group to achieve a further increase in earnings this year.

Positive features in 1986 included the rise in export earnings, assisted by the weak rand, restocking by industry and retailers, and increased capacity utilisation in industry.

While turnover rose by 27,5%, operating profit increased by

18,1%, due mainly to an increased contribution to group turnover from products with profit margins that are normally lower than average.

At three of the group's manufacturing locations, unsettled labour conditions, mainly in the first half of the year, caused production slow-downs and interruptions that hit unit costs.

McElligott says areas of concern arising from the collective-bargaining process, which must continue to receive careful attention on both sides, are the apparent inability or unwillingness of union officials to control or discipline their members to adhere to agreed procedures.

He also criticises the impatience of some groups of members during negotiations.

Lion Match shares are on an historic dividend yield of 4,4% at the current price of R12. They appear fair value at the current price after rising from 800c a year ago.

S/3/87 1987

Sawmills pay strike enters fourth day

Labour Reporter

STRIKES at two BruPLY plants in the Western Cape have entered their fourth day as wage negotiations remain in deadlock.

About 300 members of the Paper, Wood and Allied Workers' Union at BruPLY sawmills in Elgin and Stellenbosch went on strike on Monday in support of pay demand.

The management and the union met on Tuesday but no agreement was reached.

A union spokesman said the union had lowered its pay demands closer to the 31c an hour the company was offering.

The company is demanding that the workers return to work before negotiations continue.

VIOK

Strike resumed *On Fri 3/3/87*

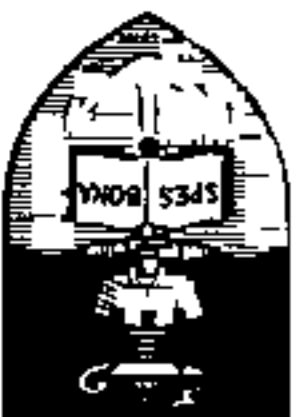
WORKERS at two sawmills in Stellenbosch and Elgin resumed their strike yesterday after renewed wage talks between management and the Paper Wood and Allied Workers' Union (Pwawu) broke down. About 300 workers at the two Bruply plants downed tools for three days last week, but returned to work on Thursday in the hope of settlement during negotiations on Friday.

RESEARCH DIVISION,
 SCHOOL OF ECONOMICS,
 ROBERT LESLIE BUILDING,
 UNIVERSITY OF CAPE TOWN,
 RONDEBOSCH
 7700



TELEPHONE 69-8531 (Ext 440)

SOUTHERN AFRICA LABOUR AND DEVELOPMENT RESEARCH UNIT



YORKCOR

Credibility gap

MM 27/2/87
199

Activities: An investment and controlling company with interests in timber, building materials and realty. Core business is sawmilling

Control: Tucker family companies own 80% of the equity

Chairman: S Tucker

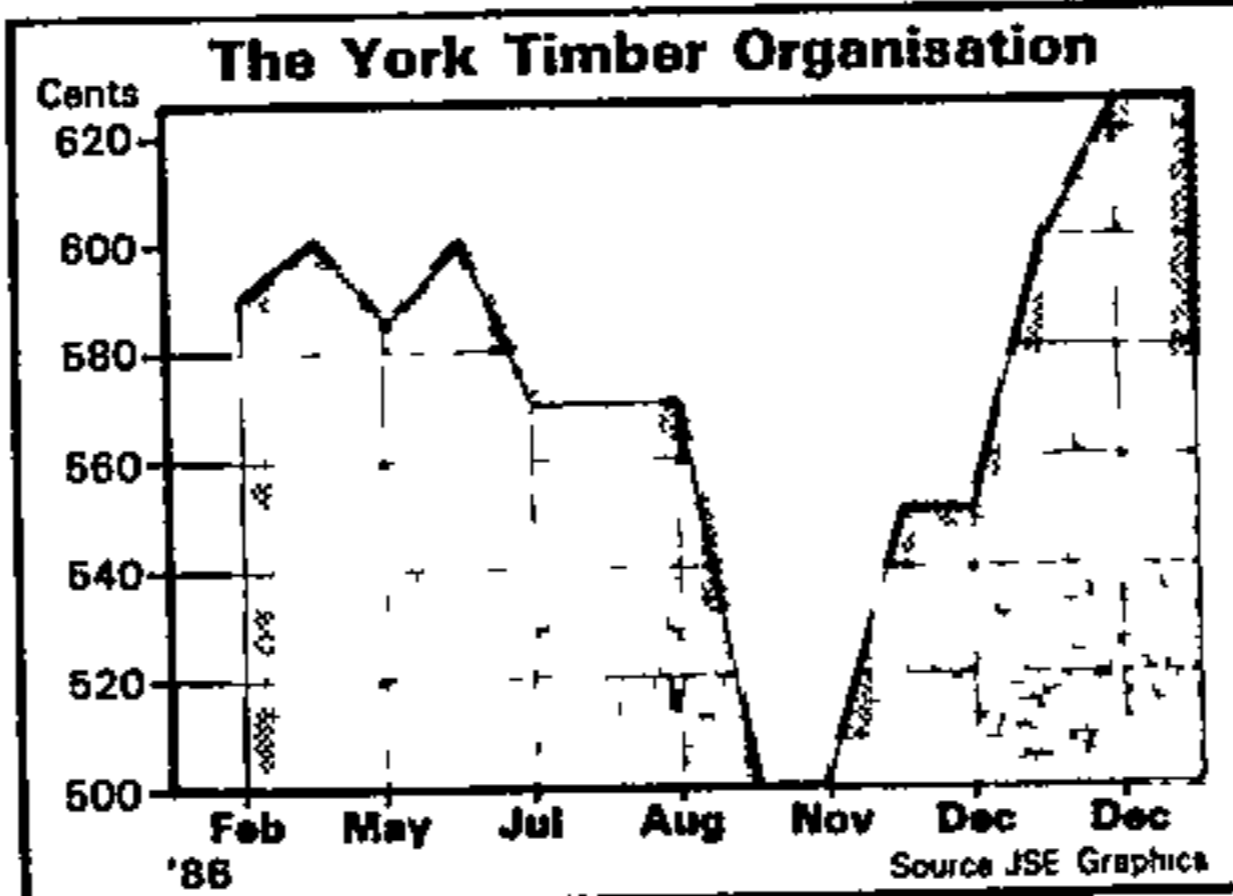
Capital structure: 896 000 ords of 50c. Market capitalisation. 5,6m

Share market: Price 625c 12-month high, 625c, low, 500c Trading volume last quarter, 4 000 shares.

Financial: Year to December 31

	'83	'84	'85	'86
Debt				
Short-term (Rm)	1,1	0,07	0,2	1,4
Long-term (Rm)	3,8	6,0	5,7	6,6
Debt equity ratio	0,48	0,43	0,41	0,59
Shareholders' interest	0,44	0,57	0,56	0,51
Int & leasing cover	1,6	1,7	1,3	0,4
Debt cover	0,38	0,24	0,21	0,02
Performance:				
Return on cap (%)	9,8	7,3	5,2	0,6
Turnover (Rm)	23,3	21,5	20,9	24,2
Pre-int profit (Rm)	1,8	1,8	1,3	0,2
Pre-int margin (%)	7,8	8,4	6,4	0,7
Taxed profit (loss) (Rm)	0,84	0,85	0,3	(0,8)
Earnings (c)	91,5	93,0	33,8	(89,8)
Dividends (c)	30	10	15	—
Net worth (c)	926	1 564	1 587	1 502

Yorkcor shows an alarming gap between good intentions and performance. And for the investor wondering what to expect next, part of the problem with the erratic pattern must lie in chairman Solly Tucker's predic-



tions. Last year, Tucker forecast total earnings of 125c and a dividend of about 40c, basing his optimism on a perceived turnaround in the Pretoria manufacturing division.

Instead, Yorkcor's first half-year turned out to be the worst in its history, and despite the sharp turnaround in the second half, shareholders were left with a loss per share over the year of 89,8c and no dividend. Also, Pretoria remained the group's Achilles heel, where continued under-utilisation of capacity resulted in heavy losses, increasing from R929 000 in 1985 to R1,7m.

In general, the lumber milling industry is passing through traumatic times, evidenced by a 28% fall in softwood timber sales in the first half of last year, and a 40% fall in structural timber sales. Tucker says that the impact of this contraction was worsened by "a serious deterioration" in the industry's

sales mix, with sales at the cheaper end predominating

In its second half-year, Yorkcor launched a recovery strategy styled "Operation Quantum Leap," aimed "not merely at recovery but enduring success" Analysts have become wary of extravagant promises, but this time at least Tucker delivered the goods, and Yorkcor surprised many by reporting second-half earnings a share of 93,9c, after first-half losses of 183,7c

The export thrust began paying off when Yorkcor clinched overseas business worth R2,5m. Executive changes, general belt tightening and rationalisation accounted for much of the latter half improvement, Tucker claims

Sales by Yorkcor's sawmilling division rose 49% in the second half compared with 1985. The division shifted its focus from volume to value, says Tucker, and made "significant" gains to the value-added component of its operation. The contribution from sawmilling increased from R511 500 to R2,18m, in the latter half-year.

While conditions remain tough in the industry, Tucker apparently feels the group has done enough to remain comfortably in the black this year. He predicts earnings for 1987 at 100c a share and dividends of about 30c. However, Tucker's less than outstanding reputation for meeting his forecasts may place some restraints on the recovery prospects for the share

Jane Arbous

RESULTS AND DIVIDENDS

		Pre-tax profit Rm		Percentage change	Earned cents per share		Paid 1985	1986	Sector	Dividends		
		1985	1986		1985	1986				Amount cents	Register by	Payable about
AECI	P	162,0	263,0	+62	74	113	55	60	Chemicals	†35,00	27 3 87	24 4 87
Af Pers	I	3,2	7,3	+128	44	88	—	—	Printing	—	—	—
Aurochs	P	□	0,4	—	□	13	□	10	Property	†10,00	20 3 87	10 4 87
Beares	D	—	—	—	—	—	#	2	Furniture	*2,00	27 2 87	1 5 87
Becketts	I	7,4	9,0	+22	67	79	—	—	Food	—	—	—
Blue Circle	P	2,1	17,3	+724	15	73	11	38,5	Building	†38,50	6 3 87	20,3 87
Bradlows	P	(1,0)	3,5	—	(27)	120	—	20	Furniture	†20,00	Recommended	—
Canvacor	P	□	0,6	—	□	8	□	3	Dev Capital	†3,00	13 3 87	28 3 87
CMI	I	23,8	25,2	+6	56	59	—	20	Steel & Allied	—	—	—
Consol	I	21,9	26,7	+22	207	229	—	—	Paper & Pack	—	—	—
Gefco	P	25,1	13,7	-45	47	27	25	7,5	Other Mines	*120,00	6 3 87	2 4,87
Genbel	I	38,9	48,3	+24	117	142	75	120	Min Hold	—	—	—
Goldstein	I	(0,6)	2,1	—	(6)	11	—	—	Building	—	—	—
Implats	I	165,9	229,4	+38	177	219	35	45	Platinum	*45,00	6 3 87	9 4 87
Juicy Lucy	I	0,2	0,4	+100	2	3	—	—	Dev Capital	—	—	—
L Match	P	*14,1	15,6	—	*93	99	*50	53	Tobacco	†31,00	13 3 87	22 4 87
Metair	P	7,2	7,2	—	80	108	30	33	Motor	†33,00	Recommended	—
Micor	I	0,9	1,3	+44	28	38	—	—	Ind Hold	—	—	—
Msaui	P	5,5	2,7	-51	86	41	#	#	Other Mines	—	—	—
Palamin	P	194,4	233,7	+20	304	359	180	260	Copper	†100,00	6 3 87	26 3 87
Steelmets	I	0,5	1,1	+120	8	18	—	—	Engineering	—	—	—
Toyota	P	(45,2)	34,8	—	(1318)	505	25	100	Motor	†100,00	13 3,87	15 4,87
Vaderland	I	\$1,1	\$2,1	+91	14	27	—	—	Printing	—	—	—

P = Preliminary † = Final I = Interim □ = Not comparable ‡ = Annual D = Dividend # = Dividend passed. * = Interim dividend. ° = 13 months



CONSTRUCTION MATERIALS & EQUIPMENT

A Business Day Survey

Edited by MELANIE SERGEANT

SA BUS DAY (199) 6/11/76

SA lags behind with timber-frame houses

TIMBER-FRAME construction has long been part of the home-building scene in a number of countries abroad. In SA, however, the use of this method has been limited.

In spite of efforts to expand the use of timber in wall and floor construction, conventional brick building is still the dominant method.

A recent survey by the National Timber Research Institute (NTRI) of the CSIR shows that only a few builders have tried their hand at timber-frame construction, and that municipalities, housing-finance organisations and house-insurance companies have little experience or knowledge of the concept.

The researchers say since the national building regulations came into effect in September 1985 it should have become easier to have plans passed for timber-frame houses. Yet 21% of the municipalities surveyed did not allow these structures.

They generally felt timber-frame housing was pricing itself out of the market.

The NTRI responds by saying that timber-frame houses can be erected in half the time it takes to build a brick-and-mortar house. Builders appear to be charging about 12% more for timber-frame. But it is foreseen that, once this type of construction is accepted in SA, builders will benefit from the speed with which they can be erected and will pass financial benefits on to buyers.

Of the financial institutions surveyed, only one was unwilling to finance the building of timber-frame houses. The reason given was the high demand for funds to build conventional brick houses.

JANE STRACHAN

Insurance premiums differed from institution to institution. Some premiums quoted to the NTRI were 66% higher than for brick dwellings.

Looking at some other countries, it emerges that in North America, Japan, New Zealand and Scandinavia the domestic building industry is dominated by timber-frame construction, with more than 90% using this method. In Australia about 90% of houses have timber frames.

Comparing timber-frame to brick-and-mortar construction, the NTRI detects numerous differences.

□ Setting out: No setting out of foundations is needed for interior walls in timber frame as they are non-load-bearing and light.

□ Walls: Timber frames can be standardised and manufactured in a factory. Erection, bracing and cladding is done quickly and, once the exterior walls and roof are erected, interior walls can be built in without weather influencing interior construction.

□ Bricks: If bricks are used for cladding exterior walls, face bricks are used in a single layer, reducing the number of bricks used to about 33% of that of brick construction.

□ Plastering: Plastering is not usually needed on the exterior and the interior frames are clad with board.

□ Labour: Timber frame construction can reduce the trades needed to carpentry only, with wall construction carried out in a factory.

□ Construction time: A timber-frame house can be completed in six to eight weeks, while a brick house normally takes about 16 to 18 weeks.

British television gives a new view of South Africa

LONDON — In a rare television programme screened in London last night, British viewers saw another picture of South African politics — that not all blacks support the ANC, many do not want sanctions and there are fears about what majority rule could bring to the country.

The documentary was shown on Channel 4's prime-time "Diverse Reports" series, which deals with current affairs throughout the world.

Presenter Christine Chapman, who went to South Africa to make the programme, said "The Western view of South African politics is a simple morality play. A minority of stubborn whites pitted against a majority of down-trodden blacks. This heroes and villains view, backed by sanctions and disinvestment, is not only naive but also destructive."

Detailing the different ethnic groups making up South African society, she outlined the cultural and language differences and said "This multi-cultural society has never been happy with simple political solutions."

In a series of interviews, blacks who were not identified said the ANC did not represent majority views in South Africa, and declared they were opposed to sanctions.

Minister of National Education Dr Gerrit Viljoen said in an interview "The people of government are the very people who are unlikely to respond positively to the exertion of force applied on them from the outside world."

"And their constituency is such that it would not allow them to do so even if they wanted to. The white South Africans, particularly the Afrikaners, do not like to be bullied into situations."

He said white South Africans could not withdraw into "some sort of former fatherland" as whites in other African countries had been able to do. Of the future, he said "We have to bring about real and meaningful power-sharing, but at the same time retain the position where we also have a meaningful influence over the whole set-up."

The programme dealt with a South African future under a federal system, and kwaZulu leader Chief Mangosuthu Buthelezi said that if the Natal-kwaZulu Indaba worked it could set a model for the whole country.

The programme included street interviews with white South Africans who said they had nowhere else to go and had no plans to leave the country — Sapa.



BBC man

held, fined

A correspondent for the British Broadcasting Corporation, Graham Leach, was detained by police yesterday.

Agence France Presse and the police report Leach was questioned and fined for a traffic offence after interviewing a protester outside the venue of a meeting between Mr P W Botha and business leaders.

A reporter who saw the arrest said Mr Leach was speaking to a member of the Black Sash who was carrying a placard — Sapa.

SPAX 8/11/88

199A

for an increase in prices

Timber growers have long felt that they have been generally under-compensated by buyers, particularly if rapid rises in rail tariffs are taken into account

The upshot has been that new afforestation programmes have lagged behind what many believe to be the level needed to provide SA's future timber needs. Current afforestation is running at around 19 000 ha a year, against an estimated minimum requirement of 39 000 ha a year

At the price talks in October last year, growers managed to extract average price increases of around 15% for hardwoods — an increase they considered reasonable — but they were decidedly unhappy with increases of 10% and below offered for pine sawlogs and pulpwood

Judging from the sentiment at the SA Timber Growers' Association (Satga) congress in Maritzburg recently, they are clear-



Timber producers . . . looking for more

ly hoping to do better this year although softwood remains in surplus. Supply and demand is in better balance in the hardwood sector.

Satga director Bruce Ferguson says there is no question that buyers are in a better position to pay higher timber prices, both for local and export markets. Of the forthcoming price negotiations he says, "We're hoping for a more favourable reaction from buyers."

Generally, industry sources expect hardwood price increases to be inflation-related once again, but they are hoping buyers will not use the argument of surplus supplies to keep softwood increases low. This, they reckon, would be an extremely short-term view as "the price they pay now will determine whether there will be supplies available in the future."

Meanwhile, growers are attempting to develop an export market for softwood chips in an attempt to mop up some of the softwood surplus. Negotiations are being held with several interested parties abroad, but nothing has yet firmed up. The industry already exports large volumes of hardwood chips to the Far East.

The industry is also investigating two ways of reducing its costs. One is through an exemption of Motor Vehicle Assurance charges, road levies, and GST payable on the petrol it uses in the felling process. Economists believe the exemption could save the industry up to R1m a year.

The other is through a change to a per-truck rather than per-ton tariff for the hauling of timber by rail. It is widely believed that a rationalisation of the tariff structure would be beneficial in the long term. Industry economists point out that rail charges have already risen from around 25% of the delivered price of timber in 1972 to 50% in 1986. So far, talks with Sats on proposed tariff charges have yielded nothing. ■

Turn to page 109

FIN MAIL 14/11/86

TIMBER PRICES

Out on a limb

With one eye on the higher gold price and a possible recovery in the economy, timber growers go into price talks with buyers optimistic that conditions favour their demand

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'Little hope' of Mandela's release

The Star Bureau

LONDON — President P W Botha is unlikely to release jailed African National Congress leader Nelson Mandela because it would reflect an admission of wrongdoing. This is the view of the leader's wife, Mrs Winnie Mandela.

Mrs Mandela says in a British television film to be screened here next week, that she holds little hope of South Africa releasing her husband — one of the most publicised prisoners of the modern world — because it would be an "admission that we (black people) and the rest of the world have been right all along".

She also reveals the pain she experienced having to explain to her children that their father "was in prison for life but was not a criminal".

"In South Africa it is so complex and difficult to bring up children and have to explain the difference between right and wrong.

"If a black has not been to prison he can only be a part of the system ... that concept has been the most difficult to explain to young children."

Film depicts SA's return to hostile, frontier life

By Michael Morris,
The Star Bureau

LONDON — A new British television film to be screened soon finds white and black nationalists in South Africa ranged defiantly along an old African frontier

They are on opposite sides — the whites speaking of confrontation and spilt blood as the price of preserving the barrier, the blacks of their willingness to die to destroy it

"Back on the Frontier", to be screened on ITV next Tuesday, records the will and sentiments of a handful of ordinary South Africans and assessments by more prominent figures

Film-maker Mr Francis Gerard — who once lived in South Africa and is the producer of the acclaimed documentary "The White Tribe of Africa" — chose Kirkwood, one of the Eastern Cape's historic frontier towns, to explore today's frontier.

The film includes interviews with people living in other parts of the country, facing each other across much the same boundaries. Significantly, it was an Afrikaner featured in the documentary, whose family settled in the Sundays River valley two centuries ago, whose telling comment, "we are back on the frontier", suggested the title of the film

Mr Gerard traces the history of the initial frontier clashes between white settlers and Xhosa tribesmen, the early colonial conflicts and the construction of white dominance through apartheid

He returns to present-day Kirkwood to find the old frontier little changed. Mr Andries Hartman says "Our forefa-

thers fought, but it was altogether a different sort of war I could never dream that things would work out this way. We are back on the frontier" He believes that "you can never bring the two peoples together"

His brother, Tinus, chairman of the local National Party, shares that view. He says "Our ancestors fought years ago in tribal wars, in wars of civilisation against uncivilised peoples, and boundaries were drawn. We want to remain a European white community and we do not want to become part of a community which is not here or there"

His wife, Elna, explains "We want to use our own Bible and go to our own church and stay what we are" The Hartmans speak of their strong desire to preserve their way of life for their children. Sharing the country with the black majority would be unsatisfactory

DETAINED

Some kilometres away, in Kirkwood's black township, Bontrug, the Rev Ngeva, the local Dutch Reformed minister, who was detained for seven months recently without being questioned, warns "Blacks can't stomach it any longer, especially the younger generation. You see they are prepared even to die, they are prepared to go to prison. Many of them have gone to prison and they come out boasting that they are prepared to go back again, because they value their human dignity, because it is a God-given gift to any person in this world"

Young activists say their imprisonment has strengthened their resolve. One, Mond-

Ngonyama, describes the prison cell as the "college of politics, the college of spirit"

Sanlam group chairman Mr Fred du Plessis singles out apartheid's separation of people as a key factor in the modern frontier. "One should have started (in the past) to increase the area of overlap in value systems (of blacks and whites)

But we built on differences and tried to avoid overlap by keeping people apart"

Group identity and minority rights, says Minister of Constitutional Development and Planning Mr Chris Heunis in the film, must be a feature of South Africa's future political structure and the "upgrading of communities" will mean that "blacks, coloureds and whites, will have to be resettled"

Resettlement, he argues, will be to improve the "quality of life" for those affected, and will not be undertaken for racist or political reasons

For some, though, the frontier is a battle line. Mr Dries Alberts, a follower of the right-wing leader Mr Eugene Terre-Blanche, says "I will die fighting for the existence of the Afrikaner nation"

Also sensing a looming confrontation, Mr Zwelakhe Sisulu, newspaper editor and son of the jailed ANC leader Walter Sisulu, admits "The time is not far off when it will be said 'To hell with newspaper offices — let's go to the bush' That is where this whole battle is going to be decided."

Filmed under emergency regulations, the documentary survived police surveillance, although some rolls of film were stolen and the crew had to be smuggled past the army and police on some occasions

Gaining strength

Hunt Leuchars & Hepburn (HLH) is rebuilding its strength after restructuring which whittled it down to its core timber business. Earnings were boosted by 30% dur-

109

PCN MARK
28/4/86

105

<p>ing the six months to end-September, while earnings a share, after an equity adjustment, improved by 27% to 18c</p> <p>Having sold off most non-timber interests after an unhappy foray into other areas, the group is now on the look-out for expansion opportunities strictly within the timber industry. With R72m cash (equal to R1,57 a share) and unused borrowing capacity, there certainly is scope for acquisitions.</p> <p>CE Neil Morris is reserved about future developments. However, he confirms that "appropriate acquisitions will be made when suitable opportunities arise," and adds that the group will either acquire or start up a new timber processing activity to meet growing international demand for products converted from fibre.</p> <p>Morris is not too concerned about sanctions. He says the strength of the hardwood industry, high demand for good quality</p>	<p>paper, and the possibilities of by-passing sanctions should ensure that HLH will not be materially affected.</p> <p>Timber pay-off</p> <p>The decision to focus on timber appears to be paying off. Performance has benefited significantly from an increase in sales of pulpwood and timber residue. These sales, nurtured over the past year by demand from Sappi and Mondi's relatively new pulp mills in the eastern Transvaal and Richard's Bay, are expected to be maintained during the current six months. Sales to the mining industry still account for about 80% of turnover, but demand from this sector is slow.</p> <p>Loss-makers discontinued but not yet sold continued to haunt the group, resulting in a net loss of R83 000 during the half-year. But comparison with a loss of R288 000 during the previous six months shows that manage-</p>	<p>ment is containing the burden until it can sell the operations.</p> <p>Pre-interest margins, which improved significantly over the past four years, maintained their relative strength, while operating margins, which deteriorated slightly during the previous period, were given a small boost by improved productivity.</p> <p>Pyramid Huntcor's share price is still slightly out of line. Rembrandt paid 625c a share when it took control in 1985. Each Huntcor is backed by two HLH. So at its current 900c and with HLH at 465c, Huntcor is at a discount of 30c.</p> <p>Although its long-term future remains slightly blurred, there is no doubt that HLH is reaping the fruit of its decision to focus on timber. Management expects it to continue to benefit in line with growing international demand for pulpwood and the long-term recovery in the timber industry. <i>Lesley Lambert</i></p>
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MARKET

MANUFACTURING - WOOD & CORK

1988 - 1989 ~~TERM~~ - ~~TERM~~

The degree may be awarded with distinction

Rule FM3 3 should read

RULES FOR THE MSc DEGREE, PAGE 12, ATTACHMENT PAGE 20

" three practical courses at the higher level in each of practical
speech and practical acting in either English or Afrikaans, and "
in paragraph F212, DRM303W Practical Action should read "practical
Acting"

Interest costs stifle Lion earnings

Star 16/2/88
Lion Match showed a 5 percent improvement in net earnings in the year to December, the second interim report shows.

Turnover was up 21,7 percent to R179 million and operating profit rose 26 percent to R19,1 million (R15,2 million)

However, a substantial

rise in interest costs because of increased borrowings was responsible for the relatively low increase in net earnings.

Earnings per share were 20,82c (19,84 c)

With SA Breweries taking over control last July, the year-end has been changed to March 31 this year

199 The directors say that in view of traditionally slower trading conditions for group products in the post-Christmas quarter, the level of earnings for the 15-month financial period to March is likely to be little different from that reported for calendar 1987 — Sapa.

JOHANNESBURG —
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DID 18/2/88 (1987) (199)
Lion strikes it bright

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dend has been declared
for the period under re-
view. A special dividend
was declared at the time
of the change-over

Regarding prospects
for the current quarter,
the directors say that in

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Growing pains

Timber processors are barking up the wrong tree if they think independent pine growers are grateful for 1988 price increases

Forest owners say the increases granted by Sappi, Mondi and others are proof of the extent to which growers are at the mercy of processors

They fear the limited increases will only hasten the rate at which independent growers are going out of business. In most cases, the only buyers for their forests are the processors themselves

Processors, most of them in the Anglo American and Gencor groups, have increased their buying price for pine pulpwood by 11%-13%, hardwood by 12%-14% and mining timber by an average 16%

The SA Timber Growers Association (Satga), representing independent forest owners, claims pine growers' costs rose at least 17% last year. It says prices have risen consistently less than costs for several years,



Commercial forest ... are private owners also for the chop?

but their bargaining power is limited because they must sell to the processors

According to GM Bruce Ferguson, "We had hoped for considerably more than we got this year. We were hoping to at least recover costs, but in fact we're going backwards. Add that to a backlog of cost increases exceeding prices over the years and independent growers have problems"

Processors express sympathy but say prices are governed by what the market for processed timber will bear. They say they can't afford to pay for private growers' costs if it means harming their own bottom line. Satga argues that because timber is a long-term resource — taking years to grow — processors should take a long-term pricing view.

Hardwood growers are better off than their pine cousins because of a slight market shortage. Pine supply, however, exceeds demand. Forecasters expect the situation to even out by 1995 and then improve progressively. But, without "realistic" pricing, Satga maintains, many independent pine growers won't be around by then.

Adding to their resentment is the fact that when independent growers go out of business, the buyers are usually the processors

themselves. Members of the Forest Owners Association (FOA) — who include Sappi, Mondi, Sancor, Hunt Leuchars & Hepburn and other major companies — already control 74% of private sector forest plantations, including 81% of pine

In just over three years, say Satga officials, processors have bought up another 4% of private sector forests. Since 1975, corporation-owned groups have increased their share of private sector plantations from 42% to nearly 75%

FOA share increasing

The FOA confirms its members' share is increasing but denies there is a deliberate policy of forcing rival owners off the land. Rather, it says, new afforestation is increasing members' share. As they plant new forests of their own, so their share of the total rises.

Still unresolved, meanwhile, is the 1988 price for sawlogs. Sawmillers and the Department of Agriculture are nearing agreement on the price for State forest logs. An industry spokesman says the figure depends on whether the increase is retrospective to the beginning of the year. If it is, the increase is likely to be 17% — if not, 19%

199 ~~199~~ FM 26/2/88

Sappi to expand its board production

Sappi Novobord is to launch a R70 million expansion project at its White River particleboard plant

The expansion involves the building of two plants, a medium density fibreboard (MDF) plant and a new particleboard plant. The new plants will use advanced technology to make quality panels in a continuous process, similar to the papermaking process

During the announcement, Sappi Timber Industries managing director Kim Jokipii explained that with its increased production Novobord would be able to keep up with local demands as well as expand its current export markets

"Demand for superior quality MDF for use in the furniture industry is growing fast and there is currently only one supplier in South Africa

"We anticipate that demand for both MDF and particleboard can only increase as the country catches up with the low cost housing backlog"

Mr Jokipii added that the process that Novobord has purchased from Siempelkamp in Germany is at the leading edge of particleboard technology.

"There are only eight plants in the world using this process at present although some 15 installations have been ordered

"Sappi has awarded a turnkey contract to Siempelkamp to supply and erect the equipment which is equipped to produce panels with advanced features"

When completed in May next year the expansion is expected to boost Novobord's current production by some 70 percent and will enable the company to add to its existing product range and make further progress in export markets, it says — Sapa

11/3/88 (199) FM

(199) FM 11/3/88

YORKCOR

Raising sights

Activities: Sawmilling, prefabricated timber manufacture and distribution

Control: Tucker family companies have control

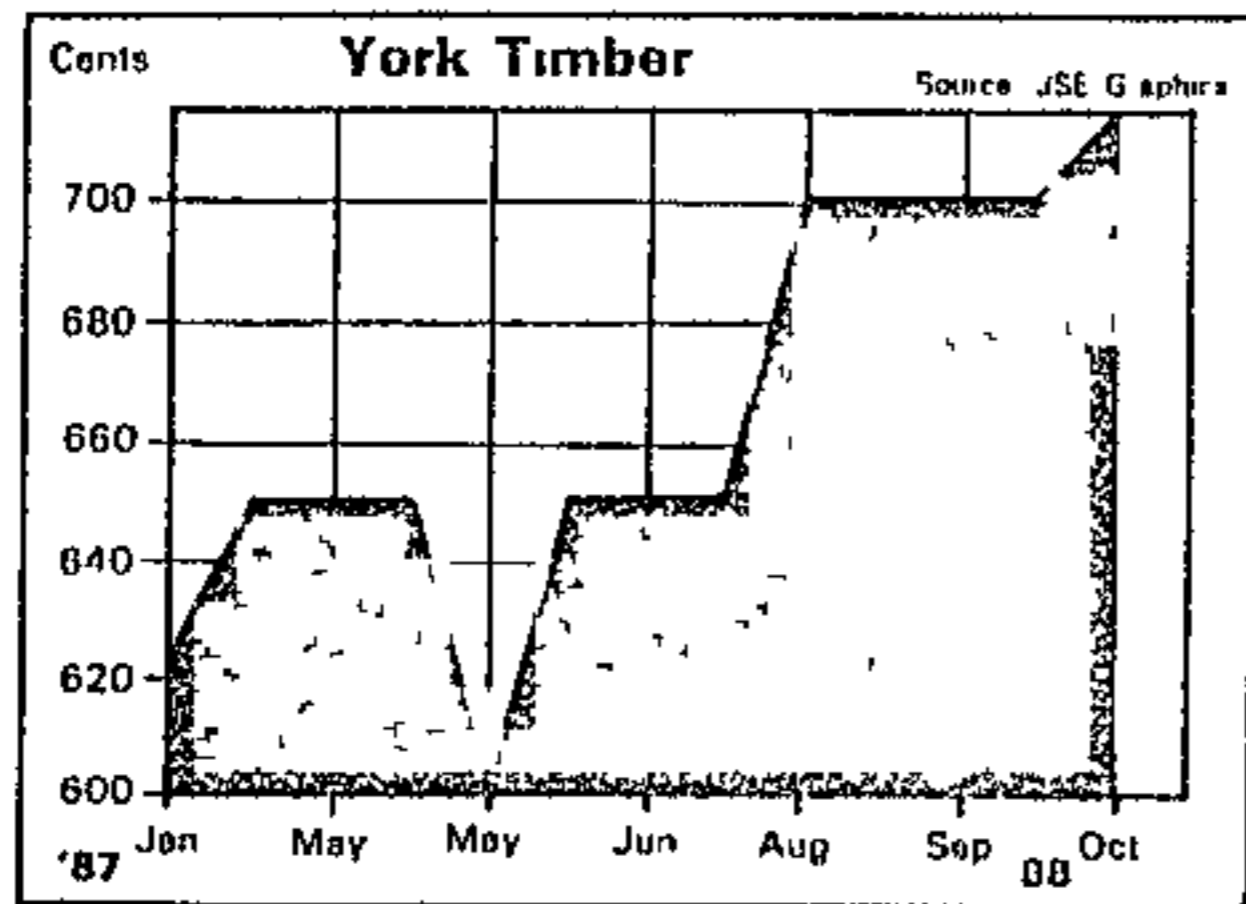
Chairman: S Tucker

Capital structure: 896 000 ords of 50c each Market capitalisation R6m

Share market: Price 705c Yields 1,4% on dividend, 5,7% on earnings, PE ratio, 17,5, cover, 4,0 12-month high, 715c, low, 650c Trading volume last quarter, 1 000 shares

Financial: Year to December 31

	'84	'85	'86	'87
Debt				
Short-term (Rm)	0,1	0,5	1,4	0,5
Long-term (Rm)	6,0	5,7	6,6	9,5
Debt equity ratio	0,43	0,31	0,47	0,50
Shareholders interest	0,57	0,56	0,51	0,47
Int & leasing cover	1,7	1,3	1,1	1,4
Debt cover	0,2	0,1	—	0,0
Performance				
Return on cap (%)	7,3	5,2	0,1	4,5
Turnover (Rm)	21,5	20,9	24,2	28,5
Pre-int profit (Rm)	1,8	1,3	0,2	1,3
Pre-int margin (%)	8,4	6,2	0,7	4,6
Taxed profit (Rm)	0,8	0,3	(0,8)	0,4
Earnings (c)	93,0	33,8	(89,8)	40,2
Dividends (c)	30	15	—	10
Net worth (c)	1 564	1 587	1 501	1 527



Yorkcor has returned to profitability after lapsing into losses in 1986. The turnaround came mainly through a strong improvement in sales in the sawmilling business and a sharp reduction in losses in the timber engineering division in Pretoria. Sales by the sawmilling division, which comprise 75% of group turnover, rose 30% to R26,5m and 15% by volume. But sawmilling's contribution to profits rose only 13,5% to R3,1m (R2,7m) so margins failed to hold at last year's level.

Agentimber, the separately run timber agency, had a poor year. Sales fell by 7,8%, and profits dipped 62,5% to R63 000 (R168 000). The timber engineering division made losses for the second year in succession, though the 1986 loss was more than halved to R0,6m. So the group is still not firing on all cylinders.

Assuming the domestic economy continues to grow, chairman Solly Tucker forecasts earnings will exceed 125c a share and he expects to pay a dividend of 35c. Though Tucker's forecasts have been proved wrong more than once in the past, the latest prediction appears attainable.

Still, the company has never earned more than 93c a share in the past. Its chief problem has been an inability to maintain a large enough operating margin to adequately cover the net interest bill. Borrowings have continued to rise and, at December 31, interest and leasing cover was only 1,4 times. Rising interest rates could offset an operation improvement.

At 705c, the share stands on a p.e of 17,5 times and looks expensive on historic performance. Achievement of the forecast would reduce the p.e to 5,6 times and lift the dividend yield to 5%, but at this stage it is a moot point whether margins and earnings will rise to required levels.

Dave Edwards

Booming timber as timber outsists cane

A BOOM in pulp, paper and timber is expected to double the size of commercial forests in SA in the next 10 years.

More than a million hectares of agricultural land is expected to be planted to timber to meet SA and Far Eastern demand.

Most of the land is under sugar cane. Because forests diminish rainfall runoff, afforestation is strictly controlled by the Department of Forestry. It prefers high rainfall areas close to the coast to be planted with timber.

But the department has granted permits for the conversion of 130 000ha of agricultural land to forestry use in the past three years.

By the dozen

The department is receiving dozens of applications from farmers wishing to switch from cane to timber. Most of the applications are from Zululand, the Natal Midlands, the Vryheid-Lygerberg region and the Crocodile River valley in the Eastern Transvaal.

The Government has earmarked 1,25-million hectares of land for conversion to timber growing. Conversion on this scale would virtually double the size of SA's commercial forests.

Growers hope to cash in on the shortage of hardwood pulp, increasing demand for pine pulp, attractive export contracts with Japan lasting into the year 2002, the diminishing profitability of cane caused by the world sugar surplus, and Government incentives.

The privatisation of some Government forests, which comprise about 30% of the 1,2-million hectares used for timber has also stirred the interest in the industry. A White Paper is expected soon on the timber industry and forests.

SA needs to plant an extra 39 000ha

By Udo Rypstra

of forest a year to meet demand. In spite of the 130 000ha approved for conversion, an average of only 15 000ha a year has been planted in the past two years.

Forestry officials believe SA will run into a shortage of pine wood in five years. More than 81% of conversion applications are for hardwood.

Major players in the pulp, paper and timber industry are Anglo American's Mondi, Gencor's Sappi, Kunt Leuchars & Hepburn, which is part of Rembrandt, and Selloco Sappi-generated record turnover of R1 512-million (up 19% on 1989) in the past year and earned distributable profits of R182-million (up 142%).

Sappi expects even bigger turnover this year as exports grow. Mondi, which derives 90% of its turnover from exports, provided Anglo American Investment Corporation with earnings of R91-million last year — an increase of 81% on the R53-million in the previous year.

Competition

Most big timber growers belong to the Forestry Owners Association (FOA). About 1 800 independents belong to the SA Timber Growers Association (Saiiga). Their ranks could be increased by the entry of former cane farmers.

Some cane farmers, such as SA Cane Growers Association chairman John Chance, have sold out to the forestry majors. They are farming cane elsewhere.

Potentially a major entrant in the forestry industry is Shell, which has bought more than 8 000ha of land, including Mr Chance's farm in the past two years for forestry. It is hungry for more.

Ferry McCulloch, managing direc-

tor of Shell's forestry division, says the oil giant is interested in taking over Government plantations.

Shell uses highly mechanised production techniques and prefers flat ground. It finds suitable land scarce and competition to acquire it keen.

Some farmers hoped that Shell's interest in cane lands indicated its desire to produce methanol from sugar. But Shell says it wishes to diversify into forestry — as it is doing in Brazil, New Zealand, Chile and Thailand.

Mr McCulloch says Shell planted 1 000ha of the 15 000ha of new plantations last year. It will plant another 1 000ha every year until all of its 8 000ha of land has been converted. It bought another 254ha two weeks ago.

Because of favourable climatic conditions trees grow quickly in SA. It takes about eight years — almost half the growth period in the northern hemisphere — for trees to reach cutting size.

Sources say Mondi, Sappi, Shell and H&H are all bidding for cane fields and independent forestry plantations in Zululand.

H&H is said to be the most active buyer. The company is playing its cards close to the chest. Managing director Neil Morris says the matter is "strictly confidential".

Questions about Sappi's involvement were referred to forestry director Peter Stoker, who was "not available".

Mondi managing director Tony Trahar says his company bought land, including cane fields, last year. He refuses to say how much.

Mr Trahar says the new Mondi mill at Richards Bay has led to cane farmers, burdened by high transport costs to faraway sugar mills, selling out to timber and wood-pulp processes.

No page 3

Timber boom

From Page 1

of switching to forestry. The increasing stake of the major forestry players led to a dispute between Saiiga and FOA last year. Saiiga claims that the corporations kept wood pulp prices down in an effort to squeeze independ-

ents out of the market. But FOA denied this, saying the prices were market related and there was enough room for everyone.

Saiiga general manager Bruce Ferguson says land purchases by the majors is "a continuing process which we view with great concern".

New standards on the state of the industry will be available soon, he says.

Production costs of independent growers increased by 17% last year, but processors increased pure pulp prices by only 10% a year in the past five years while inflation averaged more than 15%.

Incentive

The independents say the corporations can carry the losses by subsidising their forestry operations with processing profits.

The Government introduced a forestry incentive scheme last year. It offered loans at subsidised rates. The pool stands at R2,4-million and the first applications are being processed.

The Government granted the timber industry a two-year reprieve before introducing laws against price collusion in the sale of sawn timber. The exemption ends in December.

Failure to insure costs Yorkcor R1,1 million

During the 80s, Yorkcor's JSE market price share has consistently been less than half of its net asset value. The directors control 83,3 per cent of the share capital which leads one to wonder why the company ever sought a JSE listing in the first place.

Perhaps it was the attraction of the limelight but that also meant the company's annual results would be on show for all to see. Yorkcor's 1987 annual report reveals that a decision not to insure its frame saws resulted in a litigation claim for compensation of more than R1 million.

With significant tax losses available the group has enjoyed an extremely low tax charge in its income statement — 1987 R30 000 (1986 R27 000 and 1985 R34 000). This has helped boost the bottom line and minimise losses.

With effect from January 1, 1987, Yorkcor has changed the basis of accounting for leased assets. Henceforth the leased asset is capitalised and depreciated over its useful life. The amount owing is shown as a liability and reduced by periodic payments which previously were expensed.

During 1987 R650 000 of financial leases were capitalised on this basis with little effect on the bottom line. Exports of sawn timber increased and according to chairman Mr Solly Tucker, overseas customers are asking for more. For political reasons no amounts are disclosed but only the regions — Far East, Middle East, the Indian Ocean, Ireland and Europe.

After a dreadful 1986 the group posted a modest profit in 1987. Turnover increased to R28,5 million (1986 R24,4 million). Interest expense was virtually unchanged at R911 000 (1986 R928 000). Earnings attributable to Yorkcor's shareholders totalled R360 000 (1986 loss R805 000).

Below the line R36 000 extraordinary losses, mainly from discontinued operations, reduced net income to R324 000. Earnings per share were 40,2 cents (1986 negative 89,8 cents). A dividend of 10 cents was paid (1986 nil).

While shareholders might be happy with a return to profitability they have little reason to celebrate. In 1985 turnover of only R20,9 million produced a bottom line of R303 000, earnings per share of 33,8 cents and a dividend of 15 cents.

Mr Tucker seems to agree when he says "We are doing better against a moving target but not nearly well enough".

The sawmilling division increased gross sales (before inter company sales) by 30 percent to R26,5 million (1986 R20,4 million) with a contribution of R3,05 million (1986 R2,69 million) to group profits before interest, tax and head office charges.

Nicholson and Mullin, for many years the money-spinning flagship, was unable to entirely wipe-out the operating loss sustained at half year stage. The breakdown of two major frame saws is cited as the reason. The company has lodged a claim for R1,2 million on the independent contractor but the outcome of this litigation is not expected to be known for some time.

Unfortunately, Yorkcor had decided not to insure against such risks as "it was not good sense to pay the punitive premiums for such cover" says Mr Tucker, who must surely now question the wisdom of such a decision.

The timber engineering division in

The bottom line with Michael Menof



Pretoria had reduced sales of R6,09 million (1986 R6,25 million) but reduced losses to only R646 000 (1986 loss R1,73 million). The timber retail and wholesale operations in Pretoria, the truss plant and retail timber outlet in Honeydow near Johannesburg have all been sold or closed.

The marketing of timber produced by other saw mills is conducted under the Agentimber division where sales fell to R9,3 million (1986 R10,1 million) with the contribution to the group profits down to only R63 000 (1986 R168 000). Bad debts dogged the results, despite the increased cost and cover of credit insurance. Head office costs and administration increased 16 percent to R1,402 million (1986 R1,209 million).

Shareholders' funds at end December 1987 remains virtually unchanged at R13,67 million (1986 R13,45 million). This amount includes non distributable reserves — mainly revaluation of fixed assets — of R7,69 million (1986 R8,06 million). Total debt has increased to R10,05 million (1986 R7,98 million). Working capital has improved to R5,63 million (1986 R3,24 million) mainly from the increased debt channelled into its funds.

Among the assets remain the R2,13 million (1986 R2,13 million) interest-free claim due by a company controlled by the directors of Yorkcor which will be paid in five equal annual instalments starting end December 1994.

Since this loan claim is interest free, is the full interest expense of nearly R1 million incurred by Yorkcor permitted for tax purposes? In my judgment, the Receiver would be justified in allowing only a proportion. Tax losses available have increased to R3,4 million (1986 R2,96 million).

Despite putting on a brave front, Yorkcor is battling against the recession. Total sales of R28,5 million produced a pitiful bottom line of only 1,13 percent. Profit margins, as well as the mark-ups on local and export sales would be reviewed.

The Timber Marketing Agreement (TMA) on the advice of the Competition Board will continue until end December 1989. As Mr Tucker says "Fundamental changes are afoot in the operation of the TMA". Just how competitive this will make the timber industry remains uncertain.

Given that his 1987 forecast fell far short of reaching the overall forecast, Mr Tucker now asks "What cards will be dealt us in 1988?" Earnings of 125 cents and a dividend of 35 cents is the new year forecast.

Let's hope Mr Tucker is a good shuffler and that these forecasts are more accurate than those of the past as he has the reputation of not being able to deliver the goods. This is possibly the cause of the company's continued poor rating on the JSE.

Business Times Reporter

REMBRANDT Group is slow to intervene in the affairs of its business partners, but this week it reshuffled management at Lifegro for the second time.

Having replaced Desmond Krogh as chairman 18 months ago, Remgro has now dispatched the managing director and marketing director of Lifegro

Tony Laubscher, the managing director, has been shifted back to Volkskas, whence he came. Marketing director, Chris Cunningham-Moorat, has been given other undefined responsibilities.

Homelands

Lifegro's new managing director is Blignault Gouws, also managing director of Momentum Life, another small life office in the Rembrandt empire. He is the brother of Rudolph Gouws, chief economist of Rand Merchant Bank.

Volkskas joint managing director Danie Cronje has been appointed deputy chairman ahead of the impending retirement of Dr M D Marais.

Sources in Pretoria say Rembrandt was unhappy with Lifegro's involvement in Fenton investment schemes, which backfired and cost the company millions. It also disapproved of other controversial types of business, such as investment in homeland tax havens. Rembrandt declines to discuss the matter.

Too early

Quite out of character with other life insurers which have lifted earnings by 20%, Lifegro has announced stagnant profits in spite of good sales and investment results. The share price has underperformed the market since going to the JSE in March 1986 when there was controversy over the listing.

After listing the share was 400c. In six months it slumped to 300c before recovering on good results to 475c in March 1987. The price has subsequently slumped to a low of 205c.

Mr Gouws says it is too early for him to state what changes he will make

Rembrandt shuffles the cards

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Blignault Gouws ... eyes on marketing

Initially, he will concentrate on marketing and administration. He doubts that a clean-out is required and thinks problems have been exaggerated. He says there were oppor-

tunities for Lifegro in the new triangular association of Lifegro, Volkskas and the UBS.

Momentum will not become part of Lifegro, but its 11.5% stake in Lifegro will probably go to Rembrandt and Volkskas, and Momentum will fall under an unlisted holding company, as Lifegro does.

Life industry observers say some rationalisation of Remgro's insurance interests is inevitable. It is not clear whether Lifegro will benefit. Some observers wonder whether Sage Life, also in the Rembrandt stable, will be brought closer — but independent Sage is reportedly reluctant to join.

Mr Gouws spent the first five years of his assurance life at Sanlam. He was a consulting actuary with Malan & Partners for 13 years and took the helm at Momentum Life in 1983. Momentum recently acquired Rand Life and Allianz Life and under Mr Gouws, assets grew from R100-million to R500-million.

Rand Mines dips

Business Times Reporter

RAND Mines came through a difficult half-year to March to show an 18% drop in attributable profits to R68.4-million from R83-million in the first half of the previous year.

This is equivalent to earnings of 610c a share compared with 740c. In spite of the drop in profits, the interim dividend has been maintained at 105c.

The fall in earnings comes as no surprise to the market, which is aware of the difficulties that confronted the group. They included tonnage, cost and grade problems at Harmony, which forced the mine to pass its interim dividend. In the previous year Harmony's interim brought R6.3-million to Rand Mines.

Witbank Colliery experienced a decline in profits in the half-year, mainly as a result of increased rail tariffs and a 7% increase in the value of the rand.

A continued weak property market limited the contribution from the property division of subsidiary Rand Mines Properties (RMP). It was, however, offset by improved results from the sand-treatment operations of RMP.

8/15/88

Rembrandt takes first step in regrouping

HLH makes attractive offer for Bonuskor

Magnus Heystek
Finance Editor

The first step in the rationalisation and regrouping of the massive Rembrandt Group was taken yesterday when Hunt Leuchars and Hunt (HLH) announced a very attractive offer to minority shareholders in Bonuskor.

The offer is bound to be accepted and Bonuskor will most probably be delisted.

Rembrandt is the ultimate controlling shareholder of both groups.

The Rembrandt Group is in the process of a major restructuring and regrouping of its widespread interests in South Africa as well as overseas. More announcements are expected soon.

HLH is making an offer to acquire the entire shareholding of Bonuskor through a scheme of arrangement with shareholders. In terms of the offer HLH will issue 186 shares for every 100 Bonuskor shares held. This puts a value of R4,65 on each HLH share and a value of R8,65 on Bonuskor shares which were at R5,40 when the cautionary announcement was made last month.

Bonuskor was trading at R7 a

share yesterday while HLH was at R4,55.

Bonuskor shareholders are also being given the option to swap all their HLH shares for Huntcor shares on the basis of one Huntcor share for every two HLH shares. This offer is unlikely to be taken up as Huntcor is trading at a discount to HLH. Theoretically Huntcor, which closed at R8 last night, should be trading at twice the ruling price of R4,55 for HLH.

Commenting on the developments, HLH's Chief Executive, Neil Morris, said: "Present shareholders of HLH and Bonuskor will benefit from the transaction. Looking at it from Bonuskor's shareholders point of view, the softwood timber interests will have access to the extensive experience HLH has built up over its long involvement in the timber industry, an attractive premium for its share and a company with a considerably enlarged base of shareholders' funds with virtually no borrowings.

"For HLH's shareholders there is an immediate positive impact on earnings, productive use of the considerable cash resources at its disposal, and involvement in attractive

new market segments which will help to balance the dependence on the mining timber market."

Sales to the mining industry accounts for roughly 60 percent of total turnover. This dependency has in recent years made the company vulnerable, particular during last year's general mining strike, resulting in a drag on turnover and earnings growth.

Along with the widespread timber interests of Bonuskor, HLH will be entering the food market. Bonuskor is the sole shareholder in Transvaalse Suikerkorporasie (TSB), a major producer of sugar in the Eastern Transvaal, as well as Consolidated Grocery Products, owning among others, the Robertson's spice trade marks.

This diversification should enhance HLH performance which has tended to be fairly undramatic in recent years.

Turning to the new HLH he says "The company will certainly be very different. Total assets will be in excess of R600 million with attributable earnings above R50 million. In addition, the company, with little or no gearing, will be able to support substantial growth in its activities."

Growth at ^{Stev} Lion Match ^{11/5/89} slows down ¹⁹⁹

Lion Match has reported that profit for the 15 months to the end of March was only up 17.3 percent on the previous financial year.

The company states the main reason for the fairly slow rate of growth was the fact the period included two Christmas seasons, traditionally slow, and the fact that a poor performance from Interpak detracted from a good performance by other divisions. Interpak is in the process of being modernised.

Attributable earnings for the fifteen months were R11.2 million compared with R9.2 million in the preceding 12 months while earnings per share were 25.4c compared with 22.1c. A dividend of 35 cents has been declared — Sapa.

Mondi ^{Star} invests ^{17/5/88} R10-m in pulp plant ¹⁹⁹

A R10 million investment in a hydropulping plant at Mondi's Richards Bay pulp and board mill will increase capacity by 20 000 to 50 000 tons a year, a rise of about 10 percent.

Construction began in January and work is on track to commission the two hydropulping lines in October. The plant is the paper industry's first fully automatic hydropulping installation.

Dr Per Haugen, Mondi Richards Bay general manager, says the plant will enable the company to recycle waste paper and local or imported pulp, as well as pulp waste and reject board generated by the mill in normal operations.

Another feature is that the hydropulper will enable the company to use the wood fibres reclaimed from the effluent waste disposal system.

The project allows for the future installation of a third hydropulping line, also with a capacity of 200 tons a day, but capable of processing lower grades of waste.

Local content by value will be about 80 percent.

Civil contractors are Murray & Roberts Natal and Babcock Engineering Contractors.

Highly profitable Ngodwana delivers the goods for Sappi

In spite of traumatic events in 1987, Sappi achieved record attributable profits in excess of R200 million.

The superb bottom line in 1987 was more than the aggregate of the previous four years

Rising world prices for its products and improved profitability at almost all of its operating units were the reasons, says chairman Mr Tom de Beer

During September, devastating floods in Natal completely cut off the Stanger and Tugela mills. A month later the group's Ngodwana mill was shattered by an explosion in the centre of the mill site. Losses were fully insured so there was virtually no dilution of earnings

Not long ago South African paper prices were frequently 20 to 40 percent higher than international prices.

The development of Ngodwana and other world-size paper mills in the country has made the industry internationally competitive and it is now able to match the world's major paper producers

Writing and printing papers have no tariff protection, making import permits freely available. Packaging paper products are subject to only a 10 percent import tariff

The worrying debt to equity ratio which had grown to 1,42 to 1 at end 1985 because of the costly Ngodwana investment, has improved progressively to 0,93 to 1 at the end of 1988 and to 0,80 to 1 at the end of 1987. With increasing profits forecast and resultant cash flow the ratio will decline further in 1988

Turnover improved to R1,31 billion (1986 R1,1 billion). Operating income has increased to 21 percent of turnover (1986 15 percent) and totalled R283,9 million (1986 R167,04 million). Net finance costs were down to only R28,9 million (1986 R61,3 million)

Making use of tax and incentive losses which totalled R633 million at end 1987 meant that normal tax was insignificant. After deducting the minorities share of profit and preference



dividends, the ordinary shareholders attributable income totalled R207 million (1986 R61,8 million)

Deferred tax has now become a major factor due to the utilisation in 1987 of assessed losses of a permanent nature which needed a R44,9 million (1986 R5,3 million credit) appropriation below the line which reduced distributable income to R162,1 million (1986 R67,1 million)

Based on attributable income, earnings per share were 317 cents (1986 116 cents) and on distributable income (ie after deferred tax) 248 cents (1986 126 cents). Dividends on ordinary shares were increased to 130 cents (1986 40 cents) and on the preferred ordinary shares 130 cents (1986 126 cents)

With the raising of the dividend on ordinary shares to above 126 cents the preferred ordinary shares now qualify for automatic conversion to ordinary shares retrospective to January 1, 1988

The pulp and paper sector has been one of the main beneficiaries of the increase in commodity prices in 1987 because it is one of the few sectors in which there is no excess capacity

World pulp stocks at end 1987 were at their lowest level for 23 years in spite of particularly high operating rates in the manufacturing companies of North America and Scandinavia.

Despite being somewhat constrained by availability of product for export Sappi International had another very successful year in 1987

Capex totalled R95 million (1986 R53 million) well below 1985's R301 million. Capital works were focused mainly on expanding the timber supply base, re-

moving production bottlenecks and reducing production costs

The R70 million project at Novobord's particle board factory will come on stream in 1989. Capex is budgeted for R150 million. Significant projects aimed at increasing capacity will be considered in 1989 and beyond

Operating efficiencies have improved, judging from the static number of people employed. In 1983 sales of R587 million were made with 13 627 employees while in 1987 sales of R1,31 billion were achieved with only 12 212 employees

The impressive trading results increased the capital employed to R1,64 billion (1986 R1,49 billion) at end December 1987. Debt has declined to R740 million (1986 R870 million). Working capital was virtually unchanged at R86,5 million (1986 R93,5 million)

The excellent results at Sappi were probably the main reason Gencor did not transfer its investment in Sappi to Malbak. At present, both Sappi and Trek were left out of Gencor's industrial investments transfer to Malbak in 1987

Sappi forests anticipate supplying around four million tons of timber to its markets during 1988. Despite a high level of capacity utilisation, pulp inventories in the producing countries are at their lowest levels in more than 20 years and Sappi should have no difficulty with its pulp exports.

Future prospects depend on economic growth being maintained at positive levels in South Africa and its trading partners. Chairman Tom de Beer sees further improvements in profits in 1988 provided the rand to dollar exchange rate does not fluctuate wildly

The net asset value per share at December 1987 was R17,64 with the current JSE price around R22,25. Those who had their doubts that the Ngodwana investment was over-ambitious were proved wrong. The current political isolation climate has proved that Sappi's expansion was well-timed to help ensure the paper industry's survival.

Interboard's turnover boosted 79%

Comp & Times
1/6/88

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JOHANNESBURG. — An increase of 79% in both turnover and net income are reflected in the results for Interboard for the 12 months to end-February.

Turnover improved from R53,2m to R95,4m while net income was up from R8m to R14,3m.

Earnings a share before extraordinary items rose 32% to 9,98c (7,57c) and the final dividend is 3c (4c) to give a total for the year of 6c (4c).

Shareholders interest rose from R55,4m to R132,9m. Net asset value a share doubled from 43,5c to 87c — assets at historical cost.

The building materials manufacturing division, Buildcor, was listed separately on the main board of the Johannesburg Stock Exchange in November last year and Interboard holds 80% of the shares.

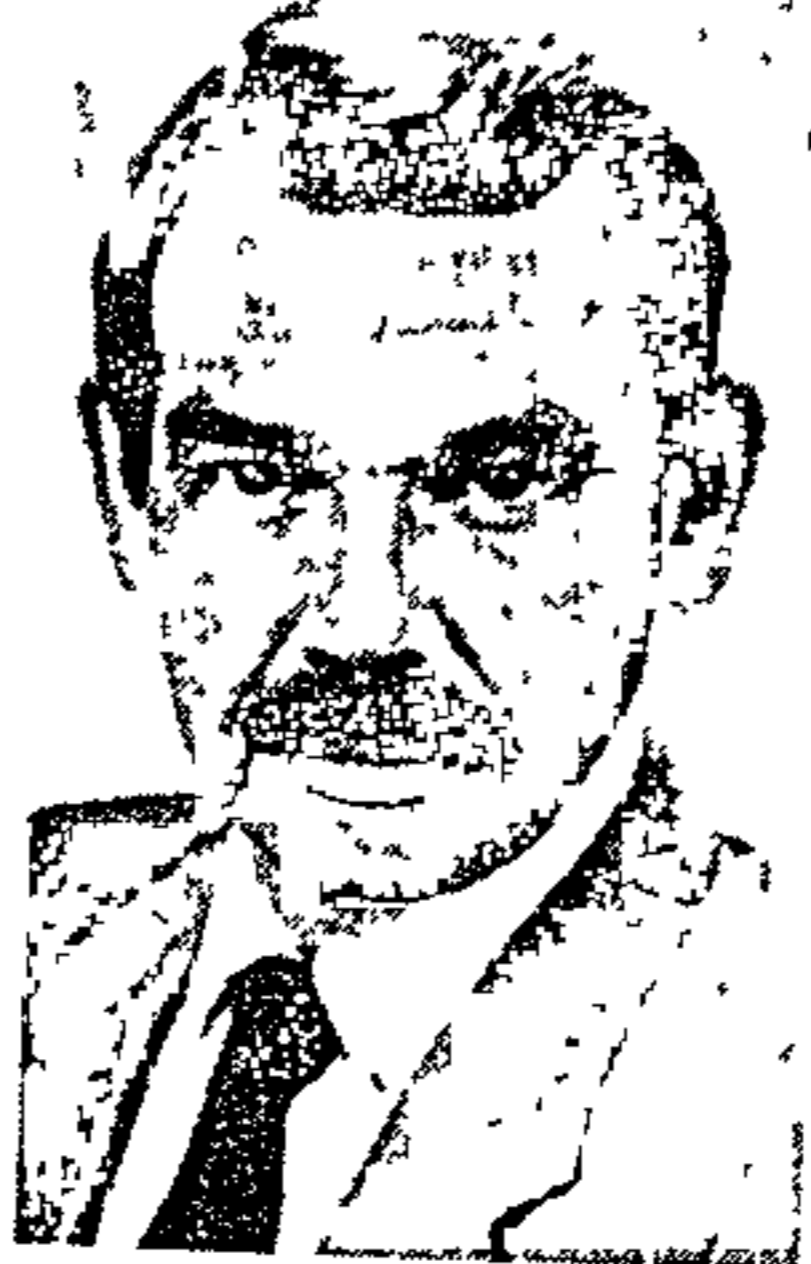
During the year, the flatboard interests were expanded by the acquisition of Interboard Swaziland which provided Interboard with a 60% increase in its particle board manufacturing capacity.

The directors note that some of the major manufacturing units have been operating for less than 12 months and contributed "minimal returns".

Since the year end, the directors report that Interboard has formed a new division, Fasterect, which manufactures components for the home and pre-fabricated housing industries. — Sapa



Tony Cilliers has been appointed a director of Interoffice Designs.



Jos le Roux has been appointed as KVV's manager of public relations.



Bill Cooper-Williams has been appointed as manager of the KVV Wine Centre in Johannesburg.

Mondi to spend R170m on expansion

9m Tunks
4/7/89
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MONDI PAPER CO is to spend R170m over the next two years in a programme to increase production capacity and upgrade quality within its board mills division

The expenditure is over and above the group's normal capital requirements

The programme aims to meet the increasing demand for board products in the packaging, printing and stationery industries

Further upgrading and expansions will be considered in future phases

Mondi CE Tony Trahar says that the capital expenditure includes R154m for the rebuilding and doubling of capacity of the No 6 board machine at Mondi's Springs plant. This is expected to be completed by the end of 1989

The rebuilt machine will produce a high quality range of boards and will have a capacity of 81 000 tons a year with the potential to be expanded further to 100 000 tons a year

"Over the past 18 months demand for folding boxboard has increased considerably because of the trend towards import replacement and general growth in manufacturing industries that use board to package their products," says Trahar

Mondi has also allocated R12m to general upgrading at the Springs board mill, including quality control in the water effluent and stock cleaning systems and the installation of waste paper processing and collection plants

About R5m is being spent on effluent disposal at the group's fluting mill at Felixton in northern Natal and boiler improvements worth R3m have been carried out at the Bellville mill in the Cape

"This is a major investment decision which reflects the shareholder's confidence in Mondi

"To finance this expansion and Mondi's ongoing fixed asset replacement programme, shareholders have undertaken to inject new equity of R126,5m

"The balance of the funds required will be provided from Mondi's internal resources and banking facilities

"Mondi is committed to providing cost-effective alternatives to imported products and to the development of new product grades"

New policy pays off at Plate Glass

By Sven Forssman

Profits in the Plate Glass glass division were up a healthy 25 percent the past year, but they were depressed to a degree by a policy decision to withdraw from major contracting activities both in and outside South Africa, joint executive chairmen Bertie and Ronnie Lubner say in the annual report.

They say the costs of this decision, which will continue to be incurred during the 1988/89 financial year, have already been fully provided for.

"The year under review saw further emphasis placed on getting close to the end market and most of the developments which took place centre around this strategy

"In particular, both in Europe and North America, moves have been, and are being made, which will reinforce our position in consumer markets.

"The export of manufactured and processed products from South Africa is a most important component of our profitability and we must accept that this portion of turnover is sensitive to currency fluctuations and to the threat of sanctions"

Turning to the wood division, the Lubners say the synergistic benefits arising from the PG-Bison merger and the emphasis on effective utilisation of resources allowed this operation to take full advantage of the strong demand in both the domestic and export market which it serves.

"The expected economic downturn in international markets has not yet proved as severe as originally anticipated and results should therefore show satisfactory growth in the coming year"

The Lubners says geographic diversification is a means of spreading risk, but its success depends on the ability to manage the process effectively

"It is our philosophy to concentrate exclusively on glass and wood-related products where the group has proven skills, and to transfer these skills to the different areas and markets where we believe they can be advantageously applied.

"The successes we have enjoyed so far are reassuring, but sight must not be lost of the potential damage which could be inflicted on the group by politically motivated action."

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Group which had then been acquired by the late Des Bolton. The consolidation of executive positions at Cargo follows the res-

... move, Sid Finlayson, previously chief executive of Futura/Bata, has been appointed managing director of Bolton Footwear



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Yorkcor well ahead of profit forecast

By Derek Tommey

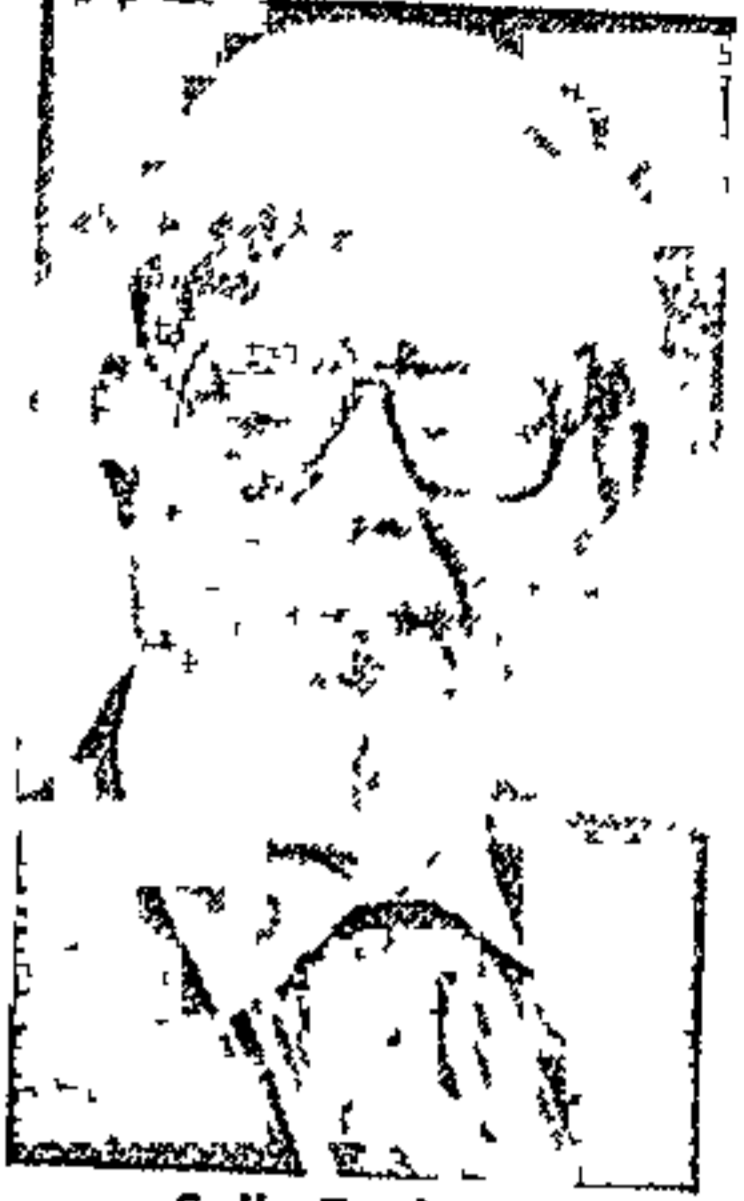
Yorkcor, the Pretoria-based timber-miller, expects to exceed its profit and dividend forecast by 100 percent in the current year

company now expects to earn at least 250c a share in the current year and to pay dividends totalling at least 70c. In January he forecast 35c but, as he says "targets are there to be beaten"

year. The profit improvement reflects the steady rise in Yorkcor's turnover in the past 18 months, which has resulted in greater plant utilisation. This has led to better unit sales and higher margins, especially in the company's niche markets

it could achieve a high degree of success

Other contributory factors were the ending of the timber marketing agreement which has led to a freer market, and to better prices for industrial timber



Solly Tucker

In an interim statement the company reports earnings of 124,3c a share for the six months ended June. In January the company forecast earnings of 125c for the full year.

Yorkcor's first half earnings represent a dramatic swing around from the loss of 36,3c in the first half of last year. They are also a substantial, though not quite so spectacular, improvement on the 76,5c earned in the second half of last

Mr Tucker said the company's improved profits were also the result of targeting on market sectors where it knew

"We feel we have it right, are in much better shape and are better able than ever to deal with surprises," said Mr Tucker when asked whether the company would be able to maintain its current profit performance

sjw *14/7/88*
(199)

ALL INFORMATION FOR

STW 1577188
199

Sappi hits top spot in R1-bn takeovers

By Sven Lunsche

Sappi has acquired control of Saiccor, the largest dissolving pulp producer in the world, and of the Swaziland-based Usutu pulp mills, in a massive deal totalling more than R1,05 billion

Through one of South Africa's largest financial deals this year, Sappi moves into the international big league of pulp and paper producers

The deal arises out of the decision by UK textile giant, Courtaulds, to withdraw from the wood pulp industry worldwide

Flowing from Courtaulds' decision, Sappi, in conjunction with some overseas investors, acquired 80 percent of Usutu, although the deal will need the approval of the Swaziland government, which retains its holding in Usutu

Sappi top of the league

Star 16/7/88

199

Sappi's acquisition of Saiccor — the world's largest dissolving pulp producer — and the Usutu pulp mills in Swaziland (subject to formal approval by the Swazi government) for R1,05 billion will make it the second-biggest focused industrial company in SA, after Sasol, MD Eugene van As said yesterday

Saiccor supplies 11 percent of the world market — its entire production from its Umkomaas plant — while Usuthu supplies about 14 percent of the world's unbleached softwood pulp. Some 60 percent of its products are exported

The deal arises out of the decision by UK chemicals giant, Courtauld's, to withdraw from the

SVEN FORSSMAN

wood pulp industry worldwide

"The deal will catapult Sappi into the world's top 10 traders in terms of volume export. About 40 percent of our turnover will come from exports, compared with the current 25 percent," Mr van As said

"Our turnover will increase to more than R2,4 billion from R1,5 billion. If the share stays around R35, our market capitalisation will be in excess of R3 billion

"Another impact of the deal would be to push up our total assets to R4 billion"

Mr van As said Sappi's strategic plan in acquiring Saiccor was not to become the biggest pulp

and paper producer, but the best.

"The rationalisation benefits of the deal are immense and they will still be coming through in six or seven years time"

He stressed, however, that the acquisitions would have little or no impact on gearing

"The debt will be funded out of earnings and we are expecting our gearing to remain at the 80 percent level," he said

As part of the deal, Sappi is linking up with an international marketing consortium, which has bought control of the Speciality Pulp Trading group (SPT). It will assume a pivotal role in the international distribution of Sappi's other products

"We have not had a sanctions

problem anywhere," said Mr van As

Analysts said yesterday that while the deal would make Sappi one of the big players in the world, they were worried about a dilution of earnings because of the increase in shares — payment will be made through the issue of 10,52 million new shares — and high gearing

On the plus side, they said the deal would increase its foreign exchange earnings, thereby making it more attractive to investors because of its rand-hedge appeal. Also, rationalisation would reduce transport costs

Sappi's share price shot up to R35 yesterday morning, but closed only 225c up at R31,75

Courtaulds' sale of interests to Sappi raises £207 m

of cash from the sale of its South African and Swazi woodpulp interests to Sappi. Sir Christopher Hogg, Courtaulds' chairman, stressed that the sale was being made purely on commercial grounds. Courtaulds is keeping its other South African interests in packaging film, knitted fabrics and foundation garments.

The move was seen in the City as an important strategic step for Courtaulds. The woodpulp business had been built up in the 1950's when Courtaulds was aiming for vertical integration in its operations. Woodpulp is used in making viscose fibres, Cellophane Packaging film and paper packaging.

Since the nadir of the group's fortunes in 1980-81, when Courtaulds made a loss, a restructuring programme has emphasised a departure from commodity-type businesses like woodpulp. This sale largely completes that plan.

The woodpulp operation consists of a two-thirds share of Saccor and a half share of Usutu. The division made an operating profit of £33 million on sales of £103 million in the year to March 1988, respectively 15 percent and four percent of the group totals. Net assets are valued at £34 million.

The acquisition of Courtaulds' interests is of strategic importance to Sappi, too. For the present Sappi is little affected by sanctions and the deal gives it added protection and marketing opportunities. Ownership of the Swazi mill could also give preferential access to EC market.

Courtaulds has signed a long term supply agreement with Sappi. Nearly half Saccor's output is sold to Courtaulds. In North America, Courtaulds' viscose plant in Mobile, Alabama, is dependent on South African operation.

Sir Christopher Hogg said "There is no way we could disentangle ourselves from SA even if we wanted to"

"We will work with Sappi for years to come," Sir Christopher said "There is no way we could disentangle ourselves from SA even if we wanted to"

Sir Christopher said the sale would reduce the group's earnings per share by 1p in a full year. In 1987-88 earnings per share were 40.9p. He said that the modest dilution was well worth the longer term benefit of becoming a more focussed business.

Courtaulds has been negotiating the deal with Sappi since last November. Analysts regarded the timing of the sale as good since the woodpulp division's profits have risen from £14 million in 1985-86.

— Financial Times

RUSTIM: 19\9\88

MINIMUM BASIC WEEKLY RATES

(Top line nominal wages; lower line real wages in 1988)

Sappi buyout attacked (199)

Finance Staff
Star
19/1/88

Sappi's R1 billion deal to acquire the Swaziland woodpulp interests of UK textile giant Courtaulds has been attacked by a Swazi newspaper with strong government links

The deal involves the acquisition of the Natal-based Saiccor operation and the Swaziland-based Usutu pulp mills

However, doubts have begun to emerge about the Usutu pulp mill part of the transaction

A Sappi spokesman said on Friday that although financial aspects had been agreed with Usutu sellers Courtaulds and the Commonwealth Development Corporation, final approval must come from Swaziland's 20 year-old head of state King Mswati

The Star's Africa News Service reports from Mbabane that the *Weekend Observer* newspaper, owned by government parastatal company Tibiyo Taka Ngwane, launched a bitter attack on the

Usutu sale, saying "it should not be entertained. The control of Usutu Pulp by a South African-based company, especially when the company is the 'goose that lays the golden eggs' for Swaziland, is unbelievable"

The newspaper said "Suppose Sappi comes in and gets down to real business, who will be responsible for the export of the golden eggs from Usutu, especially at this juncture, when there is much talk about the Kingdom being used by South African companies to evade sanctions?"

Commenting, Sappi MD Eugene van As said "We will be making a presentation to the government soon and I hope that we can convince the authorities that we will be good Swazi citizens and that our development of Usutu will be for the benefit of the company and the country as a whole," Mr van As said

In its announcement of the deal Sappi said it would be injecting R30 million into the Usutu operation in the first year after a takeover

LION MATCH (199) / 22/7/88

Rising capex

Activities: Manufactures safety matches and is involved in the printing and packaging industry and electrical appliances

Control: SA Breweries has control

Chairman: L van der Watt, managing director B W Heilbron

Capital structure: 44m ords of 20c each
Market capitalisation R95m

Share market. Price 215c Yields 16,3% on dividend, 9,4% on earnings, PE ratio, 10,6, cover, 0,6 12-month high, 1 950c, low, 180c
Trading volume last quarter, 157 000 shares

Financial Year to March 31

	'84	'85	'86	'87†
Debt				25,6
Short-term (Rm)	—	—	—	2,2
Long-term (Rm)	—	—	—	0,40
Debt equity ratio	n/a	n/a	n/a	0,66
Shareholders interest	0,60	0,65	0,59	5,40
Int & leasing cover	n/a	n/a	24,5	0,54
Debt cover	n/a	n/a	n/a	

Performance*

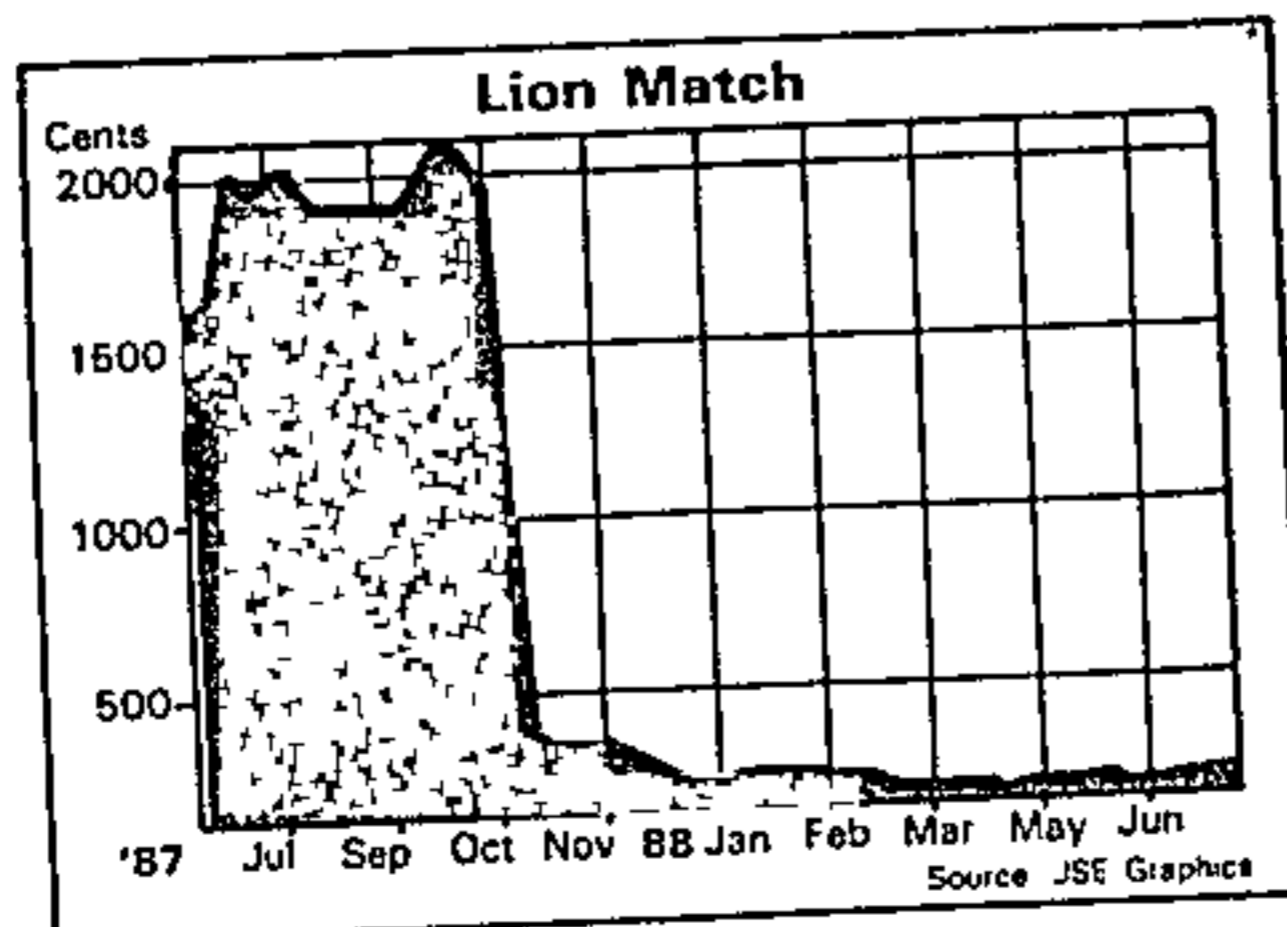
	'84	'85	'86	'87
Return on cap (%)	17,1	19,1	16,9	15,4*
Turnover (Rm)	95	125	147	223
Pre-int profit (Rm)	12,2	13,9	15,2	20,3
Pre-int margin (%)	12,7	11,1	10,0	9,0
Taxed profit (Rm)	6,7	8,2	8,2	9,7
Earnings (c)	75	93,2	99	20,3*
Dividends (c)	41	46,2	53	35
Net worth (c)	483	538	604	159

*Annualised
†15 months

In terms of profits, Lion Match has underperformed most listed companies over the past four years. And despite the company slogan ("If you've got a Lion, you've got a friend, friend"), the shares could yet lose some friends among investors as there seems little light at the end of the tunnel.

One reason for the poor performance was the high interest bill, which last year absorbed 13,6% of operating profit. Yet in previous years, the company enjoyed a large cash balance. The change in fortune was due to being stripped of R15,4m in dividends last year at the disinvestment of Swedish Match AB (SM), when SA Breweries (SAB) bought 63,8% for R88,5m.

The dividend was enormous compared with attributable profit for the past 15



months of only R11,2m and total shareholders funds of R69,9m. Previous payments were also large and in 1986, R4,6m was paid out of attributable earnings of R9,5m. Lion also suffered from lack of capital investment. Almost no such investment was made for many years owing to pressure from the parent company.

This partly explains the sluggish performance in the 15 months to end-March. To make up for the previous lack of capex, expenditure amounted to R10m, which put pressure on the balance sheet and income statement.

The interest bill of R2,8m shown in the income statement arose largely during the last nine months of the 15-month period. Before the deal, Lion held net cash balances of nearly R4m. This year the combination of higher rates and the full 12 months of debt will mean a still higher interest bill. Borrowings will be drawn on to fund expected new capex of R15m, which will equal last year's total gross cash flow.

EPS for the 12 months to March were marginally higher than for the previous year and only 30% above those of four years ago. A bigger interest bill looks set to restrain earnings even though investment in plant, especially the Interpak packaging division, should gradually improve margins.

Chairman Laurie van der Watt expects the rate of growth in consumer demand to decline, but he is forecasting that the company will achieve improved earnings. The high PE rating should put a lid on any upward potential for the share price, though, despite the fact that the price paid by SAB is equal to 315c after the 5:1 split, well above the current 215c.

Louis Venter

Elgin helps workers to help themselves

Call Times 23/7/88

BBB 199

Elgin Timbers management team, frustrated by red tape delaying a municipal self-help housing scheme, has secured scarce residential plots at Grabouw for some of its workers. GM Peter Grobbelaar told AUDREY D'ANGELO about it.

WHEN the Bolton Footwear Group bought Elgin Timbers at Grabouw two years ago, it inherited workers' housing which was an embarrassment by today's standards

The firm was founded in 1939 when attitudes were more patriarchal than today and provides free housing on the premises for some of the workers.

But there are 236 workers and their families living in 38 houses

And GM Peter Grobbelaar said this week that although a few of the houses were fairly modern "there is bad overcrowding and 11 of those houses should simply be demolished"

The firm spent nearly R40 000 on upgrading the scheme, providing electricity and sewerage.

The management discovered that 37 of the workers were on the waiting list for a self-help

building scheme planned by Grabouw municipality

But inquiries revealed that although land was earmarked for this scheme it was not yet serviced. Getting the services put in and the land ready for building seemed likely to be a lengthy process

However, during the discussions Grobbelaar heard that Eskom was moving workers from Grabouw

Approaching Eskom, Elgin Timbers was able to buy 19 serviced plots on behalf of workers, at a total cost of R95 000

"We think this is quite a coup in view of the fact that serviced plots are so scarce at Grabouw and other people, including the municipality, want them," said Grobbelaar, with satisfaction

"We were able to get them for a very reasonable price, R4 500 each"



Peter Grobbelaar found a way round red tape.

The plots will be registered in the names of the 19 workers to take part in the Elgin Timbers Staff Self-build Scheme and the company will apply for State-assisted loans on their behalf "They are all earning less than R1 000 a month and would not qualify for a normal building society loan," Grobbelaar explained

"Elgin Timbers will supply the materials and plans to build timber-framed houses of varying sizes and will provide expertise and infrastructure for the scheme free of charge

"The 19 people in the scheme have a variety of skills between them. They will form a corporate body and build all the houses, each using his own skill, free of charge in their spare time

"The houses will vary in size, from 60 square metres to 100 square metres, and will have from two to four bedrooms. But with this system they will cost less than R30 000 including the plot

"Our 19 workers will each have an asset worth at least R48 000 excluding the plot"

Sappi's earnings ⁽¹⁹⁹⁾ up impressive ^{26/7/88} 65%

By Sven Forssman

Sappi's attributable earnings for the six months to June is up an impressive 65 percent from R80,2 million to R132,3 million, but MD Eugene van As yesterday expressed disappointment that operating income was only 44 percent ahead of last year's R119,5 million

"Before we concluded the Saiccor/Usutu deal we had announced that we would change our year end and report to August, and on that basis we arranged to shut certain of our plants in June for planned maintenance purposes," he said

"This means that the interim results do not reflect the proportionate increases which were recorded in the first quarter and which we expected to report for the eight months to August"

Turnover rose 24 percent to R745 million and the interim divi-

dend increased 37,5 percent to 55c

"Turnover reflects a steady demand and good world prices for Sappi's products," Mr van As said

"While the jump in attributable income is pleasing, a far higher appropriation for deferred tax — R58 million compared with R13,9 million — checked the increase in distributable income to a modest 12 percent, from R66,4 million to R74,3 million"

This translates into an EPS of 113c Attributable EPS rose from 123c to 202c

Prudence

He said. "The higher dividend recognises both the improved results and the outlook for continuing good results But this is tempered with prudence because of the additional commitments the group has assumed as a result of its recent acquisitions

Sappi's gearing has declined from 80 percent at the December year end to 70 percent and from 90 percent at June last year

Mr van As said gearing would rise to about 80 percent as a result of the deal, but he did not expect it to move much beyond that

He said the deal should add about 30c per share to attributable earnings in the current year and result in an increase in return on equity

The long-term benefits of the deal include the cost advantages that should come from rationalisation of forestry resources and greater exposure to international markets

On prospects, Mr van As said the continuing weakness of the rand and the positive world and domestic market conditions were favourable to the group and would improve results for the second reporting period (8 months)

199

Growing uncertainty for forests

SA is heading for a major timber shortage — just as producers are planning a major export drive of wood and paper products

Demand for locally grown hardwood already exceeds supply by some 2m m³/year. The shortfall is expected to grow to nearly 32,5m m³/year by the year 2010.

Currently, there is a 2,5m m³/year surplus of softwood. But this will be exhausted by the year 2006, to be replaced by a cumulative shortfall of 18m m³, says Forest Owners' Association (FOA) director Mike Edwards.

SA will then have changed from being a net exporter of softwood, to a net importer of all timber, including the more exotic furniture woods it has traditionally imported, such as mahogany, teak, imbuia, beech and oak.

In 1987, nearly 17m m³ of both hard and softwood was produced locally. Of this, 8,3m m³ was used for pulpwood, 4,34m m³ for sawn timber, 3,45m m³ as mining timber and 840 000 m³ for a variety of other purposes.

By the year 2010, the pulpwood industry will consume 15,6m m³ and sawmillers 9m m³. Although demand for mining timber will have dropped to 3,2m m³, demand for "other" timber will have moved up to nearly 1,5m m³.

The FOA represents SA's major timber processors and plantation owners. Its members control about 75% of the country's private sector forests and 81% of pine plantations.

It raised the alarm in 1981, when it warned that the country's 600 000 ha of pine trees and 575 000 ha of hardwood forests were insufficient to meet future demand. It warned foresters in SA, Venda, Transkei and Ciskei that they would have to plant an additional 195 000 ha, or 39 000 ha/year, by 1986 to prevent shortages.

The message was largely ignored. By 1986, only 43 470 ha of additional forest had been planted.

Even if the remaining 151 530 ha is planted now, shortages cannot be averted, says Edwards. It takes 25 years before pine trees (softwoods) can be harvested and 10 years for gum trees (hardwoods) to reach maturity.

He says major timber growers like Sappi, Mondi and HLH are planting enormous areas to timber, but they cannot solve the problem on their own. A vigorous

planting programme by smaller growers is also needed. The barrier is cost. Suitable land costs up to R3 000/ha, depending on the area and the rainfall, and a possible further R1 200/ha to afforest it.

Growers can expect a net annual return of about 2% before tax which, Edwards admits, "is less than exciting." But their returns should improve as the shortage tightens and prices rise.

That much is almost certain. To meet demand after 2010, the FOA estimates that even if the additional 195 000 ha had been planted by 1986, a further 11 400 ha/year would have to be planted to meet future demand.

Quoting a forecast to the year 2010, compiled by Louis Heyl Associates, Edwards says timber demand will increase from its present 17m m³/year to 29,3m m³/year by the year 2010 — an increase of 73%.

Much of this growth is due to SA's emergence as a major exporter of wood-based products such as paper, wood pulp and chips — and the coming on-stream of massive wood-consuming projects like the R70m expansion of the Sappi Novobord plant in the northern Transvaal and a similar Italian plant in Transkei.

According to the report, 29% of current demand is for export. By 2010, export demand will drop to 26% of local supply. That figure may be conservative. The forecast was made before Sappi made its major acquisitions and announced its intention to become a major wood and wood product exporter.

Prices of SA timber have already firmed on the domestic market and growers are likely to increase prices further as the shortage increases. ■

ORGANISED BUSINESS

The battle continues

The threat of another damaging defection from the Federated Chamber of Industries (FCI) has been postponed. The Port Elizabeth-based Midland Chamber of Industries (MCI) has decided against joining Assocom — "for the time being".

MCI president Peter Morum says the chamber has shelved plans for a referendum asking members to which national body their chamber should belong. The MCI's future allegiance was to have been decided on a straight majority vote.

"We are not contemplating any changes in the foreseeable future," said Morum this week. "We will keep our FCI membership for the time being."

FCI executive director Ron Haywood expresses more confidence. "I believe we can have a long-term relationship, and that we can accommodate their needs."

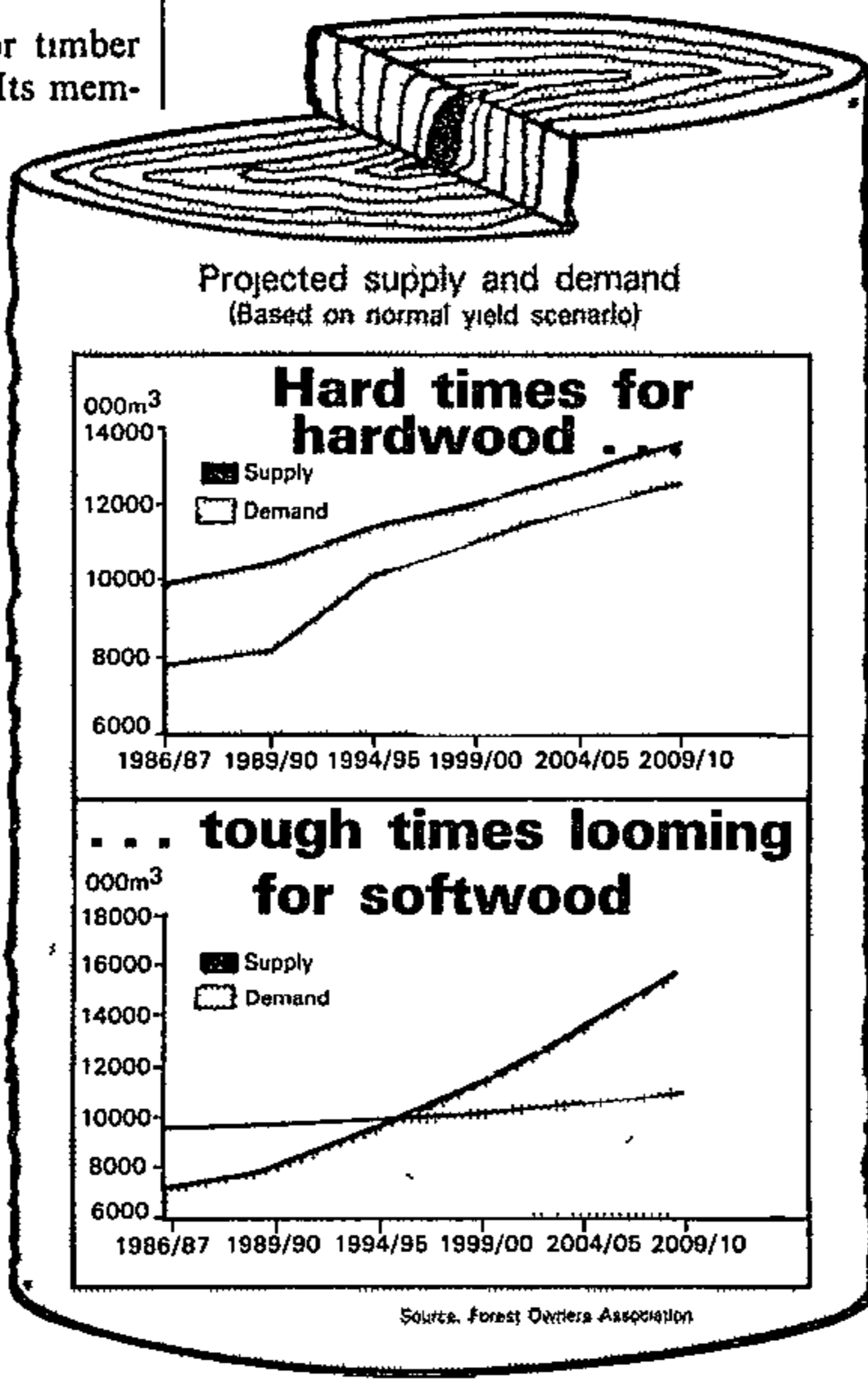
Neither the FCI nor MCI is saying officially what those needs are. However, the Port Elizabeth chamber's gripes with the national body are understood to centre on two issues — the services offered by FCI and its reluctance to move towards a merger with Assocom.

Several MCI officials are known to favour such a merger. They argue that if the MCI follows the example of the Transvaal Chamber of Industries, which defected to Assocom last year, the FCI will eventually have to accept a merger.

FCI officials have held several meetings with the rebellious chamber to seek a settlement. Morum says some issues have still to be resolved, but adds: "The dust has settled a little."

Assocom sources think otherwise and they have not given up hope of persuading the MCI to switch affiliation.

Assocom CE Raymond Parsons won't comment on the matter, but the sources say the MCI has given the FCI a deadline to meet its demands.



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199 Bloy 23/8/88

Private timber growers bemoan meagre prices paid

IN spite of the favourable trading conditions being enjoyed by pulp and paper manufacturers, prices paid to private timber growers for round logs are meagre, says the SA Timber Growers' Association (SATGA)

In January this year, the prices paid to the growers were increased by between 11% and 14% — less than the average 17% increase in production costs during 1987

Recalling media reports that pulp

PATRICK MAFARO

and paper manufacturers had been enjoying favourable conditions, particularly in the export market, SATGA executive director Bruce Ferguson said growers were disappointed at the increases in pulpwood prices obtained from the mills.

The association is also concerned about the concentration of the country's timber resources and pulp-

capacity. It says the situation has been aggravated by Sappi's Ribn purchase of Sator.

"Significantly, hard on the heels of the Sator deal, Sappi passed over the mid-year increase, which Sator had given growers every year since 1980," Ferguson said

"This Sator gesture was always additional to the increase normally announced each January and it was very much appreciated," he said

Sappi Forests MD Peter Stoker

said: "At the end of last year we offered growers R1-a-ton bonus, and in July this year we increased the price for pulpwood by 4.1%," he said

The association is also questioning the sale to Sappi of the 33% share in Sator held by the Industrial Development Corporation (IDC). "No opportunity to bid for these shares was given to other interested parties," Ferguson said

Solid Doors suffers from lower margins

Star 21/10/88
199
Finance Staff

Manufacturer of door and timber products, Solid Doors saw its margins decline substantially in the six months to end-August, but directors say good demand for the group's products will be evident during the remainder of the year

The group has reported an increase in attributable earnings per share of 24 percent, whilst profits before taxation have been boosted to R2,55 million, compared with R2,052 million for the corresponding period last year

However, on the operating level, earnings were only up 17 percent, while sales improved by 28 percent over the period

At present Solid Doors has R6,2 million cash on call, which could be used to extend a semi solid and flush door plant, which was completed during the period under review

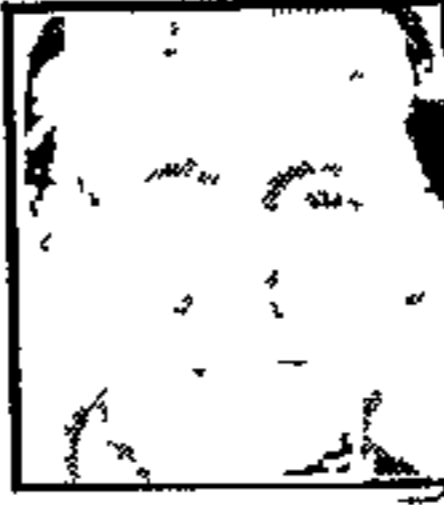
Says Solid Doors executive chairman Ian Senior "The group has performed in line with management expectations and is, significantly, debt free This position has facilitated the expansion programme, ensuring that the R1,5 million manufacturing plant expansion has already been paid for."

Referring to the group's prospects, Mr Senior anticipates that the group will continue to grow organically He refers to the increasing demand for its products arising particularly from the growing DIY market as well as the necessity to provide adequate housing for all South Africans

Mr Senior is confident that the group will maintain the growth evidenced in the first half of the financial year

Property &
Construction

FRANK JEANS



Macrall venture Star 11/1/88 (199) proves profitable

In its first full financial year as a joint venture partnership with Cullinan Holdings and GKN Industries, Macrall Timbers reports record profits and turnovers

The company, formed through a merger between the pallet divisions of Cullinan and GKN last July, with Cullinan acquiring a 51 percent interest, has played a key role in helping the Cullinan group's other trading operations to double their contribution per share to 16,4 c for the year to end-June

Mr Louis Sprenger de Rover, an executive director of Cullinan Holdings, says the Macrall results were based on a buoyant market in the materials handling and packaging industries

"Macrall's turnover rose to R36 million for the year with the company's manufacturing sites throughout the country at high levels of capacity," he says

Meanwhile, Cullinan Engineering's new drive into materials handling has resulted in the company in-

creasing both turnover and contribution to group earnings

"The company performed extremely well in a highly competitive industry during the financial year," says Mr De Rover

"The Cullinan group posted record earnings of 127,6 cents per share for the year.

"In the fabrication field the company has established a solid and expanding base of customers involved in materials handling"

Golden sawdust

From January Sappi Novobord's White River factory in the eastern Transvaal, one of SA's most modern particle board factories, will start buying sawdust from nearby lumber millers to use as part of its material mix.

This will transform a waste product that has become an embarrassment for millers — about 20% of a log becomes sawdust — into a saleable commodity worth millions. It will also lower Sappi's raw material cost and make Novobord one of the millers' best customers.

Millers already sell 18% of their roundlog intake — the solid portion which is unsuitable for conversion into planks — to Sappi's Ngodwana mill as wood chips for paper manufacture or to Novobord for particle board manufacturing. Another 3% becomes "fines," a waste product used to produce steam for drying kilns. But there's a limit to the amount of steam the millers need. At the moment they burn the excess sawdust in antiquated kilns or pile it in unsightly heaps.

A vast quantity of sawdust is available. In the year to March 31 1987, reports the Department of Environment Affairs, SA's 122 sawmills processed 3,75m m³ of roundwood, 1,55m m³ in the eastern Transvaal. Tweespruit sawmill alone, which will supply Novobord with sawdust, has a log intake of 200 000 m³/year.

Sappi Timber Industries MD Kim Jokitiu says while Novobord produced 55 000 m³ of particle board a year it always had enough logs and chips as raw material. And there was no need to use sawdust as a raw material.

But when the current R70m plant extensions are completed and production increases to 165 000 m³ a year, "we will need all the raw material we can get and will have to widen our raw material base to include sawdust. Particle board manufacture will not compete with paper and pulp manufacture for roundlogs. We're also looking at picking up all forest and mill waste."



Lumber millers ... waiting on profits from sawdust

Lumber millers say they are still negotiating price with Sappi, but expect to get R30/t-R40/t, delivered at the mill.

Millers intend to burn "the millions of tons of old sawdust that has accumulated." But when that is done, sawdust income from Novobord will have to cover the cost of using alternate fuels such as coal or gas to produce steam. Sappi has offered a subsidy. The amount is being negotiated. ■

SAPPIS SWAZI

deal not yet

finalised

By Dan
4/11/84

ZILLA EFRAT

199

SAPPIS acquisition of control of the Usutu Pulp Company in Swaziland has not yet been finalised, and there is still much work to be done before it can start planting in southern Mozambique.

The Usutu Pulp deal, part of a R1,05bn. agreement with UK-based Courtaulds for control of Usutu Pulp and Saiccor, is subject to the approval of the Swazi government.

But Sappi MD Eugene van As says the Swazi government is now in recess.

Although no answer is expected before the end of February, Van As expects the deal to go through.

Van As says there is still lots of work to be done in establishing extensive eucalyptus hardwood plantations in southern Mozambique.

A pre-feasibility study has been done. Sappi is now working on an overall feasibility study with the Mozambique government.

Aerial surveying work, which has been delayed by weather conditions, might only be completed in May.

But Van As says "We hope to start planting towards the middle of this year."

Sappi anticipates it will plant between 30 000ha and 50 000ha in southern Mozambique.

This is an excellent tree-growing area and revenue is expected in about seven to eight years, says Van As.

C-Matic seeks share capital reduction

BRUCE ANDERSON

COMPUTERMATIC Holdings (C-Matic) intends proposing a reduction in share capital to its shareholders which will provide Eureka, which has a 50% holding in C-Matic, with cash of R2,5m to reduce its interest-bearing debt.

id
132
ation could cause sor...

Lion Match lifts trading profit 39% ¹⁹⁹

Star 8/11/88
An earnings increase of 21 percent a share to 14,7 cents is reflected in the interim results for Lion Match

The interim dividend is 5,5 cents which, with the 35 cents in the six months to end-March, makes a total

of 40,5 cents (25,0 cents)

Turnover rose 28 percent to R108,3 million (R92,4 million) to yield a trading profit up 39 percent to R14,0 million (R10,1 million)

After tax profit climbed

27 percent to R5,9 million

The directors comment. "The growth of only 10 percent in the group's net assets, despite Interpak's plant renewal programme, compares favourably with the 28 percent increase in turnover" — Sapa.

BUSINESSMAN OF THE WEEK

Demand for DIY sparks R15-m growth plan

By DICK USHER
Business Staff

PG WOOD has a R15-million expansion programme planned for next year to keep pace with growing demand in the wood and do-it-yourself market

This growth has given the company a 35 percent compound growth over the past five years while turnover has reached more than R1-million a day

Leading the process, which has seen the company turned from an "all-time low" to a major contributor to group earnings, is managing director Durham "Butch" Watson Smith

He joined the company in 1963 as a buying clerk and by 1976 was Cape MD

In 1977 when he was asked to become national MD the group's wood division — apart from the Western Cape — was in dire straits, mainly from lack of clear direction

Employs

It now now employs about 1 500 people nationally, has 22 P G Wood outlets, 40 Timber City stores, has backward integration of laminates and chipboard through P G Bison and is about to build a new R2,5-million warehouse in Kukul's River and one in Springfield, Durban for about R4,5-million

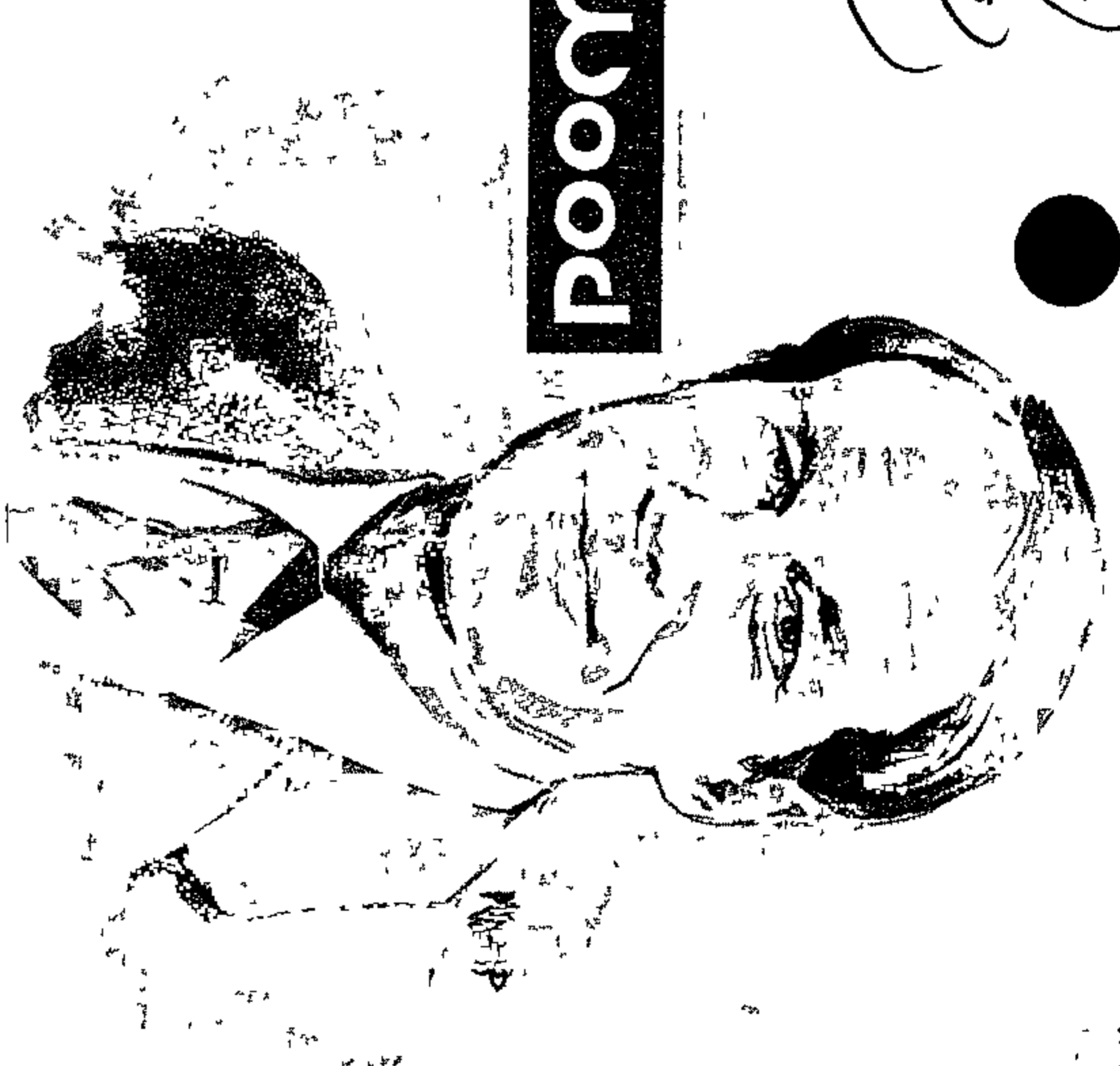
Further growth is planned with a R750'000 operation for

w/ (C) News
96/11/88

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25
22



PGWOOD



Durham "Butch" Watson Smith... going for growth.

Oudtshoorn and a R500 000 expansion of the express warehouse in Germiston plus company owned Timber Cities in Blackheath and Nelspruit

Allied to these is a R4-million upgrading of the company's computer network

The expansion is aimed at creating new facilities to supplement others which have reached their limits and to bring the company more firmly into growth areas previously serviced from existing outlets

All the new facilities will

be custom-built for maximum productivity, a major consideration in holding down costs at a time when profit levels in the industry are under pressure

"We have to be super-efficient in this market because of the competition," said Mr Watson Smith

"There's easy entry to the market with lots of product discounting. At the same time the customers want to buy better resist having to pay for service.

"Despite this, pressure on margins our profit growth over the past five years has

surpassed sales and we've picked up a couple of points of market share each year"

Success has been built on specialisation of product range, rationalisation of outlets and name, and capitalising on the growing do-it-yourself market

About 75 percent of P G Wood's sales now come from six main products, with a wide range of choices within each

This specialisation was a process Mr Watson Smith started when he was MD in the Cape, and helped the Cape

division stay profitable when others were floundering, but is also a continuation of company policy which started about 15 years ago with the creation of wood, glass and other specialist divisions

Along with the specialisation went rationalisation of name and image

Advertising

"Before 1983 we had a whole mix of names, but by rationalising under one name we could get maximum benefit from advertising campaigns and services," he said

Moving into the do-it-yourself market through franchising Timber City outlets was another successful move that was a Watson Smith brainchild

Of the 40 outlets nationwide, 12 are owned by P G Wood and 28 are franchised, and the demand for franchises is so strong that the company has to limit those it grants

"We have to keep the number of new franchises to about 10 a year to safeguard service," said Mr Watson Smith

"They now contribute about R2-million annually and are popular because they give a small operator access to the biggest range of products on a 24-hour basis at market-related prices

"Plus they have the advantage of our advertising campaigns and advice from our experts

"For this franchisees pay a signing-on fee, a 2,5 percent loyalty fee and 2,5 percent for advertising. We supply them with all their merchandise and are on hand with advice and new products."

(See Page 5)

DIY demand sparks growth

By *Wesley J. From* Page 11

Product supply was tied up with the acquisition of what is now P.G. Bison, which also owns Laminate Industries and Bisonbord.

Through these P.G. Wood has tied up chipboard and formica supplies which it then distributes through its own outlets and the Timber City network. Fifty percent of product sold is group-sourced.

On another level, the company places great emphasis on customer service and representatives pay regular calls to P.G. Wood's major customers.

"Certainly, a big plus is our customer focus," said Mr. Watson Smith.

ST/Time
18/11/89

Sappi waits

199

THE Swazi Government cannot be accused of being hasty in closing the Usutu Pulp Company deal with Sappi.

After seven months of negotiating, Sappi clinched a R1,05-billion deal in July last year with UK-based Courtaulds for control of the largest pulp producer in the world, Saiccor, and Swaziland's Usutu Pulp.

The only hitch in the deal was that the Swazi Government, under the leadership of King Mswati III, had to approve the proposed sale by Courtaulds of 80% of Usutu Pulp.

Six months later, no agreement has been reached between Sappi and the Swazi Government. Sappi managing director Eugene van As is not worried about the delay, saying he is confident the deal will be approved by March.

Swazi mill
workers
in conflict 199
The Star's Africa
News Service

MBABANE — Workers at a Swaziland pulp mill soon to be taken over by South African giant Sappi are in conflict with their management over alleged redundancies

The workers at Usutu Pulp Company in the west of Swaziland claimed yesterday that new machinery brought in by the management had created redundancies. They also accused the management of discrimination and demanded the suspension of three executives

They said "a number" of workers had been made redundant

... were left economically depressed

Now wonder the chairman is smiling

Star 4/2/97

199



SOLLY TUCKER — "Important productivity gains."

SOME big profit increases have been announced in recent months, but none from a listed company has been of the same magnitude as that from the Pretoria-based timber group, Yorkcor.

In the year ended December the company earned R2,8 million after tax equal to 309,6c a share — a more than seven-fold increase on the R360 000, equal to 40,2c earned a year ago. Turnover rose 19 percent from R28,5 million to R33,8 million.

A dividend of 100c a share has been declared, 10 times the 10c paid last year.

Yorkcor revised its profits forecast twice last year and still was unable to get it right.

A year ago it forecast earnings of 125c for the full year. But after making 124,3c for the six months ended June, it revised its forecast to at least 250c a share for 1988, which still turned out to be almost 60c too low.

The chairman, Mr Solly Tucker, said the high profits were the result of important productivity gains in its industrial operations.

DEREK TOMMEY

Profits were also helped by the company's focus on matching its best product mix with the demand in the top end of the market. This increased the unit value of sales.

Yorkcor also paid attention to building balance sheet strengths and by year-end had reduced debt-equity ratio from 53 percent to 13 percent.

The revaluation of fixed assets and profit-retentions raised the net asset value of Yorkcor shares from 1526c to 2234c.

Mr Tucker said that the company expected to at least maintain earnings in 1989 at last year's levels. He forecast earnings of 350c and a dividend of 120c. The timber industry did not expect to feel the forecasted chill, if and when it came, until the second half of 1989, or even later.

Mr Tucker said that taxation would have a greater impact on Yorkcor's earnings in 1989 than in 1988, and the tax rate was likely to rise from last year's 40 percent to about 50 percent.

...potential viewers... interest... could register at no... earnings... price are getting in at a rock-bottom price.

Huntcor oddlots on the way out

S/ Times 12/2/89

199

HOLDERS of fewer than 100 shares in Huntcor can now round up their oddlots through an offer by Rand Merchant Bank (RMB).

Of the 19 696 shareholders in Huntcor, 17 907, or 91%, own oddlots below 100 shares. Their combined stake represents only 1,1% of the equity

The large number of small shareholders is the result of an investment policy which allowed certain Sanlam policyholders to invest the cash bonuses from their policies in Bonuskor

This option was available from the formation of Bonuskor in 1946 until 1960. The one-for-four consolidation of Bonuskor shares in 1985 reduced even further the size of these small shareholdings

The large number of oddlot shareholders results in disproportionately high administration costs to the company. Dealing in oddlots on the JSE is usually at a discount to the ruling price because of the higher transaction costs

Bonuskor's listing on the JSE was terminated in August last year when its members were offered an exchange of either 186 HL&H (Hunt, Leuchars & Hepburn) shares for every 100 Bonuskor, or 100 Huntcor for every 200 HL&H held.

RMB is offering oddlot holders the opportunity either to sell to RMB at R12 a share, or to buy from RMB the number of shares required to round up to 100 at the same price. Alternatively, members can choose the status quo.

The R12 price was determined from JSE trade in Huntcor during a week in January, and is net of all costs

The current price of Huntcor is 150c, so it would be better to accept RMB's offer and buy shares at R12. The offer closes on March 3.

If members elect not to respond to either offer, their holdings will be converted into an equal number of A redeemable preference shares which will be redeemed at R12. Such redemption would be out of the proceeds of a fresh is-

sue of ordinary shares by Huntcor to its controlling shareholder.

Members must surrender their share certificates in any event. Those failing to do so will not be paid until the certificates are presented to Fraser Street Registrars, 65 President Street Johannesburg (tel (011) 491-0911).

If on repress But if sh such as trust por sour, the e ment wou others wou the loser

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She should n the administr money will be managed, and things one get one pays for

I advise her ing shares in ties — compa not listed on companies can the promise sounded too & have often to

VEHICLES & PLANT FOR SALE

ALL RECOMMENDED

Bus — 24-seater (8 standing) Toyota (neat).

Flatdeck Trucks (8 ton and 5 ton) pup trailer. Merc 1418/1413/91

Chassis/Cab Trucks — 3 x Toyota SWB, 1 x MWB, 1 x LWB), Mer

Mech Horses — Merc 1113, S (sleeper), MAN 30-320, Mack 6:

Trailers — 13m³ and 22m³ Cop semi-tandem, Drawbars.

6m³ Tipper Trucks — Merc 131: Ford 13-12, ADE (4), Isuzu

10m³ Tipper Trucks — Scania 11C

Higher tax rates whittle Masonite's profit growth

B/DW/2112189
199

LIZ ROUSE

MASONITE'S profit growth at the pre-tax level was an impressive 61% but a higher tax rate whittled taxed earnings down to 33%.

However, the forestry, board and mineral fibre group's December year-end results show a sustained growth throughout the past year. Earnings were up 33% to a record 134c a share from 101c a share in 1987.

A final dividend of 39c has been declared, which makes a total payout of 67c. The previous year's distribution was 72c including a 26c dividend from six months profits from Hardboard Servicing (Masonite sold its interest in this UK subsidiary).

The 1988 distribution should therefore be compared with 1986's dividend total of 40c.

Masonite's pre-tax profit of R16,1m showed an improvement in operating margins to 17,8% on sales of R90,4m, compared with 1987's pre-tax profit of nearly R10m on sales of R74,3m, a margin of 13,4%.

An extraordinary item of R680 000 was the profit on the sale of 45% of Hardboard Servicing to the holding company in Chigaco. The sales of 55% of Leeds-based Hardboard brought in a profit of R857 000 in 1987. This was all part of US Masonite Corporation's decision to disinvest in SA and direct its products to EC markets.

Masonite directors say in the preliminary report that the improvement in sales volumes continued in the second half of the year and margins were firm. All production units performed exceptionally well with further improvements in quality.

While still a relatively small con-

tributor to earnings, Ezebilt Products, after a slow start to the year, finished on a high note with turnover increasing significantly over the latter part of the year.

In fact Masonite did better than reflected in its 33% earnings increase as 1987 profits included six months earnings from Hardboard.

Orders

A jump in the tax rate was attributable to the absence of foreign-sourced income and a forced cut-back in exports as local demand took up most of the group's output.

Although the economy is expected to slow this year, Masonite's high level of orders on hand should enable the company to maintain good results say directors.

Masonite shares, at R14,75, are trading on a historic PE of 11 and historic dividend yield is 4,5%.

OMALIQ

ON THE
MOVE

Star 2/3/89 7

PG Wood spends ¹⁹⁹ R4,5-m on hardware

PG Wood has had a 35 percent compound growth over the past five years and turnover is now more than R1 million a day, resulting in a doubling of the company's computer processing requirements.

As part of a R15 million programme to keep pace with the growing demand for its products, the company has bought three Nixdorf 8890 Di-Series mainframes valued at R4,5 million.

The company employs about 1 500 nationally, has 22 PG Wood outlets, 40 Timber City stores — of which 28 are franchised — has backward integration of laminates and chipboard through PG Bison and is about to build a R2,5 million warehouse at Kuil's River, and another at Springfield, Durban, costing R4,5 million.

Mr Farouk Alli, PG Wood director, says "We have been a Nixdorf user since 1978 at which time we installed the Comet suite of commercial software. With our huge investment in software, it has been extremely cost-effective for us to retain our existing programmes and install the more powerful 8890s which are IBM plug-compatible and run Comet under Nixdorf's version of the VM operating system."

Management

SA heading for a timber shortage

199 B/DW/3/3/87

SA IS heading for a serious timber shortage in the future and will not be able to meet the needs of its growing local and export markets

Forest Owners' Association director Mike Edwards says a recent survey found that in order to meet projected demand, the industry needs to plant about 40 000ha more a year until 1992

From 1992 onwards, it needs to plant another 17 000ha a year to meet its timber requirements by 2010

But it will need to plant more if it wants to expand wood-processing operations to meet higher local consumption and exports

The survey took into account the impact of improved yields of tree breeding and of drought. It looked at three scenarios. Edwards said even the most favourable scenario would result in a shortage

For the six years to 1987, the average increase in planting was 13 403ha a year. The average net gain — as some timber land was converted to other uses — was about 10 000ha a year, resulting in an accumulated shortfall of 174 000ha by 1987

But SA's total plantation area has doubled from 596 000ha in 1945 to 1,2-million hectares or 1% of SA's total land area

The trend has been to increase planting, but not

enough to reach the projected requirements. Edwards says people have woken up and the large companies are going on major afforestation drives

By doing everything possible to increase timber production — planting more, improving yields from existing areas and improving utilisation by eliminating wastage — the problem will not be solved

"We have not had the investment that we should have had and it is a problem to encourage people to come into the industry"

There is a limited supply of land with suitable soils, rainfall and climate and which is near processing plants

The industry has been looking at all available timber sources in southern Africa, including Mozambique and Zimbabwe.

Edwards says KwaZulu and the Transkei offer the most potential for new forest investment, but there is the problem of the system of land tenure in these areas

He says forestry is probably the prime industry to create rural employment opportunities. Planting the 40 000 additional hectares a

year to 2010 could create an additional 50 000 jobs far more cheaply than other industries

Mondi CE Tony Trahar says the shortage of timber can be alleviated if government and private enterprise step up and co-ordinate forestry research efforts

While an increase in area planted will contribute to the solution, there are growing demographic and environmental pressures against this approach

Trahar says there is considerable potential to increase the yield of existing plantations through research, technology transfer and innovative cultivation techniques

Significant yield improvements have already been achieved in some areas. If similar improvements could be achieved on total existing plantation areas, a 30% increase in yield a year might be possible which would come closer to meeting the projected demand for timber

He says research must be integrated and knowledge must be shared on a co-operative basis by government and corporations

Mondi believes much

more needs to be spent on forestry research in SA. About R29m was spent during 1987, 53% by private companies, 40% by government and the balance coming from the forestry council

Trahar says "But if we compare ourselves with other countries with strong forestry industries, SA spends less than 1% of industry sales on research while others spend between 2% and 5%

"From another perspective, Australia and New Zealand in 1985 spent three times as much on research per cubic metre of timber produced, R3 against SA's 87c"

SA a small player

MODERNISATION and new production facilities were the main avenues for capital expenditure in the forests products industry, said Sappi deputy executive MD Ken Lechmere-Oertel at the conference

The industry, which consists of plantation forestry, pulp and paper manufacture, sawmilling, mining timber and flatboards, received R9,66bn in investment in 1987. However, SA's capital expenditure for the paper and pulp industry was very small player in world terms, said Lechmere-Oertel.

The paper and pulp industry, and the plantations supporting it, constituted more than 70% of this investment.

Lechmere-Oertel said the most important factors relating to future investment are the availability of raw materials and end use markets.

199
6/7/87
ZILLA EFRAT

He said a minimum growth of 5% a year was forecast for SA pulp and paper manufacturing, which would require a doubling of existing capacity in 14 years at an estimated R7,5bn. Considerable scope for modernisation and improvement also existed at a minimum cost of R400m a year.

Growth of 4% was anticipated for sawmilling, requiring expenditure of R25m a year, and modernisation would lead to annual expenditure of R40m.

Lechmere-Oertel said very little capital expenditure was needed for the mining timber industry, which had a low growth forecast but which required some modernisation and updating.

Yorkcor planning share split to woo investors

SAW 17/3/89
199

By Derek Tommey

Timber-processing company Yorkcor has a problem. After several lean years it has started making real money, as can be seen from the quadrupling in its operating profit last year from R1,3 million to R5,4 million.

Now it has something to offer the investing public it would like to have more shareholders and see a real market develop in its shares on the JSE.

But with only 896 000 shares in issue, of which some 800 000 are owned by the major shareholders, there are not many left for the investor wanting to make a significant investment in the company.

To get around this and to improve the marketability of the company's shares it is planning a share split, said the chairman, Mr Solly Tucker, this week.

No definite figure for the split had been decided upon but the shares, which are standing at 1350c, could possibly be split on a five for one basis.

However, in what can be seen as a move to reassure the family shareholders that this would not lead to their losing control, he pointed out that this would not dilute the

equity in the hands of the existing shareholders.

Speaking at the annual meeting of the company, Mr Tucker repeated his forecast contained in his annual report that the company remained cautiously optimistic about 1989's prospects and that he expected Yorkcor better its 1988 earnings of 350c a share.

But he added that conditions in two of the company's major markets — housing and furniture — could possibly deteriorate as the year proceeds.

Mr Tucker said the company had made good progress in placing its current activities on a sound footing and had "clearly reached the stage

where it has both the managerial and financial resources to consider expanding its operations significantly. For some years, we have felt that the market price of Yorkcor shares has failed to properly reflect their underlying value.

"For as long as there was no real requirement for the company to issue additional shares, your directors regarded it as their first priority to look after the running of the business."

Mr Tucker said Yorkcor was doing well in its export effort but there were restraints and believed competitive conditions in the local timber market would become tougher, if not fierce.

Rising prices add to Sappi's growth

13 [04] 11/4/89 ● From Page 1

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in the years ahead, say directors. Comparison of the 1989 figures with the 1987 figures is distorted because Sappi changed its year-end to February as a result of the Saiccor acquisition. However, annualised percentages have been provided.

The results include figures for Saiccor from April 1, 1988. The Usutu Pulp Company's results are excluded pending the completion of current negotiations with the Swaziland authorities, but chairman Tom de Beer says Sappi can look forward to concluding the Usutu deal in the near future.

Turnover rose 61%, calculated on an annualised basis, to R2 469m (R1 312m).

Improved margins of 25% (21,4%) led to an 89% rise, on an annualised basis, in operating profits to R617,7m (1987 R280,8m).

Financing charges rose due to higher interest rates and the increased level of financing associated with the enlarged group. Despite higher borrowings to finance acquisitions, Sappi's debt equity ratio improved to 0,67 (1987 0,80).

Pretax profits rose to R583,3m (1987 R265,9m), equivalent to an annualised improvement of 88% and net income of R496,7m (1987 216,1m) represents an annualised increase of 97%.

Share split at Yorkcor on cards

EDWARD WEST

THE York Timber Organisation could be in for a share split at the end of July.

Chairman Solly Tucker said last week the split would follow JSE approval of recommendations, by Yorkcor brokers and a merchant bank, to be considered at a board meeting on May 16.

With 86% of the 896 000 shares in issue in the hands of the Tucker family a share split would be needed to make them more accessible to outside investors.

Yorkcor's shares have moved 111.7% this year to peak at 1725c last week.

The share price has seen sustained growth since June 21 when it stood at 715c.

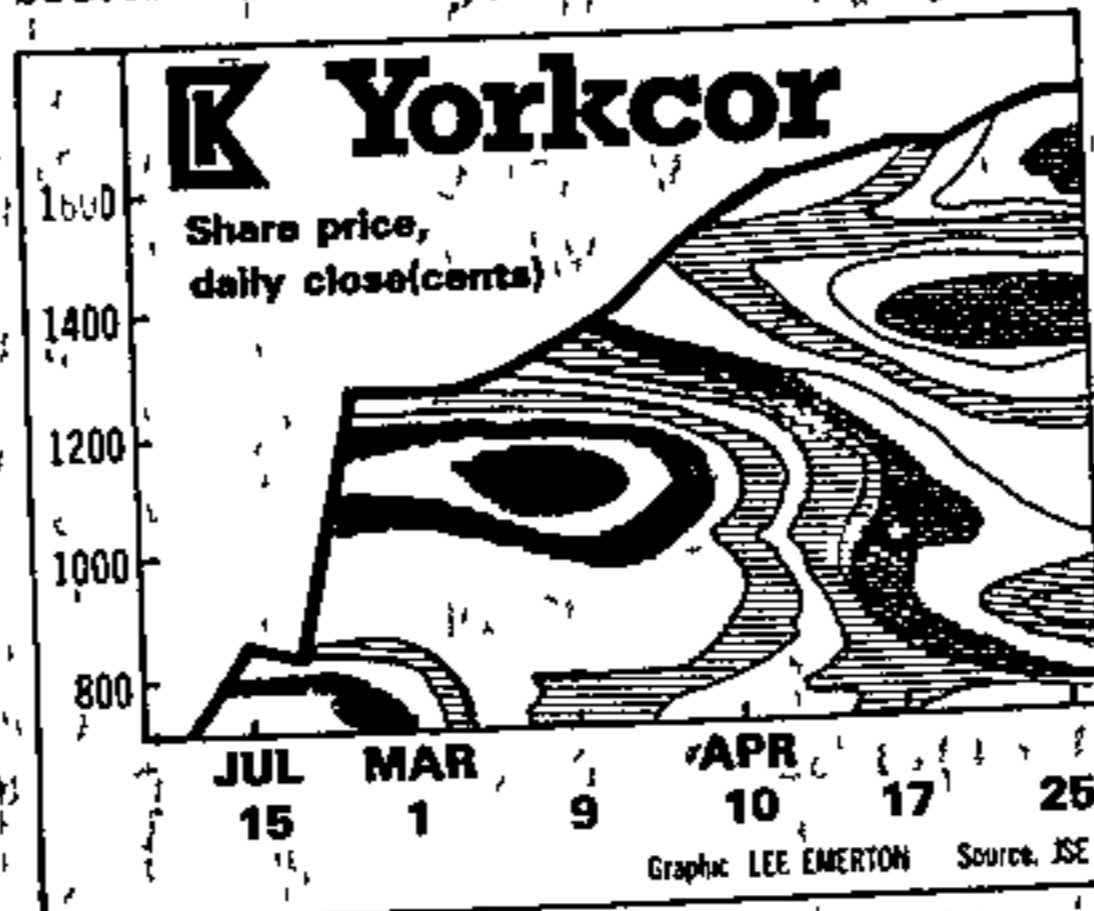
Analysts ascribe the rise to "excellent" results in 1988 and good prospects.

Increased productivity and the growth of the construction and building industries, which make up 55% of Yorkcor's market, were main contributors to phenomenal results in 1988.

The group posted a 670% increase in earnings to 309.6c a share from 40.2c earnings in 1987. This was achieved on an increase in turnover of only 19%.

An analyst said he expected Yorkcor's earnings to increase by 30% to 400c a share in 1989.

Tucker said the company was well on track to achieve forecast earnings of 350c a share and had contingency plans for the predicted slump in housing and furniture sectors.



Confidence high at Sappi

Finance Staff

The current cycle of high world prices for bleached paper pulp has enjoyed an unprecedented run and can be expected to level out shortly, says Sappi chairman Tom de Beer.

Writing in the group's annual report, he says prices for newsprint are also likely to come under pressure over the next two years as there are a number of new facilities coming on stream throughout the world.

Despite this, Mr de Beer expects substantial growth for Sappi in the current financial year.

Looking at the impact of the Saiccor acquisition, chief executive Eugene van As says

"Saiccor fits in well with our business and is less cyclical than a pulp producer.

"It has already proved to be a major profit contributor to the group, and we have benefited from our relationship with Speciality Pulp Trading, which has international trading links and markets. Saiccor's dissolving pulp overseas.

"We are committed to making further investments in the business to improve plant reliability, product quality and plant output."

Lion Match sparks up earnings

Lion Match lifted turnover for the year to March by 22 percent to R230,4 million (R189,5 million)

The figures reflect a 33 percent rise in pre-tax profit, resulting in a 28 percent rise in taxed profit of R10,8 million (R8,5 million)

Despite a rise in financing costs to R5,1 million (R2,5 million), attributable earnings reached R12,1 million (R9,7 million), an increase of 24 percent, equivalent to earnings per share of 27,0c (22,1c)

In line with the current policy of paying annual dividends of about 40 percent of attributable earnings, a final dividend of 5,5c has been declared, making a total of 11c

Sapa

Lion Match profits up 33%

CM 7/15
6/5/89
199

JOHANNESBURG — The Lion Match Co increased turnover for the year ended March by 22%, to R230,4m from the previous R189,5m

The figures released yesterday reflect a 33% increase in profit before taxation, resulting in a 28% increase in after-tax profit of R10,8m (R8,5m)

In spite of the increase in financing costs to R5,1m (R2,5m), attributable earnings reached a record of R12,1m (R9,7m), an increase of 24%

This is equivalent to earnings per share of 27c (22,1c)

In line with the board's current policy of distributing annual dividends approximating 40% of attributable earnings, a final dividend of 5,5c was declared, making a total of 11c for the year

Although it is expected that there will be a cooling in the degree of economic activity and a more selective application of disposable consumer income, the group expects to achieve improved earnings in the current financial year — Sapa

1988/89

LION LIGHTS UP WITH GOOD PERFORMANCES

BRUCE ANDERSON

LION Match has increased earnings by 22% to 27c a share (22.1c) for the year to March, after exceptional results from its packaging division, Interpak

The division's good performance is reflected in the 43% increase in operating profit to R25.4m (R17.8m). All other divisions performed well.

Turnover was 22% higher at R230.4m (R189.5m).

Directors say Interpak delivered operating profits at nearly treble the 1988 level.

Another good performance came from Wilkinson Lion consumer products, where operating profit was more than 2.5 times higher.

The final dividend of 5.5c a share remains unchanged from last year, as does the total dividend at 11c a share.

Attributable profit rose by 24% to R12.1m (R9.7m).

Gearing rose to 54% (40%) but cash flow from operations is expected to



bring this to below 50% this year.

Expenditure on plant and working capital raised total assets by 26% from R132.7m to R167.6m.

Much of the spending was focused on plant renewal at Interpak and additional capacity at Lion Appliances.

Lion Match manufactures safety matches and is also involved in the printing and packaging industry and in electrical appliances.

Directors say there is adequate capacity to fund the next stage of the capex programme, which will include import replacement at Lion Appliances and Wilkinson Lion Products and more modernisation at Interpak.

Although a cooling in the degree of economic activity is anticipated with a more selective application of disposable consumer income, the group expects to achieve improved earnings in the 1989/90 financial year.

Larger HLH
earnings rise
42% to 68.8c

199

LESLEY LAMBERT

ENLARGED timber and food group Hunt Leuchars & Hepburn has boosted earnings a share 42% to 68.8c, on a bigger share issue with all divisions performing ahead of expectations

Income attributable to ordinary shareholders has grown to R75m but, since these results include those of the Bonuskor group, which HLH acquired last year, comparisons with the previous year's results are not meaningful

A final dividend of 14c has been declared, making a total of 24c — a 33% increase over the previous year

Substantial profit margins were achieved on turnover of R371m HL & H CE Neil Morris attributes this to strong improvements in all its timber and food divisions

As SA's largest industrial timber supplier and a major softwood supplier, HL & H benefited substantially from strong demand from the mining and construction industries



On the industrial side, there was no mine strike

this year and the group introduced new products In the softwood division, which came from Bonuskor, high demand from the building industry meant that all sawmills were running at full capacity for the first time in three years, Morris said

Of its food interests, the sugar division benefited from the recent increase in the international price of sugar Robertson, in which HL & H acquired 100% control, increasing its holding from about 56% last year, benefited from strong demand and growth in the total market

The recent acquisition by HL & L of a strategic 25% interest in Rainbow Chickens took place after the year-end but is expected to contribute quite handsomely to the current year's earnings

While about 30% of earnings are expected to come from traditional timber interests this year, Rainbow Chickens and Robertsons are expected to contribute 50%, split evenly between them, with Transvaal Sugar contributing the remainder

Room

800 locals join

Everite strike

ABOUT 800 workers at the Everite plant in Brackenfell downed tools yesterday in support of a national wage strike affecting four plants and 2 200 workers.

The workers are demanding a R1,03 across-the-board increase on the hourly minimum of R2,85. The company is offering 50c, increasing to 75c for higher grades.

Cash on the nail keeps MAS happy

STimes 4/6/89
By Ian Smith

SUPPLYING customers who spend practically every rand which comes into the household may appear to have its limitations.

But it does protect the dealer from many of the vagaries of the economy

Marco van Embden, chief executive of SA's biggest mail-order house MAS Holdings, says "We have a customer base which is not affected by higher mortgage bonds and soaring interest rates — our sales volumes keep increasing"

The group, listed in 1986, has produced consistent earnings growth in the past five years of about 30% a year, trebling earnings from 8,8c a share to 25,6c

In the year to February Mashold scored a 34% increase in pre-tax profits from R4,6-million to almost R6,2-million Taxed profit in-

creased 29% to R4,9-million and earnings per share showed 27% growth

A total dividend of 12c (10c last year) has been declared

Mr Van Embden says "I would not say that we are totally recession-proof, but we fare a lot better than many other retail sectors in the bad times

Creditor

"We are almost entirely a cash business, selling non-luxury goods to a direct market Our 'shop windows' are the millions of catalogues we mail every year throughout the sub-continent

"Payment is either made with the order or by COD through the post office, which is our biggest creditor"

Last year Mashold took over Grolier from its disinvesting US parent. Grolier

sells books, encyclopedias, the Time-Life and National Geographic series and the Walt Disney range of children's titles

This is the only company in the group which sells on short-term credit, but it is contributing to earnings, says Mr Van Embden

"We have translated the Disney range of titles into Afrikaans and the response has been beyond expectations Orders are streaming in"

Mashold keeps tight control of its operations, and Mr Van Embden says 95% of the 1,5-million orders a year are sent within 72 hours of receipt

The current year has started well

"We are looking strong after the first two months' profit figures and the turnover figure for May," says Mr Van Embden

Sappi farms it out

PULP and paper manufacturer Sappi, celebrating a year of record earnings after hugely improved output, strong world markets and acquisitions, is sharing its good fortune.

The group, which spends more than R4-million a day buying materials and services from outside suppliers, has introduced its own privatisation policy

The annual report says Sappi has become a major job and wealth creator in its own right Chief executive Eugene van As says Sappi concentrates on managing those things which are a core part of its business

"We have, therefore, found it to our advantage to contract out activities which do not form part of our core business to specialist organi-

Business Times Reporter

sations, some small and some large" Mr Van As says

"We have a policy of assisting small organisations to start and this has led to the creation of numerous small businesses ranging from harvesting and haulage contracting to those providing security services, catering, fire-fighting, landscaping, cleaning and many other service activities."

But it does not end there Sappi's expansion has also opened opportunities for large contracting companies and for small specialist organisations which can help in the manufacture or maintenance of specific equipment.

Sappi has developed three farming schemes to ensure supplies of its major raw material, timber, from farming communities and small growers

Project Grow in KwaZulu

gives support and free high-quality seedlings to small farmers More than 800 people are working on the project

Through its Fiesta scheme, Sappi develops and manages plantations for investors who do not wish to operate them

Project Map helps mixed farmers to plant trees on land unsuitable for other crops

In the 14 months to February 28 turnover jumped to nearly R2,5-billion, an annualised 61,2% increase Net income was R496,7-million

All divisions achieved record results, including the Saiccor dissolving pulp mill acquired during the year

Record earnings of 607c a share reflect a compounded annual increase of 26% in the past 10 years on a base that has risen from 28,6-million shares in issue to 86,4-million

Sappi optimistic in spite of likely prices plateau

B/Day 6/6/89 199

WITH international inventories for pulp at their lowest level ever, and generally firm world market prices in all products except newsprint, Sappi chairman Tom de Beer expects this year to show further growth

He adds in his annual review prices are expected to level out because the current cycle of high world prices has had an unprecedented run

De Beer says Sappi is well established internationally and represents a sound rand-hedge stock for investors

This increases Sappi's sensitivity to world trends but gives it tremendous opportunities for further developments. Manufacturing facilities are in good condition and operations are well diversified in the forests products business

De Beer is confident about the opportunity for real growth and capital pro-

ZILLA EFRAT

grammes are under way to help achieve this. Prospects for 1989/90 are good

CE Eugene van As says the current year started on a positive note. The local market for all products is strong and, although the rate of growth achieved last year is not likely to be repeated, he expects steady growth in the year ahead

To prepare for the 1990s, and recognise the Saccor acquisition, Sappi has restructured its management

Van As says towards the end of 1989 many Sappi clients will have direct computer access to enable them to place orders and get immediate response on availability and orders scheduling

The recently acquired Saccor considerably boosted exports and has already proved to be a major profit contributor. As a low-cost producer it assisted in improving Sappi's overall trading margin

Sappi is still negotiating with the Swazi-land authorities to finalise the acquisition of Usutu Pulp Company

In the 14 months to February higher world dollar prices prevailed for most

products and the benefit was accentuated by the weaker rand exchange rate

De Beer says in the next few years some new facilities will be coming on stream in several countries to meet the growing demand for pulp and newsprint

It is likely newsprint facilities will come on too rapidly to avoid surplus capacity so newsprint prices will continue to be under pressure for the next two years

Pulp plants coming on stream appear unlikely to depress pulp prices if the international market continues to grow at the rate of the last few years, says De Beer.

Dividend

But pulp prices could level off at current levels or even show a small decline.

Earnings of 607c a share for the 14 months reflects a compounded annual increase of 26% over the past 10 years on an increase from 28,6-million to 35,4-million ordinary shares in issue

A dividend of 190c (130c) a share was declared, covered 3,3 (2,5) times. Cover will on average be kept at 2,5 times

Sappi has a debt equity ratio of 0,67 (0,77) and current ratio of 1,48 1 (1,19 1)

DE BEER

Synthetic timber on way 199

By Tom Hood
Star 12/6/59

CAPE TOWN — At least two factories making synthetic hardwood are likely to start up this year

This was disclosed at the weekend by Mike Elborough-Cooke, chairman of the British CK group of companies, which recently formed an SA subsidiary, Plexite.

Plexite was exploring prospects of local manufacture of Timbrene, resulting in scores of ap-

proaches from companies and investors, he said

"Ten companies are seriously interested and we will be setting up plants in Cape Town, Natal and the Transvaal

"There has been tremendous interest in the Cape, ranging from garage doors and window frames to timber poles for vineyards, which are getting scarce"

He believed there was great scope for exports be-

cause of higher prices overseas

"I can foresee container-loads being exported, not merely for price, but because of a growing world shortage of timber through unchecked deforestation"

The synthetic product is claimed to cost half the price of real timber, to be impervious to attack by water and insects and to require no treatment or painting

Timber processors a 'threat' to canelands

Own Correspondent

DURBAN — Sugar growers have called for a moratorium on purchases of caneland by major timber processors while a study is made of the effects on the rural economy of widespread planting of forest on former sugar farms.

Tony Ardington, chairman of the Cane-growers' Association, said at the organisation's annual meeting at the weekend that the suitability of land for timber was seldom the criterion

The land was being depopulated because of the less labour-intensive nature of silviculture, exacerbating the problems associated with urban drift.

He suggested consideration be given to limiting the accumulation of farms by processors of food and agricultural-ly produced raw materials.

Mr Ardington accused timber companies of restraining prices they paid to small growers.

"Increasing demand for timber, declining growth of existing forests because of drought and the lack of new supplies coming to the market have created a crisis," he said.

"The first response of the timber-processing companies was not to increase the price to the point where it became profitable to establish new land to timber; indeed, as recently as 1986 these companies were paying R44 a ton for timber delivered to the facilities (mills) by private growers while, at the same time, often paying in excess of R75 a ton to transport the timber from certain of their own plantations

"Their response was to start indis-

minately buying up farms to establish timber

"If, instead, they had increased the price of raw materials to the value reflected in the price they are paying for the farms, then the most suitable land would have been established for timber, leaving more productive land for crops"

That, he said, would have satisfied the needs of the timber industry and ensured the most economic use of land "without undermining the economy of the local sugar mills or the viability of rural communities"

Mr Ardington said the formula by which the proceeds of sugar production were split between growers and millers was penalising farmers at the expense of the milling companies because of the cost-savings achieved by producers over the past five years

By responding logically to correct economic incentives, he said, farmers had held costs to an annual increase of 10,3 percent, considerably lower than that of millers

Ironically, the formula gave a bigger share of proceeds to the sector with the higher costs; growers consequently had seen their share drop from 68 percent to 65 percent.

"It seems strangely inappropriate that an efficient response to hard times should now be depriving growers of much-needed revenue at a time when the financial position of the industry has improved.

"The consequences are far-reaching, particularly in view of the favourable alternatives offered by timber."

By TOM HOOD
Business Editor

A CAPE sawmill is leading the country's timber industry in a new attack on export markets.

More than R75-million of the industry's annual R630-million turnover is sold to overseas countries

Rembrandt-owned Boskor sawmill exports about 40 percent of its products to north American and European countries, including shipping container floors, squash court floors and telegraph poles

This Southern Cape mill near the Storms River Mouth uses 155 000 tons of logs a year and has become the country's largest manufacturer of laminated squash court floors and containers. A quarter of these products are exported

It is one of the 104 companies backing the SA Lumber Millers Association (Salma), which has formed a new company to push exports with the

help of the South African Foreign Trade Organisation

"Sawmill products have an enormous export potential which is being increasingly exploited," said Salma's executive director, Mr Andries Swart, this week

Two chief reasons for this, he believes, are the low rand exchange rate, which makes South African timber cheap overseas, and the high quality of local pine, especially laminated products

"Strict standards laid down by the SABS have improved the quality of South African pine so much that imports have been almost eliminated and our exported timber is as good as anywhere in the world," said Mr Swart

About 115 000 people work in the timber industry, making it a bigger employer than the motor industry

Dr Apies du Toit, Salma's technical director, agreed

there was scope for increasing exports but warned that there was strong competition from well-organised companies in Canada and other countries

There was also a danger of local timber prices getting too high, he said "Prices will be prohibitive if we don't do something about it"

Competition from pulp and paper manufacturers was driving up the price of logs with pulp companies able to pay better prices so that sawmills lost out

The timber industry was already losing ground to Iscor, which was getting into the low-cost housing market with steel frames.

Wages were rising as unions became more militant, said Dr du Toit. At the same time, workers wanted to use more high-tech equipment but the weak rand made the import of machinery prohibitive

"Somehow we must bring down prices, possibly by looking at unit costs and profit margins. But this can only be done by adequate training of managers. In 73 production units only nine have people who are trained in wood technology"

Dr du Toit said the country's housing shortage had been calculated at 4-million units and if the makers of timber homes could get into that market, business would take off

More than 90 percent of all new homes built in the United States, Australia, Canada and Japan have timber frames and South Africa is set to follow with the growing acceptance by municipalities, builders and the government of timber frame housing.

Timber exports for Cape

24/6/89
C/E-MSU

SALMA

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Saiccor joins the Ngodwana league

SAPPI picked up a gem in its acquisition of dissolving pulp producer Saiccor as part of last year's R1-billion buy-out of Courtaulds

By Ian Smith

Southern African interests.

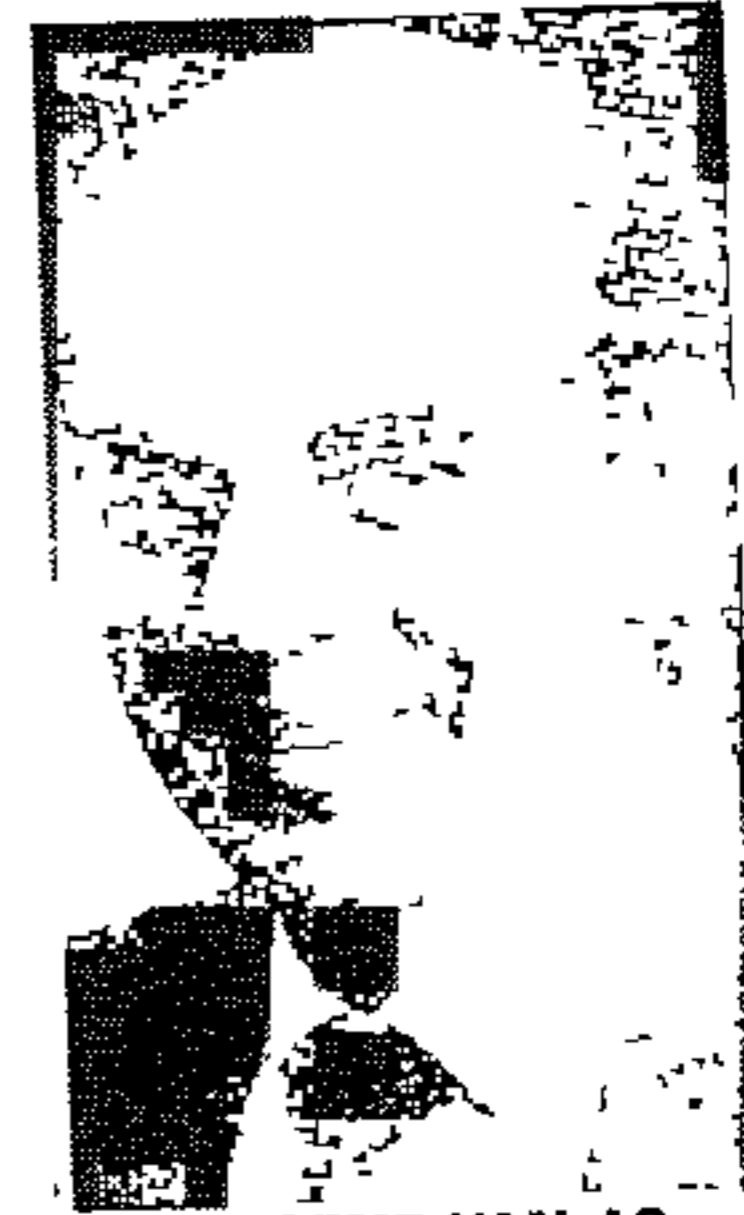
Saiccor is the world's largest single manufacturer

of chemical cellulose used in the manufacture of rayon and cellophane, supplying about 11% of the market

With output increasing by about 20% since the takeover last September and a reduction in the proportion of lower-grade B pulp, Saiccor has taken its place alongside the Ngodwana pulp mill, the major contributor to Sappi group earnings

It does not, however, match Ngodwana's importance as a contributor to cash flow

"Ngodwana is a new mill running at high levels of depreciation," says Sappi group managing director Eugene van As



EUGENE VAN AS

Tuning

A total of R50-million will be spent on improvements at Saiccor's mill a Umkomaas on the Natal South Coast in the year to February 1990. It will mainly be fine tuning, says Mr Van As, but it is expected to have a beneficial effect on production and quality

About 98% of Saiccor's 1 200-ton-a-day output is exported, foreign buyers being fairly equally distributed between the Far East, Europe and the Americas

Foreign markets are strong and demand should be maintained with three big new rayon plants on the drawing boards abroad

Saiccor is well placed among the highest-quality producers in the world, but Sappi's management has authorised a research drive to produce raw materials for the high quality viscose and acetate product range where the best prospects appear for development

Stability

The Saiccor acquisition puts Sappi on the doorstep of an industry which appears to be removed from its traditional paper and associated pulp activities

But this was part of the attraction. The market for dissolving pulp is generally far less cyclical than the

group's traditional lines and it will add stability. The high export level has also added to Sappi shares' appeal as a rand hedge

On the other hand, Saiccor's forestry operations, which provided about 70% of the plant's timber feedstock, fit in well with Sappi's existing operations. The physical processing of the timber for dissolving pulp production is also similar to the operations in paper pulp production

Mr Van As is "exceedingly pleased" at the acquisition and the way it has turned out. "We inherited a good team at Saiccor and they have responded well to changed circumstances"

Approval

Few management changes have been made and new managing director Roland Mazery moved into the top spot on June 1 when Courtauld's former managing director retired

The second part of the deal with Courtaulds, which will give Sappi 80% of the Usutu pulp mill in Swaziland, has not gone so smoothly. It is still awaiting ratification from the Swazi Government

But Sappi, which is committed to a R30-million expansion programme once the deal is approved, is confident that it will go through

"It makes sense for all the parties concerned," says Mr Van As

Sappi's rand hedge value boosts share performance

By Day 3/7/89

199

SAPPI's rand hedge value, the buoyant international market and its solid performance in the 14 months to February all contributed to the share price's strong performance last week.

After rising to a 12-month high of 4 800c on Tuesday, the share closed at 4 750c on Friday. Analysts believe the share price was previously undervalued.

The share is being seen as a strong rand hedge, with more than 40% of Sappi's turnover being generated offshore, says Edey, Rogers and Co director Franco Busetti.

Dollar prices of pulp are increasing and are expected to remain firm.

World prices for linerboard and fine paper are expected to rise.

International newsprint prices rose sharply last year and have begun to decline. The average price in 1989 is expected to remain essentially unchanged.

The depreciating rand will continue to enhance export proceeds.

ZILLA EFRAT

However, real growth on the local market is expected to drop from 8% to 5% in the current year.

Sappi performed strongly in the 14 months to February with annualised earnings increasing 57% a share, in spite of a 25% increase in the number of shares in issue. Organic turnover was an annualised

24% and operating margins increased to 25% (21%), due mainly to the Saiccor acquisition.

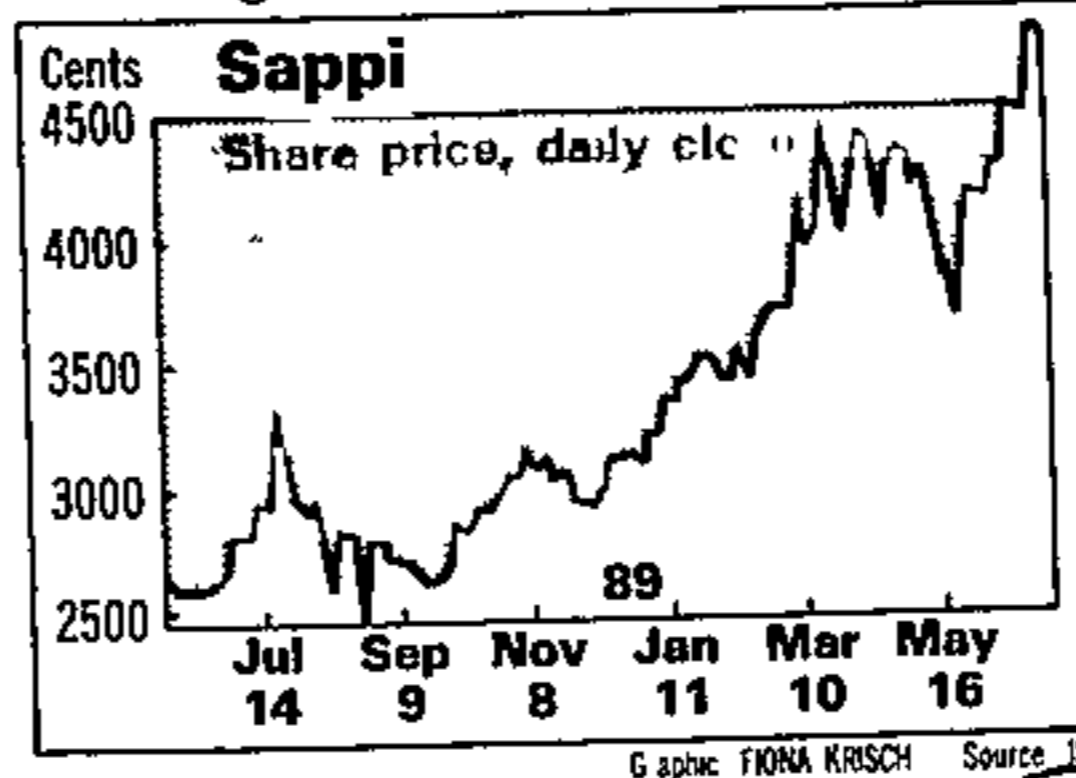
The group's operations are performing well and there remains scope for further rationalisation and improvement.

Busetti says preliminary forecasts were that the group's earnings and dividends could grow by 30% to 40% this year, followed by a further 20% next year.

However, he says the group's markets are both cyclical and volatile. A downturn in the domestic market is approaching, and if the inevitable decline in world markets takes place in two years time, the effect on Sappi's earnings could be marked.

He says this could be compounded by the group coming into a tax situation at just that time.

Since the market will anticipate this, the time horizon for further appreciation in the share price is limited, says Busetti.



Graphic: FIONA KRISCH Source: ISE

Mondi in R110m timber expansion

BID on 4/7/89

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MONDI Paper Company is embarking on a R110m afforestation project to develop 60 000ha of timber in the eastern Cape

The programme will be implemented over the next seven years and reflects Mondri's commitment to help meet SA's timber demand, which is expected to rise by almost 60% over the next 20 years, the company says

The long-term project will be financed by the Anglo American Corporation and De Beers Consolidated Mines

The area concerned is in the Ugie, Maclear and Elliot districts — close to the Transkei border and north-east of Queenstown. The project is expected to create about 1 500 new jobs and substantially increase spending power in the local communities

Mondi executive chairman Tony Trahar says company policy is to support local suppliers of goods and services.

Having established a substantial base for the first phase of forestry development,

ZILLA EFRAT

Mondi will seek opportunities for further expansion in association with the local farming communities, says Trahar

Mondi's policy is to promote timber growing among farming neighbours, to whom it offers a comprehensive range of technical and financial assistance schemes.

Potential also exists for these co-operation schemes to be extended to Transkei.

Trahar says Mondri adopts a comprehensive environmental protection plan when undertaking afforestation projects.

A wide-ranging environmental impact study will be conducted in the area to identify ecosystems, biological communities and individual species that need to be safeguarded

It will seek opportunities to register these with the National Heritage Programme

B/Day 4/7/89.

COMPANIES

Sappi expects ¹⁹⁹ growth in profits

ZILLA EFRAT

SAPPI's profits should show substantial growth in the year ahead, unless there were significant changes in the international economic environment, said chairman Tom de Beer at the annual meeting in Johannesburg yesterday

Domestic paper markets were showing the effect of the recent interest rate increases and there was a tendency to reduce inventories, which had reduced demand in the past two months, he added

Export markets in general remained buoyant although newsprint prices had dropped and were expected to remain under pressure for the next two years

"On the international market the stocks of bleached pulps remain low and demand should remain strong until 1991, when a considerable new capacity will come on the market," De Beer said

"However, the current strength of the dollar against all other currencies is likely to depress dollar prices, although prices of pulp as measured against a basket of currencies are likely to rise modestly"

All Sappi mills were operating well Saiccor had increased output significantly compared with improvements achieved over the past 24 months

As dissolving pulp markets remain strong the mill was expected to make a better-than-expected contribution to group profits

De Beer said discussions had again been held in May with the Swaziland government on the acquisition of the shares in the Usutu Pulp Company Sappi expected a final decision on this transaction soon

● DE BEER

Star 13/7/89 199

Forestry firm axes trade with S Africa

AUCKLAND — New Zealand's largest listed company, forestry giant Fletcher Challenge (FCL), said yesterday it would cease trading with South Africa, but added the move was not in response to anti-apartheid protests.

"We've basically made an economic judgment drawn from the minuscule levels of trade we do with South Africa," chief executive Hugh Fletcher told Radio New Zealand.

FCL exported seeds to South Africa and imported natural stone in two-way trade worth NZ\$500 000 (\$286 800) in the year to June 1989.

The company, which has annual turnover of about NZ\$12 billion (\$6.89 billion), will sever links by October.

Anti-apartheid protesters, waving proxy votes, earlier this year forced FCL to hold an extraordinary meeting to debate the issue and threatened to use the company's rules to force a meeting every 40 days at a cost each time of NZ\$100 000.

Dick Cuthbert, spokesman for Halt All Racist Tours (Hart), said his group would now turn its attention to the largest trader with South Africa, the New Zealand Dairy Board.

The board, which is New Zealand's sole exporter of dairy products, last year sold NZ\$7 million worth to South Africa. This compares with its total trade last year of NZ\$2 billion.

However, Dairy Board spokesman David Graham said the board did not make political judgments on the more than 100 countries it traded with.

The New Zealand government follows Commonwealth and United Nations guidelines on trade with South Africa, banning imports of mainly agricultural goods. — Sapa-Reuter.

Star 13/7/89

199

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14/7/89.

TIMBER (199) Email

Growing a future

New afforestation projects totalling 110 000 ha planned by Sappi and Mondi are a step in the right direction — but not enough to prevent SA's timber surplus from being depleted by the year 2007

This is the view of Forest Owners' Association (FOA) director Mike Edwards. Based on current plantation area, and allowing for improvements in yield, the FOA estimates a potential cumulative shortfall of 18m m³ of softwood and 32,5m m³ of hardwood by 2010

Sappi CE Eugene van As disagrees. While he concedes that there is an existing shortage of hardwood (Eucalypts), and that a shortage of softwood (pine) will develop, this won't be permanent

"People who predict a timber shortage presume no one will do anything about it and forget about free market forces. Many — small companies, big companies, farmers and probably even the State — now know timber is good business and will plant more than they did before. I don't believe we're



running into a lasting shortage"

Quoting from an exhaustive survey of SA's timber reserves and usage conducted by the FOA last year, Edwards remains adamant "We need an additional

40 000 ha/year to be planted for the next five years and 16 000 ha/year thereafter — but we're only getting 23 000 ha/year.

"And, while the new schemes launched by Sappi and Mondi will assist and stimulate interest, they don't alter our forecast"

Sappi recently announced that it is involved in a joint venture with the Mozambican government which might lead to it planting 50 000 ha of new forest in Mozambique, in addition to the 240 000 ha it already owns in SA. The cost of the Mozambican venture will be more than R50m. While Sappi will commit only a few million rands, it may be difficult to raise the balance "as it will have to be raised by the joint Mozambican company"

Meanwhile Mondi, which has 220 000 ha under trees, is involved in a R110m joint venture with Anglo American Corporation and De Beers to develop 60 000 ha of plantation in the Ugie, Maclear and Elliott regions of the north-eastern Cape over the next seven years

The difference in the scope of the investments is that Mondi will ultimately own its forests. While Sappi will manage its project, and guarantee a market for the timber in its mills, the Mozambican government will retain ownership of the land

However, there are still some obstacles to be overcome. While he expresses confidence in the scheme (the Mozambican soil is similar to that of Sappi's estates in northern

(199) Email 14/7/89.

Zululand), Van As warns "We are not yet committed to planting 50 000 ha. We did a prefeasibility study and we are now conducting a full feasibility study with overseas consultants. Everything depends on the outcome of that study

"We hope to plant a pilot area this year. If everything goes well, we'll plant most of the area to Eucalypts, which we'll start harvesting in eight or nine years."

Mondi, which anticipates that demand for SA timber will increase by 56% over the next 20 years, has the blessing of the forestry branch of the Department of Environment (DE). According to the DE, the eastern Cape area is suitable for development under the National Forestry Plan and the necessary permits will be granted

A Mondi spokesman agrees SA appears to be running into a timber shortage. One obvious way of preventing it is to plant more trees and increase the yield of the land under timber. Another option is cloning, which can double yields, but can be hazardous unless skilfully done. Desirable, as well as undesirable attributes of parent stock are cloned

Timber sales from plantations were worth R530m in 1987, compared with R450m in 1986. Total 1987 production increased by 1,14m m³ or 8,3% to 14,8m m³, with sales of pulpwood, sawlogs, mining timber, poles, matchwood, charcoal and firewood totalling R583m

STARS
199
Star 21/7/89
Staff Reporter

Boksburg to try to re-close lake roadway

The Boksburg Town Council will look into means of re-closing the roadway running along the northern boundary of the town's whites-only lake after a successful court application to reopen it.

The road, which was closed after the CP took control of the council last September, was opened after a court interdict was granted this week to the applicant, a retired property owner and developer, Dr Karl Hechter Schultz

Dr Schultz's action was on the instructions of Lawyers for Human Rights.

Although the Boksburg Town Council has also agreed to pay Dr Hechter-Schultz's costs, the national director of Lawyers for Human Rights, Mr Brian Currin, said that the legal costs would ultimately have to be borne by Boksburg residents unless the town councillors decide to foot the bill themselves.

When Boksburg Lake was exclusively reserved for whites in November, a gate was erected on the lake road to prohibit the flow of traffic

In his supporting affidavit, Dr Hechter-Schultz said all Boksburg residents had a common right to use the Boksburg lake as a park and the road had been used by the public for more than 30 years

Mr T J Ferreira, chief whip of the CP caucus in Boksburg Town council, said legal alternatives on how to close the road again would be "looked at"

Pulp mill smell 'not a health hazard'

Scientific evidence world-wide suggested that the smelly emissions from the Mondi pulp mill at Richards Bay were not a major public health factor, the company said in a statement issued yesterday

Mondi was reacting to recent newspaper reports in which residents of the harbour town complained that air pollution was having a large effect on people's health

Mondi and Indian Ocean Fertilizers were cited as the two biggest causes of the air pollution

In the statement the company said "While the concern of pressure groups in the Richards Bay area is understandable, their identification of Mondi as a major villain is mistakenly and emotionally based on the assumption that because our emissions are odorous they are dangerous."

The company said the pulp mill would always generate some odour in the form of organic chemical compounds known as reduced sulphides.

ORGANIC DELAY

These gases were present naturally at low levels as they were generated from vegetative and organic decay, particularly in marsh areas. However, due to the very much larger organic wood use in the pulp mill, they were generated to a greater extent in the mill's processing operations

Besides their characteristic smell, these compounds had another unique property — the smell threshold was extremely low and they could be detected by the average person at levels as low as one part to 500 million parts of air.

These compounds had been generated by kraft pulp mills — such as the company's plant at Richards Bay — for more than 100 years and despite the unpleasant smell had never been scientifically identified as a public health hazard.

Mondi had paid more than R50 million to install the latest technology to minimise emissions

In planning the mill, Mondi had commissioned industrial development experts to select the best location

Europe beckons SA's timber manufacturers

199

Star 27/7/89

By Derek Tommey

The transformation of Europe into one market in 1992 should offer tremendous opportunities for South African timber manufacturers to expand their exports, says S Tucker, managing director of Pretoria-based Yorkcor

A timber company, Yorkcor has been surprising the share market lately with its recent vitality and rapid profit growth

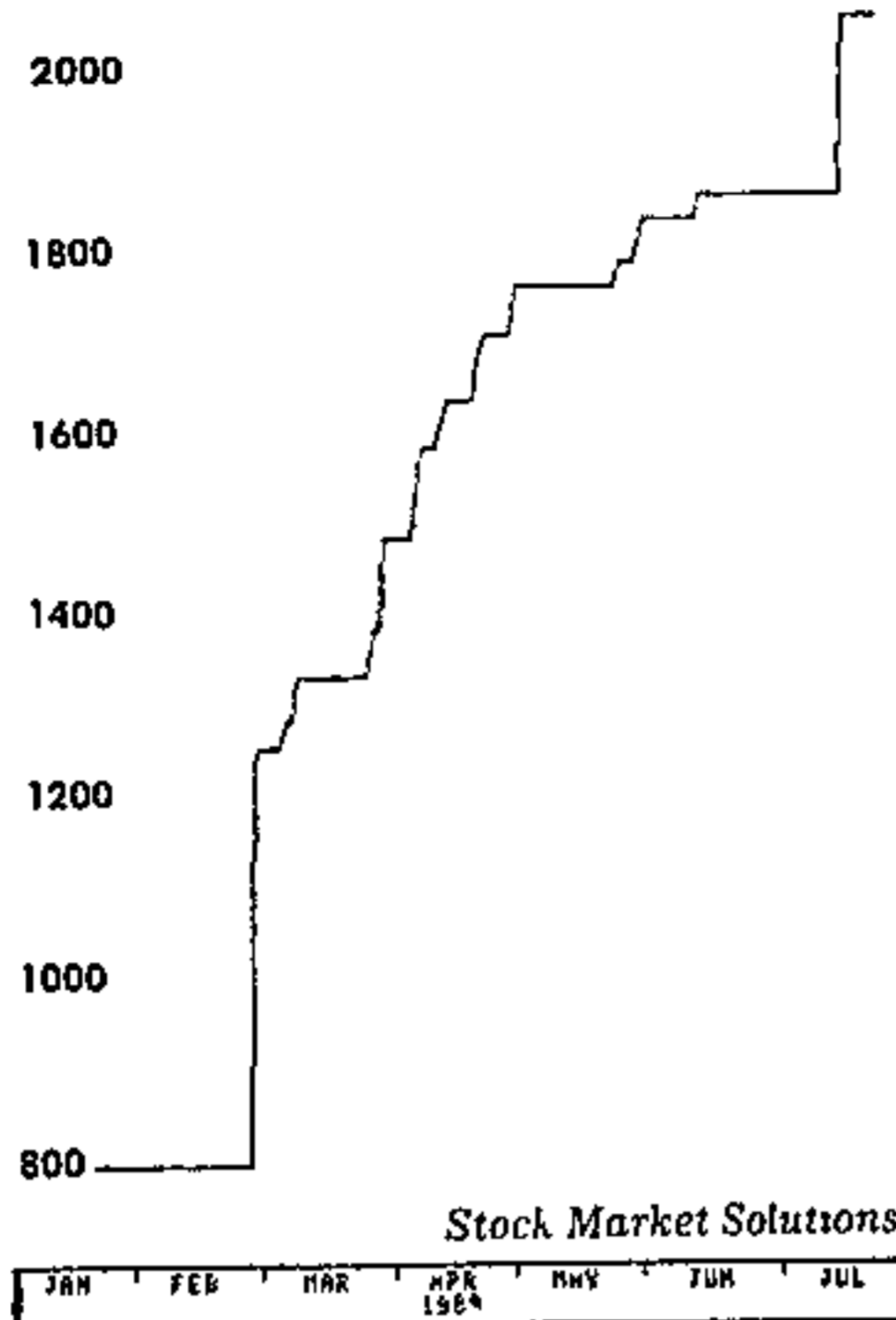
Yorkcor is one of the smaller companies on the main board of the JSE

But it plans to get more attention from investors than it has received in the past. To this end it is increasing its issued share capital from 896 000 shares to 8 980 000 shares by a 10-for-one split

More marketable

With more shares on offer it hopes to make them more marketable

Mr Tucker says the European Community market is a difficult one because of archaic specifications and regulations



Yorkcor's shares have soared in the past four months from 815c to 2100c after an announcement that its profits had risen sharply last year

found in many member countries

But European timber specifications are being harmonised ahead of 1992 and, as a result, he expects the regulations now stopping South African timber

from entering Europe to be lifted

Yorkcor shareholders, who have seen the share price rise by 150 percent this year from 815c to 2100c, should be satisfied with the interim results issued last night

Although turnover rose only 23 percent in the six months to June, net operating income more than doubled, rising from R1,46 million to R3,1 million

This was the result of operating margins rising 70 percent from 9,6 percent to 16,7 percent and reflects the company's drive to raise productivity and lift added value

Net income attributable to shareholders rose 55 percent from R1,11 million, equal to 12,4c a share, to R1,73 million, equal to 19,3c a share

The interim dividend has been raised by 67 percent from 3c to 5c a share

The sharp improvement in Yorkcor's profitability has enabled it to reduce gearing from 35 percent a year ago to 8,8 percent

At June 30 it had cash re-

sources of R5,0 million and access to unutilised facilities of more than R15 million

Mr Tucker is happy to have this cash at the present time. It could be used for acquisitions and new projects. Yorkcor now has the management to handle this

In the first half of the year the company spent R2,5 million enhancing its transport fleet and production capacity

An efficient transport fleet enlarges the area from which a sawmill can draw timber

Domestic demand

Mr Tucker says there are signs that the actions taken by the Government to cool the economy, together with high interest rates, will dampen the domestic demand for timber over the next six months and beyond

However, the company expects to meet its earnings target of 36c a share in the year to December on the present issued capital and to pay a dividend of 12c a share

Productivity boosts Yorkcor earnings 56%

61 Day 2 71 7184
EDWARD WEST

INCREASED productivity boosted York Timber Organisation's (Yorkcor) earnings a share 56% from 12,4c to 19,4c, the results for the timber growers and merchants for the interim period to June, show

Indicating increased productivity, net operating profit increased 114% from R1,46m to R3,12m on a modest 23% increase in turnover to R18,68m

Yorkcor chairman Solly Tucker said the better productivity was due to more efficient use of raw materials and third-party services

Interest was R293 000 (R334 000) Pre-tax income, including extraordinary items, increased 151% from R1,12m to R2,83m

Taxation, which increased from R2 000 to R1,09m, whittled profits down to R1,737m After income attributable to outside shareholders of R9 000, net income was 55% higher, at R1,728m

Share split

The debt equity ratio improved from 35% in the last interim period to 8,8% Cash resources of more than R5m and access to more than R15m reflect a capacity for internal expansion or acquisitions

Shareholders yesterday approved the planned 10-for-1 share split in August The subdivision of shares also facilitated the approval of a share-incentive scheme for staff

A dividend of 5c (3c) was declared Tucker said domestic demand for timber was likely to drop with the rest of the economy in the next six months However, the group expected to meet the 1989 earnings forecast of 36c a share

Yorkcor's shares were untraded yesterday at a high of R21 The shares, more than 80% held by the Tucker family, have seen sustained growth, rising from 715c in June last year

Big brother to aid of Cape timber growers

51 Times 6/8/84

Business Times Reporter

199

PAPER giant Mondi has taken its R110-million project to plant timber on 60 000 hectares in the Eastern Cape's Ugie, Maclear and Elliot districts a step further.

A "big brother" scheme has been launched to help farmers in the districts grow timber. Farmers will be given simple-interest loans for planting programmes. Accrued interest and the capital will be paid only when the timber is harvested.

Mondi also agrees to buy timber grown by the farmers at market-related prices.

The scheme is part of the effort by pulp and paper producers Mondi and Sappi to avert a threatened shortage of timber by 2010. Demand is expected to increase by about 60% in the next 20 years.

Mondi's afforestation programme in the region, backed financially by Anglo Ameri-

can and De Beers, covers mainly land used for summer grazing of cattle and sheep.

Farmers will be able to obtain seedlings from Mondi and they will have access to technical advice while the trees are growing, says Mondi Forests general Manager John Quy.

"We believe the favourable terms will attract wide interest from farmers. They have a guaranteed sale and the appreciation of timber prices has consistently outstripped inflation."

The farmers will benefit from Mondi's scientific programme of tree improvement for hardwoods and softwoods and soil studies.

"Trees can often be grown on marginal soils and on slopes unsuitable for other crops," says Mr Quy.

The forestry branch of the Department of Environmental Affairs has earmarked the district as suitable for development under the national forestry plan and has granted the project planting permits.

Rather late than ~~the~~ never — UK paper

Star 19/1/89 199A

LONDON — It might not be too late to avoid the maction which would spell disaster for South Africa, says *The Economist*

In a lengthy leader yesterday, the journal said the erosion of Afrikaner unity and the consequent broadening of the National Party's support among forward-looking whites would make it easier for acting State President Mr F W de Klerk to shift once the election was over

Outsiders could "nudge him forward by making their handshakes and hospitality conditional on progress in coming to terms with the black majority"

However, said the *Economist*, if Mr de Klerk had liberal leanings "he keeps them well hidden

"But he may be better aware of reality than his old boss was. He knows he must appease opinion abroad, hence his plan to visit Mr Kaunda

"He may not understand with equal

SATURDAY STAR FOREIGN NEWS SERVICE

clarity how badly his tribe needs to come to terms with the disenfranchised black majority at home. His big test will come immediately after the election

"Then he will be free to release Mr Mandela from prison, opening the way to unconditional talks with the ANC, without whose participation South Africa will find no peaceful way out of its impasse"

On the question of the election outcome, the magazine says the Nationalists now hold the centre ground of white opinion — "which is why they will probably dominate the next parliament under Mr de Klerk, even if not as decisively as they did the last one under Mr Botha

(Report by S Leeman, 32/33 Hatton Garden, London)

A NEW Natal company, Techniboard, has invested R12-million in plant and machinery to produce solid timber substitutes for the furniture, kitchen and building industries

Based in Durban, the company has four production lines that will process Novobord, Particleboard and MDF boards into various components such as doors, panels and profiles for furniture for the do-it-yourself and building industries

Managing director Hilton Shaw says a niche in the mar-

Board in place of timber

ket was spotted for the development of alternatives to solid timber in a variety of applications

The low rand has hit the furniture and building industries hard, lifting the cost of imported timber and plant

Novobord spends R80m

199

51 times
20/8/89
Business Times Reporter

SAPPI Novobord, one of the largest producers of particleboard, is celebrating its 35th anniversary with a R80-million expansion programme.

The White River factory will be expanded to meet demand into the next century.

Andre Jonker, general manager of Sappi Novobord,

says "Worldwide consumption of chipboard has been growing by 10% a year since 1970 and the SA market by 15%."

Novobord was established in 1954 in Port Elizabeth and its products are used throughout SA in the furniture and building industries. They are also exported.

Apart from fine surface plain board, particleboard is also overlaid with hardwearing melamine. Most kitchens are made from this

product. It is available in 20 colours, patterns and woodgrains. It is also overlaid with exotic wood veneers for office furniture.

With the commissioning of the White River factory, the staff complement will rise to 940. The company also has factories in Wadeville and Port Elizabeth and its products are sold through 250 outlets.

The new plant has been bought from Siempelkamp in West Germany.

Marathon Everite wage strike ends

Labour Reporter

THE marathon Everite wage strike involving more than 2 000 workers at four plants has ended.

In a joint statement yesterday, Everite and the Construction and Allied Workers' Union (Cawu) said 1 227 of the 2 087 striking workers returned to work yesterday.

The remaining workers at the Kliprivier plant are expected to go back to work next Monday.

The legal strike began on May 29 after conciliation board hearings and mediation failed to nar-

row the gap between the parties

Workers demanded an 85-cent across-the-board increase on the minimum hourly wage of R2,85, while the company's final offer tabled on June 22 was set at 50 cents.

The statement said the dispute ended after lengthy negotiations between Cawu and Everite.

The company's Kliprivier, Brackenfell and Durban fibre cement manufacturing plants, along with the Port Elizabeth branch, were affected by the three-month strike.

CML Times 24/8/84

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TEMPEST IN CHINA

- new waves in an ancient sea -

[My thanks to Craig Allen, Walter Reich and David Shambaugh for their invaluable suggestions and comments on earlier drafts of this article.]

Imponderable changes - ones that seasoned China hands could never have dreamed possible twenty years ago - have occurred in the past decade on the People's Republic of China, the world's most populous nation. The 1976 death of Mao Zedong, China's great revolutionary leader since the 1930's, heralded the beginning of this intriguing chapter in China's 2,500 years of recorded history.

There was consensus at Mao's death on the need for policy adjustments to address China's profound economic and political problems. But it was not inevitable that the direction of adjustment would be towards liberalisation. In fact, immediately after Mao's death, the "Gang of Four" attempted to push the country to a further revolutionary extreme before they were ousted by the reformists. The nationwide rejection of the Cultural Revolution - a traumatic and harrowing period that represents the worst of doctrinal and especially Maoist excesses - unquestioningly created a constituency for liberalisation. That reforms of such a previously unthinkable nature and scope have actually been introduced is due to the political willness and tenacity of Deng Xiaoping.

In addressing China's economic and political problems, Deng Xiaoping - chief architect of China's current reforms and a twice-rehabilitated veteran of the "Long March" - has stressed pragmatism and "seeking truth from facts" over zealous observance of ideological principles. His widely-quoted statement, "No matter whether the cat is black or white, if it catches mice, it is a good cat," neatly captures his practical and realistic reformist philosophy. Rhetorically, the reforms' purpose is "socialist modernisation with Chinese characteristics"; but reality suggests that whatever means facilitate the emergence of a strong, prosperous China, they will be used. No longer do doctrinal prescriptions apply to reality; reality now informs theory.

Suppliers hit back on building cost claims

S/Times 10/9/89

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By Don Robertson

SEVERAL companies and trading organisations contest claims that the rising price of materials is the main reason for the increase in building costs.

Business Times carried a report on August 27 quoting the Building Industries Federation of SA (Bifsa) and the SA Property Owners Association (Sapoa) which suggested that sales agreements and monopolistic practices had resulted in the price of some building materials rising by more than the inflation rate

Bifsa said that with an inflation rate of 12,9% in 1988, the price of stock bricks rose by 28,8%, face bricks by 27,5%, sand by 20,1%, crushed stone by 24,1%, ceramic and floor tiles by 22,6% and cement by 15,2%

Bifsa and Sapoa are to set up a committee to investigate increases in imported timber, cement, paint, glass and crushed-stone prices. In the past five years, building costs have risen from about R400m² to about R1 000m²

However, the Timber & Allied Trades Association (Tata) and brick manufacturer Rosema say prices have not risen by the stated amount or are the result of factors outside their control

Tata says the price of imported timber depends on the cost of the timber from the source country and the rand's falling value.

The base cost of timber abroad has generally kept pace with inflation in those countries except the Far East where rising demand has lifted prices

in the past few years

In addition, many countries have imposed an export tax on timber for SA

The percentage mark-up on timber has not changed in the past 10 years in spite of rising interest rates, higher rents and increased fuel costs

Tata says the problems facing the buyer of imported timber are generally caused by difficulties with exporting countries or the falling rand

Shra Smeets, consulting engineer for Rosema Bricks in Pretoria, says the price of his company's bricks has risen by an average of 12,1% in the past 12 months

Face-brick prices have increased by 19,1% between July last year and the guaranteed price to January next year. Plaster bricks rose in price by 11,9%

General Manager Planning and

Saaicor helps profit growth at Sappi

By Ann Crotty

A strong contribution from Saaicor and reasonably good demand from the group's world markets has enabled Sappi to sustain its strong growth record with a 33 percent increase in earnings — to 315c a share from 237c — and a 45 percent dividend hike to 80c from 55c.

Saaicor is included for the full six months of the review period, but as it was only acquired in mid-1988 it did not have as significant an impact on the comparative pro forma figures for the six months to end-August 1988.

No divisional break-down is given but it must be assumed that having Saaicor for the full six months provided a major boost to the group's figures.

Turnover was up 34 percent to R1,4 billion (R1 billion) and operating income rose 44 percent to R383,3 million (R267,1 million), reflecting an improvement in margins to 28 percent from 26 percent.

Net finance costs rose a sharp 89 percent to R88,4 million (R46,7 million) and as the directors note, the group is now much more sensitive to interest rate movements than it has been in the past five years.

Reasons for the higher finance charges include significantly higher interest rates, increased borrowings due to the redemption of pref shares in Sappi Ltd and, a general tendency for customers to forego prompt payment discounts in favour of longer credit terms.

The tax charge of R8 million (equivalent to a rate of 2,4 percent) was just 11 percent ahead of the previous interim's R7,2 million.

Attributable income was up 49 percent to R292,7 million (R196,2 million) which was equivalent to 33 percent improvement on the enlarged share base.

Commenting on the results, MD Eugene van As states that demand for Sappi's products in world markets has remained strong except for newsprint which has experienced the excess supply which Sappi forecast earlier this year.

"In the domestic market, demand for fine papers has been poor as merchants adjusted stocks downwards." In commodity products demand has held up well.

Letters of protest to Sappi

Residents outraged over effects of recent disaster

CLYDE JOHNSON

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All it said was "Stop murdering the fish and please stop throwing rubbish in our rivers."

Meanwhile angry Lowvelders continue to express anger at Sappi's spillage into the Elands River which killed thousands of fish and other aquatic life. Mr Eric Ansley, whose Schagen farmhouse overlooks a long stretch of the Crocodile River said yesterday the stench was unbearable.

"Sappi has admitted responsibility and they should be compelled to clear the river of rotting fish along their path of devastation," he said.

The strong smell of chemicals drove away three hippo which for more than 18 months have lived in the vicinity of his home.

Yesterday darter birds, in search of food, patiently waited for fish to arrive but nothing appeared.

"They too will be compelled to leave the area or die of hunger," said Mr Ansley.

Advertisement

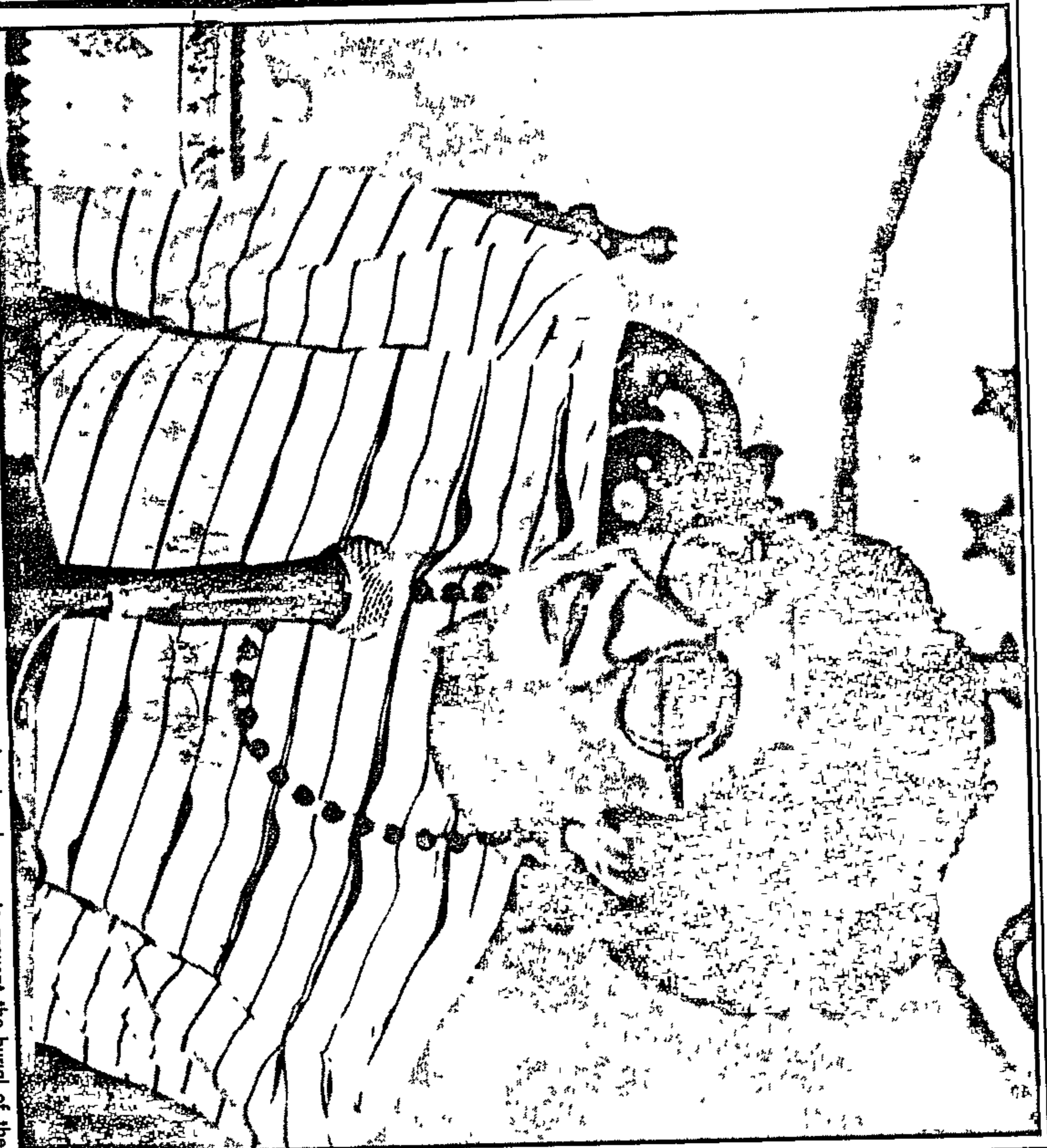
A four-page advertisement in English, Afrikaans and Swazi — placed by Sappi — appeared in Nelspruit's local newspaper, the *Lowvelder*, yesterday.

It read as follows: "We want the Lowveld to know that we are as concerned as you are. We spend many millions of rand annually to protect and conserve the environment."

"The weekend spillage from our Ngodwana mill and the impact of the environment which that spillage has had are matters of grave concern to us. We have therefore appointed an independent environmental commission to assess the impact of the spillage and to make recommendations on the steps which should be taken in the long and short term to restore the environmental balance of the river and all forms of life dependent on it."

"The commission will be chaired by Dr Douglas Hey and will consist of Professor Michael Britton, Dr Salmon Joubert and Dr Jane Harris.

"Sappi will make the findings of this commission public and report back to the Lowveld."



UNRELENTING President Corazon Aquino at Thursday's press conference regarding her decision to prevent the burial of the remains of Mr Ferdinand Marcos in the Philippines. The US has said it would not allow Mr Marcos's body to leave Hawaii

Burial ban inhuman, says Mrs Marcos

HONOLULU — From the side of her husband's coffin, Mrs Imelda Marcos is pledging to return former Philippine President Ferdinand Marcos's body to his homeland for burial, despite the opposition of the US.

His successor, Mrs Corazon Aquino, refused to allow Mr Marcos's body to be returned to the Philippines for burial in the interests of "the tranquility of the cardiac arrest listed as the cause of death."

Mr Marcos's face was visible beneath a pane of glass over the coffin. His body was dressed in an off-white Filipino shirt called "the peace forever."

Mrs Marcos (60) said she had made no funeral plans. She added that she would not consider the possibility of burying Mr Marcos in the US while she had hope Mrs Aquino would change her mind.

President Corazon

interests of "the tranquility of

Mr Marcos's face was visible

but she did not elaborate

Mill effluent not 'poison'

Fish were suffocated, says paper company

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The Ngodwana paper mill in the Eastern Transvaal has raised an outcry over the environment after an effluent spill into the Elands River over the weekend killed thousands of fish and raised fears that the spill was toxic. Completed in 1985, the mill has become the central point of the small town near Nelspruit. **PAULA FRAY** reports

In the early hours of Saturday, an effluent spill entered a storm-water drain at the Ngodwana Mill, bypassing the mill's effluent control system. The spill was undetected until spotted during routine monitoring.

At this stage, some of the effluent — which consisted of ligno sulphonates and soap skimming — had entered the Ngodwane River.

This is, according to Sappi Ltd managing director Mr Eugene van As, what happened over the weekend before local residents found thousands of dead fish in the river and its tributaries, raising fears among the local residents that the water was now toxic.

According to Sappi the compounds are not toxic but the chemicals consumed much of the river's oxygen — largely because of the soap skimming.

The fish died as a result of oxygen deficiency at the source of the spill.

"Although the company does not believe there is any risk of toxicity, water samples are being flown up to the CSIR for detailed analysis," Mr van As said.

He said the spill entered a storm-water drain and by-passed the mill's effluent control system completely. It was therefore undetected for some time. Routine monitoring indicated effluent in the storm-water drain and the drain was immediately closed.

If the effluent spill was initially unnoticed, the smell accompanying the mill is not.

Residents and visitors complain of the "putrid" smell of sulphur throughout the area.

Local fears are that the spill will unbalance the ecosystem and it is not yet



As the effect of the effluent spill in the Elands River takes its toll, workers remove hundreds of dead fish from the water. **Star 27/9/87**
Picture by Clyde Johnson

known what the effect will eventually be on the environment.

Residents and environmentalists have reacted with outrage.

However, according to Dr Peter Ashton, the programme manager of water quality information systems at the division of water technology at the CSIR, the ecosystem should balance out "fairly quickly".

Concentrated

He said the compounds had an oxygen deficiency effect. "If the effluent which was accidentally discharged into the river was very concentrated it would have a heavy demand on oxygen."

He said fish and other life in the river would suffocate. However, he added, the river had many tributaries which had similar life forms. If the animal life in one part of the river died, it would be recolonised soon.

This was, he said, what happened when rivers dried up during drought. The mill processes up to 7 000 tons of

wood a day — about 500 truckloads.

According to Sappi, it is one of the most modern pulp and paper mills in the world and the largest single private sector investment in South Africa.

When Sappi started production of pulp and paper 50 years ago, water was limited, effluent disposal a major problem and, because there were virtually no natural resources, straw had to be used as the basic fibre resource.

"Against this background, Sappi has established itself as a world leader in water conservation and effluent control," said Sappi's information booklet.

No effluent

"Making use of Sappi-developed technology, combined with the state-of-the-art plant, Ngodwana is also the world's only bleached kraft pulp and paper mill that discharges no effluent into the local river system."

A dam has been specifically built on the Ngodwane river to provide a continuous supply of water to the mill.

Using Sappi-developed conservation techniques, Ngodwana mill uses some 75 percent less water per ton of paper than world industry standards.

According to McGraw Hill's Encyclopaedia of Environmental Science, a large part of a tree harvested for pulp, paper or lumber becomes waste. Finally, pulp and paper mills discharge effluent containing about 50 percent of the log waste from the wood industry has great pollution potential and is usually destroyed by burning.

This is not the first time the mill has been the centre of controversy.

In November 1987, a huge blast ripped through the mill, injuring 48 people and causing extensive damage.

The explosion, which occurred in the chemical storage area, was then described as an industrial incident and sabotage was not suspected.

The Paper, Wood and Allied Workers' Union (Pwawu) claimed then that Sappi was trying to "cover up the extent and cause of the blast".

Search for paper not yet over

injured"

Botha said he did not know the group's

with its commitments in terms of the tri-lateral agreement signed in New York on December 22 last year.

Probe into Sappi spill

By Day 28/9/84
AN INDEPENDENT commission of inquiry had been appointed to investigate the spill of process liquid into the Ngodwana and Elands River, Sappi announced yesterday

The spill, which occurred on Saturday, caused water pollution problems and resulted in the death of thousands of fish and the Nelspruit Town Council switching off pumps drawing water for domestic use

Sappi said the four-man commission would be headed by environmental conservationist and Cape limnologist Douglas Hey. Other members would be Prof Michael Bruton, director of the JLB Smith Institute of Ichthyology in Grahamstown, Salmon Joubert, head of the Kruger National Park, and Jane Harris, project leader water quality information systems of the CSIR's division of water technology

THEO RAWANA

The commission would determine the immediate impact of the spill and remedial action, investigate medium and long-term effects and make recommendations.

Sappi said a team of scientists from Pretoria conducted an aerial survey of a stretch of about 60km of river downstream from Sappi's Ngodwana mill yesterday morning to determine the extent of the pollution and to see how far downstream the effluent had moved.

They spotted the effluent moving through the Karino rapids. There were some dead fish near Nelspruit, but in the Kruger Park there were no signs of pollution

Sappi reiterated that a thorough investigation was being conducted.

Sneedy action promised

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Sappi may face charges over rivers of death

POLICE confirmed yesterday that charges have been laid against Sappi for polluting rivers in the Lowveld.

Charges were laid against Sappi's Ngodwana plant by the Department of Nature Conservation, said Colonel Kaan Herbst, district police commander at Nelspruit.

The havoc caused this week by the deadly effluent spills from the Ngodwana Paper Mill into the Ngodwana, Elands and Crocodile rivers in the Eastern Transvaal enraged conservationists and residents who demanded an explanation for the destruction.

Now there are fears that the pollution is spreading — as nature conservation officials yesterday began investigating reports that the Nels River was polluted and that dead fish were being found.

But Sappi technical director Andrew Vlak said yesterday it was "impossible" for Sappi to be responsible for the

By Ivor Crews

Nels River pollution. He said that water from the mill was not part of the same river system as the Nels River.

"Water would have to flow upstream from the mill to pollute the river," he said.

Tons of fish were killed by the original spill and Nelspruit residents, fearing log poison, stopped drawing water from the nearby river until CSIR tests revealed the water was safe for human consumption.

Ecologists expressed alarm that the Kruger National Park could be affected by the most extensive pollution ever seen in a South African river.

However, concern over animals in

the park was finally laid to rest when chief warden Dr Salmon Jonbert said that water from the Crocodile River entering the park was monitored and "little damage" had been noticed.

Indications were that the effluent had been diluted to the point where it was "almost harmless".

The latest spill is not the first for the Ngodwana mill, which has been at the centre of past furors.

In 1987 a huge blast ripped through the mill, injuring 48 people and causing extensive damage.

In 1985 a spill occurred, but residents and the Department of Water Affairs were alerted by Sappi before extensive damage was done.

In terms of the Water Act, companies found guilty of polluting rivers with industrial effluents face a maximum penalty of R10 000 for a first offence and R20 000 for a second.

This week's investigations have

revealed that vast tracts of water downstream from Sappi in the Ngodwana, Crocodile and Elands rivers are devastated by the pollution.

Two endangered species of fish in the Elands River were among those sands of fish found dead.

Concerned residents throughout the Lowveld handed a letter of protest to Sappi Kraft plant manager Alan Tubh.

The letter drawn up by White River environmentalist Don Richards, was handed to Mr Tubh by 19 representatives of the people of the Lowveld.

It drew attention to the loss of life and the deterioration of the environment caused by the mill at Ngodwana and protested against the "disastrous effect on the total river ecosystem which would take many years to heal".

The letter also expressed concern about air pollution caused by Sappi factories it said residents as far afield as Nelspruit and White River had to put up with appalling smells and smoke effluent.

Directorate of Nature Conservation director Dr Piet Mulder said "It appears that the entire ecosystem food chain in parts of the Elands River has been destroyed".

He confirmed the mill's effluent had split into the river "again" — a reference to Sappi's earlier chemical spill.

At the time Sappi gave assurances that it would never again pollute a river.

Nature Conservation deputy director "V" Visagie said investigations had revealed that 800 000 litres of effluent called "black liquor" which included caustic soda, had split into the Elands River.

It is ironic for Sappi to claim the

effluent is not toxic while all life in the affected area has died," he said.

But Sappi managing director Eugene van As promised "swift remedial action" and appointed an independent commission of inquiry into the incident as well as an internal inquiry.

The independent commission is headed by Dr Douglas Hey, who is regarded as the toym of environmental conservationists in South Africa.

The team consists of top scientists who specialise in the environment, water systems and aquatic life.

The commission will assess the situation on Tuesday and make recommendations to remedy the imbalance in the environment.

Mr Van As said the findings would be made public. Sappi said the offending effluent was not toxic. It said the fish were

smothered by soapy water which starved them of oxygen.

Regarding the 22 species of fish killed, it said there was no evidence these species had not survived in the affected area.

Mr Van As said "Every effort is made to ensure that spills do not occur. However, the latest incident was beyond the control of everyone concerned and I am confident the damage was not caused by negligence.

"We don't know what effect the spill has had on the rivers yet and nobody can reverse what has happened".

The spill occurred last Saturday when effluent entered a stormwater drain at the Ngodwana mill, bypassing the mill's effluent control system.

It went unnoticed until spotted during routine monitoring.

By that time, however, it had entered the Ngodwana River and caused the death of thousands of fish.

B/Day 2/10/89.

TANIA LEVY

THE Sappi chemical spill will not affect Kruger National Park, chief research officer Willem Gertenbach said yesterday

He said dead fish found on the western boundary of the park on Friday could have died higher up in the Crocodile River and drifted down

This would probably be the only effect of the spill on the park. Thousands of fish have been killed higher up in the Crocodile River and its tributaries, near Sappi's Ngodwana paper mill

Conservationists claim the spill wiped out all aquatic life along a 20km stretch of the Elands River

But Gertenbach said that so far the chemicals had been diluted to such an extent that by the time they entered the Kruger Park they posed no danger

Nevertheless, park officials would continue to sample river water at least four times a day during the next week before resuming the normal monitoring schedule.

Reacting to weekend reports of charges

199 ~~199~~
Sappi spill 'will miss Kruger'

laid by the Department of Nature Conservation against Sappi, a Sappi spokesman said a court order had not yet been served

He denied allegations that the spill had polluted the Nels River, which he said was upstream from the mill.

Department of Water Affairs Highveld representative Nollie Ellis confirmed that reports of pollution and dead fish in the Nels River were being investigated.

An independent commission of inquiry into the spill is set to meet tomorrow.

Appointed by Sappi, the commission is headed by Cape limnologist and environmental conservationist Douglas Hey

It includes the J L B Smith Institute of Ichthyology's Michael Bruton, Kruger National Park chief warden Salmon Joubert and CSIR water technology division representative Jane Harris

Funnyman's income is far from Fawltly

LONDON — Funnyman John Cleese is

Sappi donates R2,5m for conservation

SAPPI is to donate R2,5m to the South African Nature Foundation (SANF) today for the creation of a unique conservation area in Maputaland.

Sappi said the money was a gift to celebrate SANF's 21st anniversary, which coincided with the 25th anniversary of the World Wide Fund for Nature. *BIDAM 18/10/89*

"The R2,5m donation, will go towards the creation of a unique conservation area in Maputaland. *(199)*

"It will link up the Kosi Lake system, Lake Sibayi and the world famous Maputaland turtle nesting beaches and dunes south to Sodwana bay and inland

DANIEL SIMON

along the Mozambique border, including the Nduma Game Reserve and Tembe Elephant Reserve," Sappi said.

Conservation of this area was of "international importance" because of the wide diversity of ecosystems and habitats which supported many animal and bird species.

Sappi said it had developed an innovative scheme to back the donation.

This entailed raising funds for conservation by selling a limited edition of 325 signed and numbered prints by wildlife artist Gail Darroll.

[Handwritten signature]
[Handwritten signature]
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Business Report

Green light for forestry

By BRUCE WILLAN

SOUTH AFRICA'S forestry industry has the potential to double its present plantation area, construct up to 21 new processing plants and create 150 000 new jobs over the next 30 years, according to the far-reaching second Strategic Forestry Development Plan.

The official plan was compiled by the senior specialist forest scientist at the Department of Environment Affairs, Dick van der Zel, in collaboration with the Forestry Council's planning committee.

Van der Zel estimates that demand for roundwood timber will increase by an average of 2,5% per year until 2010 to approximately 29,3m cubic metres — almost double current output.

The plan urges forestry strategists to plan for an expansion of 35 000 hectares per year — which it says is feasible and vital to the industry's continued growth.

Industry 'could create 150 000 new jobs'

It is estimated that an additional 1 132 500 ha of forests could be established in 13 identified priority development areas without exceeding existing water runoff limits or prejudicing other agricultural operations.

The effect of this afforestation, says the report, would be to create 56 625 permanent employment opportunities, plus roughly the same number of jobs in wood processing industries with multiplier effects in secondary and service — many of these in rural areas where unemployment is rife.

In addition, afforestation will raise the capital value of each planted hect-

are to R4 300, adding R4,87-bn to the national land value and producing additional timber to the value of R7,12bn.

The report envisages that the private sector will undertake the bulk of the new development with only 6 600 ha of the 35 000 ha of new forests, to be planted by the state.

But, the report urges immediate action to make up for the existing backlog estimated to be 192 000 ha.

Not only will the expansion anticipated in the report save SA millions through import replacement, it will ensure the continued expansion of forest products' export markets which

last year were worth R1,5bn.

According to the report, seven new pulp and paper mills and as many as 14 saw- and boardmills could be established throughout SA.

The SA Lumber Millers' Association (Salma) has welcomed the envisaged privatisation of the state's forestry activities.

"The private sawmills are the state's largest customers — this year we will be buying R100m worth of sawlogs from state forests — and we would like to negotiate on all aspects of privatisation," says Andries Swart, executive director of Salma.

According to Swart some 55% of the sawlogs processed at the more than 100 sawmills owned by Salma members came from state plantations under the control of the Department of Environment Affairs.

Swart concluded that while SA as a country was relatively poor in timber, it was however self-sufficient in sawlogs and had a vigorous forestry industry.

Gencor ship-shares for stormy waters

STL 29/10/89

GENCOR chairman Derek Keys aims to confound analysts' expectations that SA's second-biggest mining house is heading for a profit crunch in 1990

Gencor watchers say everything went right last year to enable a taxed profit of R1-billion for the first time — but this year profits are likely to fall in the two biggest income sources, Samancor and Sappi.

They say that there are also question marks over earnings from gold plant, coal and industries.

A JSE analyst says "Rhin-mer de Vries of Morgan Guaranty told the FPM conference that the world economy was stronger than expected last year and would probably be weaker than most expect next year. I agree Gencor is exposed. Its best days are over."

Most analysts contend that earnings and the share price have lopped out — but the well covered dividend is safe.

Commodities
Mr Keys told Business Times that Samancor and Sappi could well hold earnings in spite of softer world commodities price trends.

Malbak chairman Grant Thomas says his company, which contributed R14-million to Gencor's bottom line, intends "to be one of the few companies to actually improve earnings in the year to September 1990".

A mining analyst says, "With the possible exception of the dollar price of gold, everything went perfectly for Gencor last year. World demand and prices for manganese, ferrochrome, platinum, other metals and coal, also for pulp and paper, rose strongly."

There was a gold-rand for margins, export earnings and the company timed its rights issue to perfection, raising R1.5-billion at the top of the market.

Mr Keys agrees with this description of 1989, but in regard to Samancor says manganese prices remain firm. Although ferrochrome prices are well off the top, the highest price did not obtain for the year.

"The average price — as opposed to the maximum — last year was not that high. We don't believe the average price in 1990 will be that much lower."

Mr Keys says Samancor sells most of its production under contract.

Mr Keys says the gold division's performance in 1989 was instructive. Rand prices fell but profits were maintained by reducing costs and improving grades. Gencor could take similar action across the group to adjust for changing circumstances.

Mr Keys' attitude is that if there are catastrophes, Gencor might not achieve its aims — but it is not sitting there waiting for fate to overtake it.

For example, we spent about R30-million improving the funding of various pension funds.

That is a cost that should not recur.

The energy division, which houses Mobil, made no contribution in the past year, but will do so.

By David Carte

1990

Platinum

Sappi should be able to increase earnings. He dismisses one analyst's fear that tax will knock it in the current year. Sappi's heavy investment in plant will keep tax low.

Mr Keys says the gold mines will have the benefits of cost cutting for a full year in 1990, not a few months as General Motors is closing plants because of falling demand for cars in the US, but demand for platinum is undiminished.

A stronger rand brought about by high interest rates, falling inflation and possibly an improving political outlook, is probably the biggest

S/Times 3/12/89

Timber-price increase threatens exporters

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By Don Robertson

A TEMPORARY timber surplus will not stop the State Forest Department from increasing prices of saw logs by 30% in the new year.

The surplus, particularly of gum and pine, has developed in the past few months because of several factors

The low gold price from about June forced mines to reduce their timber intake and two marginal mines closed, resulting in a surplus of about 50 000 tons which went to pulp mills

Problems

The dry spell, one of the worst in the past 25 years in some areas, allowed growers to fell and move more timber than usual, adding to the oversupply.

Peter Keyworth, general manager of Natal Co-operative Timber, says technical problems at Mondi's Richards Bay plant and with the debarker at Durban's Merbank factory aggravated the problem

In October, all yards were so full that they accepting only wood that could go straight into the chippers. As a result, some vehicles had to wait for up to 10 hours to be offloaded.

However, there are indications that mine stockpiles

have fallen and mines are starting to buy. The export of logs and chips has also increased

The State's decision to increase the price of logs will have far-reaching effects

The Timber Products Export Manufacturers Association is concerned because the higher log prices will force furniture manufacturers out of the export market. The market is worth about R80-million a year.

The association says higher prices of pine will reduce SA competitiveness. Pine makes up 33% of the price of furniture

The fear is that increases of this magnitude will not be accepted in Western Europe and it will switch to Eastern block countries for supplies

Cas Pretorius, managing director of Popular Furni-

ture Manufacturers, says Russia, Romania, Poland, Bulgaria, Hungary and Yugoslavia are extending trade with other Western nations. Much of it is in barter deals, which allow them to subsidise exports by making profits on imports

try's problems

"Several people in the timber industry are worried. The pulp industry requires pine for raw material, builders need timber and we require it for exports," says Mr Pretorius

"Should no agreement be reached, more jobs could be lost. The pulp factories could outbid us all for timber

"We are confident that if the State plays its role correctly, a solution can be found to accommodate everybody and enable us to entrench ourselves in the European market"

Pine furniture manufacture helps SA in many ways, says Mr Pretorius

"It is labour intensive, it teaches people skills and it adds value to raw materials which are replaceable"

Confident

In the past year the price of timber has been increased by 27%, forcing the closure of about 10 factories in SA and Swaziland and putting thousands of people out of work, says Mr Pretorius

The BC Furniture & Wood Products Association, of which Mr Pretorius is secretary, has appealed to Trade and Industry Minister Kent Durr to establish a committee to investigate the indus-

UK press in bid to ward off curbs threat

The news that all but one of the 20 newspapers that circulate nationally in Britain are to appoint ombudsmen marks a turning point in the history of that country's press.

This does not mean the British press has suddenly seen the light and spontaneously decided to subject itself to self-examination. On the contrary, the decision is essentially a tactical move designed to ward off an imminent threat of restrictive legislation.

Feeling in Parliament, fed by the general public, has long been boiling up against the abuses of the "gutter" press.

The charges include gross invasion of privacy, thinly disguised bribery to provide "inside" stories, the payment of huge sums to criminals for their life stories, libels (for which heavy damages have been exacted by the courts) and the virtual persecution of the Royal Family. At their best these practices are shoddy, at their worst they are intolerable.

The trouble with legislation is that it would tar the innocent with the same brush as the guilty. Most of Britain's national middle-range and "quality" newspapers, not to mention the provincial papers, do not perpetuate such abuses and indeed deplore them. The "gutter" press, however, has hitherto been both impudent and defiant.

The ombudsmen will exist side by side with the Press Council that has operated, doggedly but with less than striking success, since the early 1950s. Anyone dis-



Ombudsman
JAMES
McClurg

Do you have a complaint about the editorial content of The Star? This newspaper's Ombudsman, the media personality James McClurg, is at your service to adjudicate on readers' complaints. Write to: The Ombudsman, c/o The Editor's Secretary, The Star, Box 1014, Johannesburg.

agreeing with an ombudsman's finding will be free to use the Press Council as a kind of appeal court.

I do not yet know what the reaction of British journalists in general has been to their editors' decision, but I shall be surprised if it is favourable. Most British journalists have long objected strongly to any talk of ombudsmen.

One of the most distinguished of British editors, Harold Evans, told me when visiting South Africa some years ago that he very much wished to appoint an ombudsman to his newspaper but his senior staff had protested so vehemently that he had to abandon the idea.

Diluted

The grounds of objection were that the editor's authority would be diluted.

The same reason seems to have been advanced by the editor of one of Britain's best newspapers, the *Financial Times*, for not following his colleagues in their new decision.

No less significant than the appointment of ombudsmen is the editors' adoption of a common code of practice much like that

enforced by the Media Council in South Africa. For decades British editors have viewed such codes with all the enthusiasm proverbially entertained by the devil towards holy water. Thus two bastions of conservatism have now fallen simultaneously.

In the United States, where there is no press council, the need for self-examination has taken the ombudsman road. But since the first newspaper ombudsman was appointed in Louisville, Kentucky, in 1967, progress has not been spectacular.

The worldwide Organisation of Newspaper Ombudsmen, of which this ombudsman was recently made a member, numbers about 45. The bulk are in the US and Canada, but other countries represented include Sweden, Japan, Israel and Spain.

An influx of British ombudsmen would undoubtedly give this organisation, already very lively, a fresh shot in the arm.

In writing recently about readers' letters, I said that "the mere fact that a letter presents a viewpoint that is repugnant to many readers — even the majority — is not in itself sufficient reason to

deny it space"

I have been giving this dictum further thought in the light of several protests from black readers against a letter from Dr A S Brink, which appeared in *The Star* recently. This letter also attracted unfavourable comment from Sam Mabe, the *Sowetan* columnist.

The letter, in essence, called on blacks to "stop their racism and grow up." While I would certainly expect this to be "repugnant to many readers", I feel that *The Star* was right to publish it as exposing the kind of views held in some quarters.

However, I do not believe that readers, whatever their political convictions, have the right to use insulting language in letters.

Deleted

A description in this letter of blacks as "behaving like uncivilised animals" exceeded the limits of reasonable debate. It should have been deleted, if necessary with a footnote to that effect.

Mr T C Henderson of Florida North is surprised to find that *The Star* sometimes repeats a

news story that has appeared the previous day

This is normal, because most readers read the same edition every day and will expect to find the latest news that has come in since their last reading even though it may have been published in an intervening edition.

For example, news that became available only in time for the afternoon editions will tend to be repeated in the next day's early morning editions, but will be dropped in the afternoon, when new material will have taken its place. Often, of course, changes have to be made in stories, either to update them or to find them into the pattern of the new edition.

From the examples he provides it seems that Mr Henderson is unusual in reading different editions from one day to another and thus comes across more repeats than the average reader. However, the Witwatersrand population is highly mobile, and people do not always buy their newspapers at the same place or time.

In the high-speed process of turning out eight editions a day, which *The Star* now does, errors certainly occur. The most annoying of these to readers is when a story (sometimes from two different sources) appears twice in the same issue. This is known in the trade as a "double" and ranks high on the calendar of journalistic misdemeanours.

December 1989

Pine-price increase after privatisation

TIMBER merchants fear that the price of pine may be increased by as much as 35% in the new year and that a shortage of building material could develop.

The Department of Environmental Affairs plans to lift log prices by between 26,8% and 31,5% soon. Prices have risen by more than 46% in the past three years.

The latest price increase will be caused by the decision to privatise forests and establish a State forestry corporation. Approval in principle of the privatisation of State forests was given in the middle of December, but interested parties have until January 31 to make comments or representations to the Government.

Ominous

The State controls about 29% of the forests in SA, but 75% of its timber is produced in sawlogs which are used in the construction industry.

The main protagonist in the price issue is the SA Lumber Miller's Association (Salma) which has asked for urgent discussions with the Government. It hopes that the "staggering" price increases averaging 29,5% will not be implemented.

Salma executive director Andries Swart says there are ominous signs that timber growers are switching to supplying the pulp and paper industry.

It takes only 15 to 18 years to grow trees for pulp pro-

By Don Robertson

duction, but 30 to 35 years for pine of a suitable size and quality for the building industry.

Danie Jacobs, director of wood production at the Department of Environmental Affairs, says it is necessary to increase the price of SA pine if the future of producers is to be secure.

Inflation

Mr Swart believes that the increases now envisaged will be even higher because lumber mills will lift their prices to keep abreast of inflation. He fears that rises could reach the "mid thirties".

Although he agrees that timber growers should be encouraged, he says drastic price increases over the short term could do the industry more harm than good.

Bill Smith, director of the Association of Wood Merchants, is shocked at the price increases planned by

the State. He believes they will cause building prices to rocket and builders of low-cost housing might be forced to switch to steel.

The increases could also hamper the export of pine products, estimated to be worth R80-million a year.

The Timber Products Export Manufacturers Association believes that higher log prices will force furniture makers out of the export market. It fears that increases of this proportion will not be accepted in Western Europe and that orders will be switched to Eastern bloc countries which are able to profit from barter deals.

Cas Pretorius, secretary of the BC Furniture & Wood Products Association, which is involved in the export of pine products, has asked the Government to establish a committee to investigate the industry's problems.

He says that in the past year the price of timber has been increased by 27%, forcing about 10 factories in SA and Swaziland to close at a cost of thousands of jobs.

Cool for Kendal

COOLING specialist DB Thermal will soon complete its 2 000th heat exchanger for the world's largest dry-cooling power station, Kendal.

The 2 000 heat exchangers have used 8 000km of elliptical tube and 380 000km of fin strip, sufficient to circle the equator 9,5 times or reach the moon.

In all, 3 000 heat exchang-

ers will be built and will be arranged in six draught cooling towers. When completed, they will provide a heat exchange surface of 11km².

The exchangers are assembled at a rate of about 12 a week at DB's Nigel workshops which contain the finishing, assembly and specialised galvanising plant necessary for the 15m long elliptical tubes.

Lumber millers dismayed at govt's decision to up log prices

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By Day 22/12/89

GOVERNMENT's decision to increase log prices by an average of 29,6% in the new year was greeted with dismay by the SA Lumber Millers' Association (Salma)

The millers are also faced with a 19% hike in transport costs announced this week by Sats

Salma executive director Andries Swart said yesterday "We as sawmillers do not see our way clear to paying these new prices"

He believed the price increase could do the industry "more harm than good" by endangering SA's exports while encouraging imports.

Also affected was the building industry, which had been damaged by substantial bond increases during the year.

"Sawn timber is a non-replaceable building material, along with bricks and mortar. The building industry is already in a down-phase and cannot afford this added burden," he said.

Association of Wood Merchants Director Bill Smith feared "contractors might turn away from wood and opt for steel"

The forestry branch of the Environmen-

FIONA FOURIE

tal Affairs Department was supposed to serve 120 days' notice to sawmillers before any price increase was implemented, according to a contract between the two

This contract was currently under revision and the notice had never been served, Swart said

Government was trying to impose the increase by slotting it into the new contract, he said.

Government's justification of its price increase was "three-pronged", said forest products director in the ministry John Harris.

Harris said "In the first place, the price of prime logs is now being included in the log mix with other grades of wood. Also, our proposed increase is in line with only 90% of the anticipated CPI, and we are attempting to recover the backlog we have lost since 1980 in subsidising the industry"

The state was asking sawmillers only to return 50% of the subsidisation, he said

Negotiations between government and sawmillers are under way

Slower growth forecast at HLH

Industrial holding company Hunt Leuchars & Hepburn (HLH) is unlikely to report more than a moderate increase in earnings in the current year to end-March 1990 according to stockbrokers.

They point out that the economy is now noticeably slowing down and the latest increases in interest rates are expected to place further downward pressure on consumer spending.

HLH, established in 1850, is 78 percent owned by Huntcor which in turn is 65 percent held by the giant Rembrandt Group. HLH has a 50 percent interest in HL & H Timber Holdings and wholly-owns Transvaal Suiker and CGP Investments.

The latter company manufactures and distributes grocery and household products through its subsidiary Robertsons. Since year-end the group acquired a strategic 25 percent stake in listed food group Rainbow Chicken.

In the six months to September, group turnover increased 18 percent from R179,5 million to R212,1 million. Operating income grew a slightly higher 19 percent to R44,2 million, compared with R37,1 million in the six months to September 1988.

This is mainly due to the excellent performance of the group's sugar interests which partly compensated for the lower growth in the food and household products activities.

The interest bill soared 35 percent from R2,7 million to R3,6 million due to higher interest rates and increased average borrowings.

Operating income before tax increased 18 percent from R34,5 million to R40,5 million. A decline in the effective tax rate on operating income from 48 percent to 47 percent, allowed operating income after tax to rise 21 percent from R17,9 million to R21,6 million.

Diagonal Street

LYNNE PEACH

Non-operating after-tax income dropped drastically from R8,1 million to R3,4 million due to the utilisation of cash to partly fund the investment in Rainbow Chicken which provided no dividend income for the period.

At the same time, no income was attributable to outside shareholders compared with R2,7 million in the previous interim period and the share of net income retained by associated companies jumped from R8,5 million to R15,7 million.

As a result, group attributable profit climbed 28 percent from R31,8 million to R40,7 million.

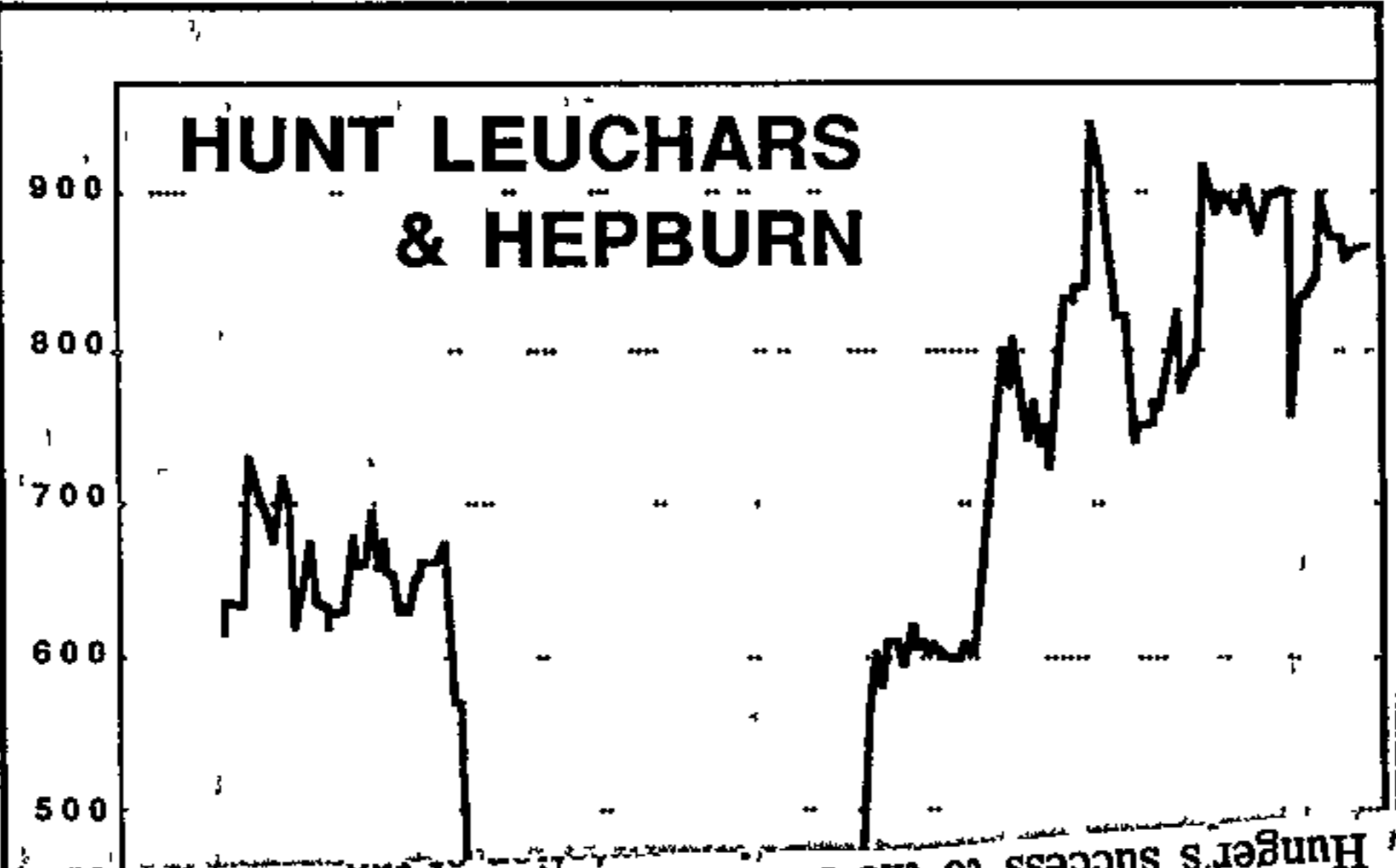
The rights issue in June, partly to fund the acquisition of the investment in Rainbow Chicken, increased the number of shares in issue. This limited earnings growth to 23 percent from 29,2c a share to 36c.

The interim dividend was raised 20 percent from 10c a share to 12c.

The balance sheet at September 30 showed interest-bearing debt, excluding debentures, as representing 7 percent of shareholders' funds, indicating the group's strong financial position.

Investment in associated companies increased from R191,8 million to R427,6 million, mainly as a result of the interest acquired in Rainbow Chicken.

HLH, priced at 875c, is trading on a price:earnings ratio of 11,6 and provides a dividend yield of 3 percent. In view of the relatively high rating and the poor outlook for the economy, stockbrokers are not recommending accumulation of the share for at least the next six months.



1985 More than 100 projects lion raised 1986 861 670 Operation Hun 1987 A record

"We started Operation Hunger as an attempt to stamp out malnutrition. We never imagined a huge operation growing like a wretched triffid" Mrs Perlman attributes part of Operation Hunger's success to the fact that the organisation

MANUFACTURING - WOOD & CORK

1990

1990 199 (1990)
Yorkcor's earnings a share show 35% rise

YORKCOR's earnings a share are up 35% for the year to December

The group, ranked number one in the Sunday Times 1989 Top 100 companies on the basis of shareholder wealth creation, achieved earnings of 42,1c (31c) a share, up on the forecasted 35c a share

A dividend of 13c (10c) a share has been declared, covered 3,3 times.

On a 6,6% growth in turnover to R36m (R33,8m), net operating profits were up 8,8% to R5,8m (R5,4m).

The group invested R7,2m in capital expenditure, of which 90% was for ex-

ZILLA EFRAT

pansion and the New York Pine acquisition. It showed a return on total capital employed of 23,4% (24,6%)

With a gearing of 19% (12%), Yorkcor completed the year with distributable reserves of R10m (R7,8m). Net borrowing rose to R5,3m (R2,4m). Net interest cover improved to 7,3 (6,9) times.

In his annual review, chairman Solly Tucker says a downturn is expected in the first half of the current year and,

at best, business may pick up gradually in the second half. However, moves have been made to pre-empt these challenges through structural changes, including discontinuing the Pretoria truss operations and investment in additional value-added manufacturing capacity.

Uncertainties have been created by the State's increase in log prices, its proposed new long-term saw log contracts and the National Forestry Corporation. These make it unusually difficult to forecast results for the current year, says Tucker.

Plantation scheme is sound, says Deloitte

SAPPI and Deloitte, Haskins & Sells are embroiled in a row with Inland Revenue over a plantation scheme involving tens of millions of rands.

On Friday, Commissioner for Inland Revenue Hannes Hatting announced an investigation into plantation financing.

The investigation would probe schemes allowing investment in plantations by way of membership in a partnership for tax benefits.

Reacting to Friday's announcement, Deloitte associate director Trevor McGlashan said the firm was not involved in such

BARRY SERGEANT

schemes B/Pam 13/2/90

He confirmed that Deloitte was involved with Sappi in developing timber investment projects, but said these had been set up so that — disregarding income tax implications — the returns over the 10-year period were attractive to investors.

"In fact," said McGlashan, "we have been approached by people who want us to establish farming projects for them and they have been surprised at the high re-

turns we demand for our investors.

"If a project does not stand up as a good investment on its own, then we are not interested in it and would not recommend it for our clients."

"Certainly, other schemes are entirely tax driven, and I doubt that they would stand up to scrutiny by the Receiver."

"We at Deloitte do not tout our schemes claiming deductions like those mentioned by the Commissioner in his Press release, that is, for a R3,5m investment you can

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□ To Page 2

Plantation scheme

deduct R20m. B/Pam 13/2/90

"However, the size of the deduction may well be linked to the period of the investment, and be entirely within the requirements set by the Income Tax Act."

"Furthermore, since both Deloitte's name and that of Sappi are involved in these projects, they are scrutinised in detail before our practice management committee allows them to go ahead."

"It is disturbing to hear that the commis-

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sioner had decided to cast his net so wide as to cover both genuine and tax driven instruments, since if the genuine schemes are to be stopped, there will be a dramatic cutback in areas of timber planted." The effect of this would be to drive paper prices "right through the ceiling, with a major inflationary effect all round".

McGlashan said that the Sappi project had involved eucalyptus, which would be used in the mining industry, and "was therefore essential to the economy of SA".

B/Dom 15/2/90

Plantation probe aimed at protecting investors

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INLAND Revenue commissioner Hannes Hattingh yesterday said his announcement to investigate plantation schemes had been timed as a warning before the end of this tax year on February 28.

"This," Hattingh says, "is to warn investors of the possible pitfalls"

A number of schemes are currently being "sold" into the market, offering some of the most attractive tax shelters ever. Some schemes offer an up-front tax deduction of up to seven times the amount invested.

The schemes — which vary widely in structure — have been in existence for the past two tax years

Inland Revenue has been criticised for not making a statement earlier on the schemes; its statement last week Friday has been generally interpreted as a "smokescreen" to scare investors off.

The very deepest fear is that the announcement was a precursor to a statement of retroactive law, perhaps in the March 14 Budget

Hattingh agrees that the amounts involved could be very large. The forestry industry — which often seems a sidekick to the tax scheme — last year turned over R6bn and produced R1,5bn hard foreign currency.

About 1% of SA or 1,2-million hectares is commercially afforested. According to the Forest Owners' Association, this will have to double over the next 20 years to cope with projected demand. A forecast prepared for the Forestry Council says the industry faces a 60% demand-increase over that period.

The overall status of the timber industry is complicated by government's proposal to turn its forests over to a



● HATTINGH

BARRY SERGEANT

state corporation. Industry experts say this will mean higher timber prices

It is the very long-term nature of timber investment — before sales are first made — that appears to have confounded prevailing tax law

In an example quoted by Hattingh, for a cash investment of R3,5m, investors seek to deduct R20m from their taxable income in the year of investment.

The deduction is 5,7 times the investment — highly desirable to any taxpayer with sufficient taxable income to shelter

But the proponent of the particular scheme, who asked to not be identified, says it is different to the Deloitte's scheme, and is convinced it lies within the law.

It was given the blessing of a Senior Counsel advocate, who naturally cautioned that the only wild card was Inland Revenue's attitude to reality rather than law.

Hattingh admits that he is concerned purely with the tax elements of the schemes, the fact that there is a timber supply shortage looming is not in his domain. "If that is the case," he says, why should other taxpayers have to pay for it?"

The main principle applied in the plantation tax schemes is gearing — the use of debt. There are three main parties, the investors (taxpayers), a managing partner (middleman), and professional plantation managers

In the case cited, investors borrow most of the money. It is estimated that the first revenues will be produced in about 15 years time.

To secure repayment, the investors issue a promissory note to those institutions. In turn, this is secured by a pre-1985 pure endowment policy

The amount on the promissory note is essentially the amount borrowed, plus compounded interest

Here is the crucial point in tax law, an expense need only be incurred (and not necessarily settled) for it to be tax-

deductible

Hence the outlay of R3,5m (which goes to the plantation managers, partnership management and cost of the endowment) gives rise to an up-front deduction of R20m

The Deloitte's scheme works on a different basis, and is essentially aimed at funding investors' retirement. The deduction factor, according to Deloitte's Trevor McGlashan, is only about two times

He says "Certainly, other schemes may be tax-driven and I doubt that they would stand up to scrutiny by the Receiver

"However, the size of the deduction may well be linked to the period of the investment and be entirely within the requirements set by the Income Tax Act"

Middleman

Moreover, Deloitte's, as the middleman between investor and plantation manager, keeps at more than arm's length from the latter

Sappi MD Eugene van As explains: "Sappi act as the plantation manager for certain groups of people who invest in a scheme managed by Deloitte's.

"Sappi provides the land on a leasehold basis, plants the trees and guarantees to buy the timber at market prices at the end of the rotation

There is no way Sappi can be involved in any discussions on these schemes with Inland Revenue, says Van As, because Sappi has no involvement in the scheme other than a fee for plantation management.

Seen from another perspective, the tax consequences in the Deloitte's scheme are regarded as incidental. McGlashan says the aim was that the project's returns would be attractive over the 10 year period

Attorneys Hofmeyer van der Merwe's Danie Erasmus says he hopes Hattingh's announcement will not end with taxpayers waiting for the finalisation of assessments and the outcome of objections

No agreement yet in sawmill strike

By DAVID YUTAR
Labour Reporter

15/2/90
15/2/90

THE STRIKE by workers at the Stellenbosch factory of Bruply Sawmills Cape has entered its second week with no sign of an agreement between management and the Paper, Printing, Wood and Allied Workers Union, (Ppawu) being reached.

About 350 workers from the Stellenbosch plant and 80 at the Elgin plant have been striking since Wednesday last week.

The dispute is over wage increases and conditions of employment.

BROKEN DOWN

Negotiations started last October but have repeatedly broken down

Yesterday striking workers picketed outside the Stellenbosch plant after management obtained a court order prohibiting them from entering the premises and intimidating employees who wished to work.

A spokesman for the union said it was dissatisfied with the court order as it wanted to settle the matter out of court.

2/90

h market

increases should decline Smith says Metpol's has kept its cost ratio as low as some of the larger, white-orientated life offices.

Investors may fear that the client base, though growing fast, is more heavily exposed to Aids Smith replies that in most universal life policies the premium may be flexibly appropriated to either the life cover or the investment. In an epidemic, bonuses from investment would be smaller, but it would then be unacceptable to continue increasing dividends Metpol has strict selection and exclusion procedures and large amounts have been placed in undisclosed reserves.

Last year, the transfer to long-term reserves, which encompasses the undisclosed and the Aids reserves, rose 45% Smith says Metpol has had only about five Aids-related claims so far and statistics indicate that if no cure is found for Aids, an epidemic would only occur from 1996 Investors have not started to discount that spectre.

Investment assets rose 19% to R1,6bn After the abolition of 40% prescribed assets, the holdings of semi-government stocks fell two-thirds. Smith says it is likely to be reduced further this year. Unlike some life offices, Metpol has not introduced a 100% equity-liked policy, Smith believes a more balanced portfolio with equity content is wiser

The message that blacks will increasingly receive is that, for growth in savings, no alternatives to life companies and unit trusts have appeared Metpol is well placed in a growth market

Teigue Payne



Yorkcor's Tucker ... demand softening for timber

The publication of draft legislation last December for the National Forestry Corp to run the timber interests of the State apparently means trouble for sawmillers like Yorkcor Chairman Solly Tucker says the forestry branch of the Department of Environmental Affairs has also proposed a new "dictatorial" contract which, inter alia, provides for sawlog price increases averaging 29,6%.

Failure to agree to the contract may trigger a five-year termination of existing contracts, which, he says, breaches the express covenant of security of tenure underlying all long-term sawlog contracts

The price increase, at a time when demand for timber has softened, would follow some large rises negotiated in the past few years Tucker says market conditions in the second, normally stronger half, turned down sharply. Accordingly, the industry's export organisa-

YORKCOR FIM 16/2/90 (199)

State threat

Activities: Sawmiller, manufacturer with wood and property developer.

Control: Tucker family

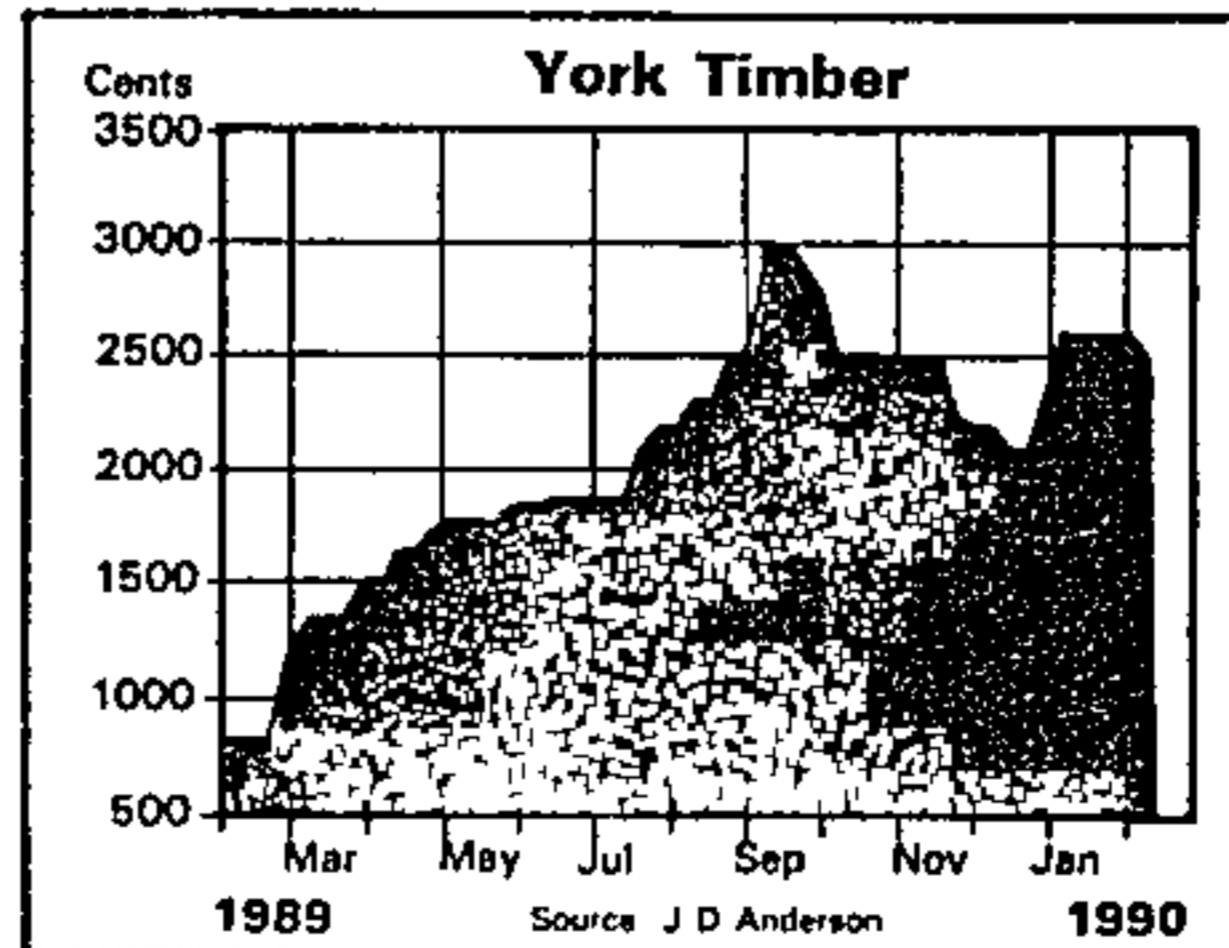
Chairman and CE: S Tucker.

Capital structure: 8,9m ords Market capitalisation R22,4m.

Share market: Price 250c. Yields 5,2% on dividend, 16,8% on earnings; PE ratio, 5,9; cover, 3,2 12-month high, 300c, low, 126c

Trading volume last quarter, 147 000 shares

Year to Dec 31	'86	'87	'88	'89
ST debt (Rm)	1,4	0,5	1,1	1,7
LT debt (Rm)	5,6	9,5	4,4	8,1
Debt equity ratio	0,47	0,5	0,12	0,24
Shareholders' interest	0,51	0,58	0,59	0,52
Int & leasing cover	1,1	1,4	6,3	6,7
Return on cap (%)	0,1	5,5	15,6	14
Turnover (Rm)	24,2	28,5	33,8	36
Pre-int profit (Rm)	0,2	1,3	5,4	5,8
Pre-int margin (%)	0,7	4,6	15,9	16,2
Earnings (c)	(9)	4	31	42,1
Dividends (c)	—	1	10	13
Net worth (c)	150	153	223	244



P.T.O.

FIM 16/2/90

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tion more than doubled its intake in the second half but Tucker feels it should always operate robustly, not just in times of oversupply

Yorkcor's turnover and operating profit last year rose only 6,6% and 8,8% respectively Capex swelled to R7,3m on expansions and the acquisition of furniture maker New York Pine EPS rose 36%, partly because of a decline in the tax rate to 25% (39%) on higher export and other allowances Gearing doubled to 0,24 but the pre-interest margin was higher at 16,2% (15,9%).

The results follow the 36% EPS increase in the 1989 year and the recovery from loss in 1986. Underperforming operations have

FIM 16/2/90

been discontinued, rendering Yorkcor less vulnerable to cyclical and it is emphasizing programmes to add value and export But, given the decline in building and construction, which accounts for 60% of SA softwood consumption, and uncertainties regarding State sawlogs, he says "it would be sanguine to expect an improvement on the 1989 results". Though optimistic on the current year, because of the uncertainties he deviates from tradition by giving no precise forecast — a disappointment even though his past forecasts has often been wide of the mark

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Yorkcor was ranked first in the Sunday

FIM 16/2/90

Times Top 100 companies based on shareholder wealth creation, because of the 243% rise in the share price to September 30 1989 (adjusted for the split, from 81,5c to 280c). This, Tucker admits, was off a low base The 10-for-one split also helped, Tucker believes it stimulated interest and activity

Adjusted for the split, trading volumes rose from 50 000 in calendar 1988 to 337 000

However, the price has dropped to 250c since September Though the results may continue to improve, the share's sparkling performance seems over for the moment

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Teigue Payne

TIMBER

At loggerheads

After more than a month of haggling there is still no peace in the timber industry. Lumber millers — who buy logs from the State and turn them into sawn timber — and State suppliers still cannot see eye to eye on the latest price hike (*Business* January 12)

Environment & Water Affairs Minister Gert Kotzé and the SA Lumber Millers' Association met last week but the only thing decided was that more talks are needed

The continuous argument is being confused by complicated legal wranglings over the contract terms for the sale of sawlogs by the State. Millers claim that the State is demanding a 29,6% increase but John Harris, director of forest products at the Department of Environment, maintains the increase is only 26,5%

Whatever it is millers have rejected it. In a dramatic gesture of defiance last month, aimed at forcing government to the bargaining table, they announced they would not be buying any timber at the new prices. They now buy 55% of their timber from the State.

"The State has no right to impose its will on us," says Andries Swart, the association's executive director. "We want to sit around a table and negotiate, as we have always done. We want the State to spell out the reasons for its higher prices."

Harris maintains only annual price rises are negotiable, not the base price set at the beginning of each five-year period. Because 1990 is the start of another five-year cycle, he argues that the State has the right to revise its conditions of contract. It is using that right to set a new base price for its timber, change the volume that each miller can buy, and reduce the credit given to millers from 120 to 30 days.

"We don't have a contract with the association but with individual millers who may be members of the association," Harris says. "They have until March 31 to decide whether to pay the new prices and then inform us — and not through newspapers."

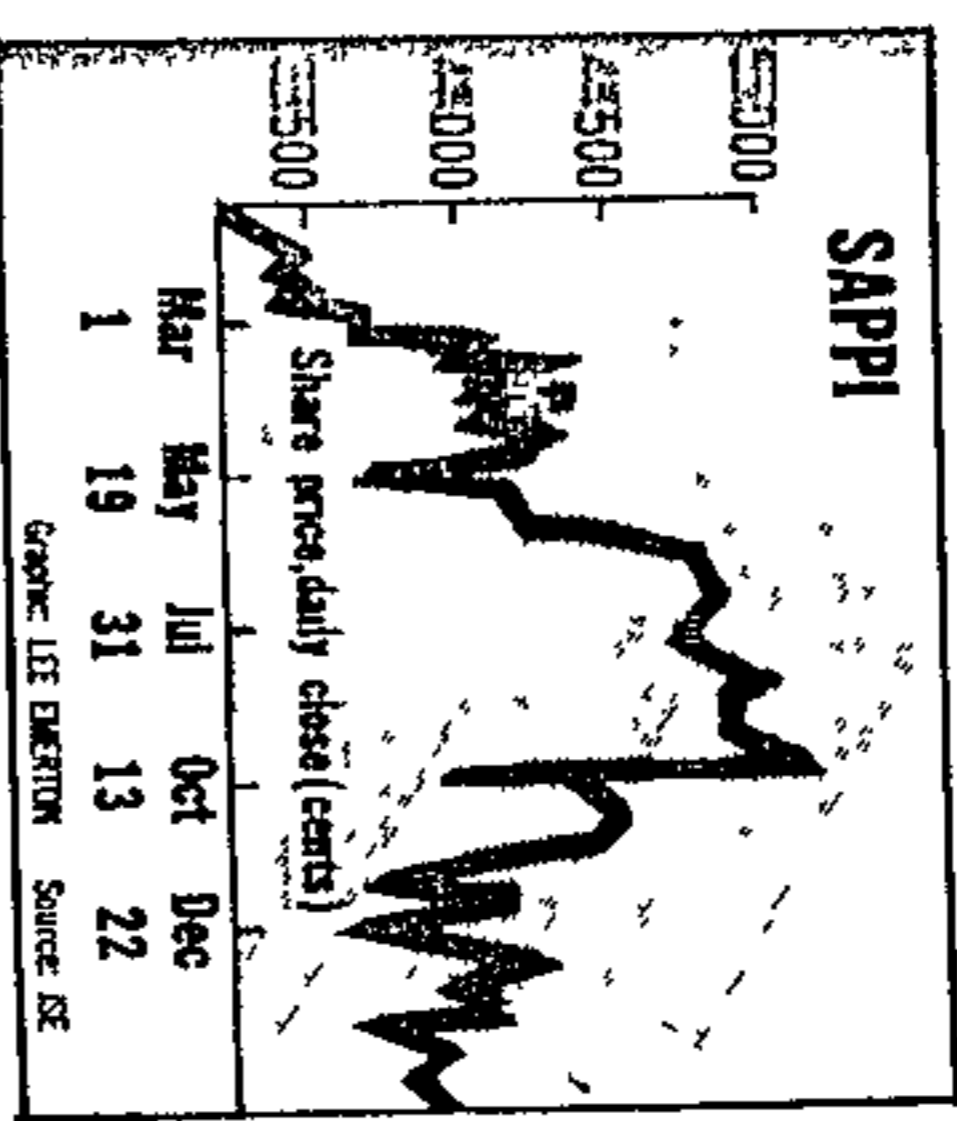
Against lumber millers' wails of price extortion, the State claims that it's making up for the low increases it took in the past in order to "subsidise" millers.

Swart says. "It's nonsense for the State to claim it experienced a price backlog. It charged what the market could bear and those were negotiated increases."

He has found an unexpected ally in Mike Edwards, executive director of the Forest Owners' Association, who says: "I don't believe that anyone can justify price increases on what he didn't get in the past. I feel there's more to it than meets the eye. It has to do with transforming the State's plantations into a State corporation (a plan announced in December)."

Charlie Cobb, a prominent timber merchant and former chairman of the Timber and Allied Trades Association, has little sympathy for millers. "They claim that Salma (the millers association) doesn't set timber prices any more, that individual mills do. But when one compares the price lists of the individual mills, there is no difference between them." ■

Sappi finalises R135m deal for Swazi pulp company interest



SAPPI has finalised the last leg of its purchase of UK grant Courtaulds' southern African pulp interests, after 18 months of intense negotiations, taking a 49% stake in the Usutu Pulp Company in Swaziland for R135m.

It has also announced a R40m expansion of the Usutu mill.

A R1,1bn deal, first announced in July 1988, stated that in addition to buying Saccor, the world's largest dissolving pulp producer, Sappi, together with overseas collaborators, would acquire 80% in Usutu subject to approval by the Swazi authorities.

As the deal stands now, Courtaulds

has sold 49% of Usutu's ordinary shares to Brocas, a Sappi subsidiary, and 1% to Fosco Establishment, a Liechtenstein-based company. The Commonwealth Development Corporation (CDC) has sold 5% to Swazi institutions and 19% to Fosco. The CDC will retain a 26% holding in Usutu.

This means that Sappi and foreign investor Fosco hold 69% of Usutu.

While the Swazi authorities delayed in giving final approval, Sappi has been supplying Usutu with technical, man-

agement and marketing expertise since 1988.

Sappi MD Eugene van As says Usutu is by far Swaziland's largest business and accounts for about 17% of the country's exports. Its forests cover 5% of Swaziland's land.

He says the supplies of Mondi, Usutu's biggest customer, will not be affected by the deal.

In terms of the agreement, Usutu will transfer the ownership of the land on which its plantations are situated to the king of Swaziland to be held in trust for the benefit of the Swazi nation. The

plantations themselves will remain the property of Usutu which will lease the land for a period of 100 years.

In addition, Fosco has agreed that in due course it will make available half its shareholding in Usutu (10%) to Swazi nationals and create an "over the counter" market in the shares.

The deal is unlikely to have a significant short-term effect on Sappi's earnings a share as the international market for Usutu's products is currently very competitive. However, it is expected to make a meaningful contribution in the longer term.

By Day 2/31/90
ZILLA FERRAT

300 sawmill workers to continue strike?

CPA Truys 13/3/90

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Staff Reporter

MORE THAN 300 workers at Brupty's Stellenbosch and Elgin sawmills have been on strike for more than a month and will decide today whether to continue with the strike.

A Paper, Printing, Wood and Allied Workers' Union (Ppwawu) organiser said yesterday that management was prepared to offer only a production bonus, not to move on the demands of the workers. The organiser said workers had dropped some of their bonus and medical-aid demands and were demanding a 90-cents-an-hour wage increase.

Workers went on strike on February 7 and a week later management obtained a court order prohibiting them from entering the premises and intimidating other employees.

1999

B Day

19/3/90

Long-term prospects better

SAs pulp and paper industry has entered a cyclical downturn and is set to face softer markets this year, but its long-term prospects look good.

Mondi executive chairman Tony Trahar says the local market is still reasonably firm, but some customers are feeling the effects of a downswing.

Sappi CEO Eugene van As says the domestic market should show a modest growth of about 2% above GDP in the immediate future.

However, he expects growth in the fine paper market may be stronger because of the large amount of destocking that took place last year.

He also expects the use of paper in packaging to grow by between 1% and 2% above GDP because of the buoyancy currently experienced in the beverage and food markets, especially in the fruit export businesses.

Newsprint is also expected to show a small growth because of the rise in circulation experienced over the last few months in spite of a drop in adspend.

On the international front, Trahar says the world pulp and paper market could be in for a two-year cyclical downturn, but after this it should resume its long term growth pattern. SA paper and pulp exporters are affected by the current strength of the SA rand.

On the international front, Van As expects pulp prices, which have come down by between 10% and 12% since the middle of last year, to remain soft.

He says newsprint prices, which fell last year, are beginning to strengthen and liner board prices are expected to remain stable against a basket of currencies.

Demand for dissolving pulp, the raw material used to make rayon, should remain reasonably strong in terms of volumes.

There will, however, be a fair amount of downward pressure because of the closing of some viscose plants in Eastern Europe resulting in more raw material being available.

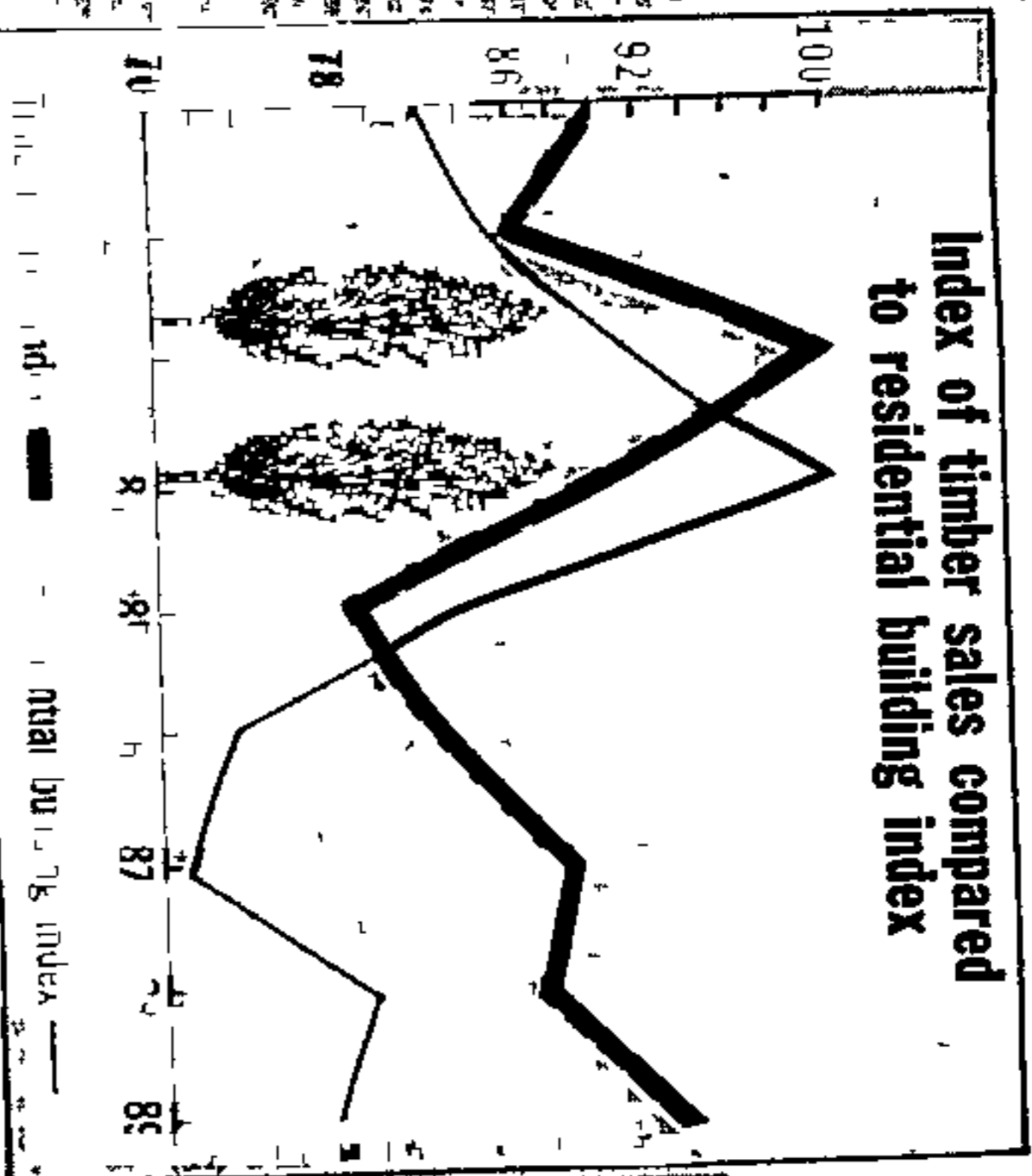
On the whole, Van As expects very little growth for the pulp and paper market next year, with the industry experiencing a squeeze in margins.

But he expects the industry to experience very strong growth in three years' time.

SA's per capita paper consumption is low in comparison to other countries. South Africans consume about 50kg of paper a person a year, compared to the annual per capita consumption of between 150kg and 200kg in Europe and 300kg in the US.

Van As says as disposable income and education levels improve, paper consumption will rise.

Index of timber sales compared to residential building index



Until the mid-80s, timber sales were tied firmly to the residential building index. But an export drive by lumber millers has seen exports as a percentage of sales of sawn timber grow from 1,5% in 1984 to 13,3% in 1989.

SA moving fast to beat global forest products shortage

THE SA forests and forestry products industry, a major contributor to GDP with turnover of at least R6,5bn expected this year, is faced with many challenges.

Worldwide, trade in forest products is worth more than R208bn (in 1987 rands) a year. But a global timber shortage looms on the horizon.

SA, with only 1% of its land under forests, compares unfavourably with other countries. For example, 32% of the world's land area is under forests, while the figure for Africa is 24%.

When the possibility of SA timber shortages was forecast for the turn of the century, the local industry accelerated afforestation programmes and developed sophisticated planting and growing techniques.

There has been a dramatic rise in local afforestation, but Forest Owners Association director Mike Edwards says while this has gone a long way to meet projected demands, more planting still needs to be done.

Extensive

Sappi CE Eugene van As says reduced demand for mining timber has increased the short-term availability of hardwoods.

Further, a surplus in softwoods exists, but Van As says SA still needs to plant more of these trees to avoid a shortage by the turn of the century.

Sappi and Mondi are involved in extensive afforestation programmes.

Mondi executive chairman Tony Trahar says Mondi's move into the north eastern Cape is the major step forward into afforestation in recent years. The programme has extended to 80 000ha, of which 60 000ha will be afforested.

Sappi, continually increasing its planting and re-planting programmes, will plant about 25 000ha in 1990 after the 22 000ha planted last year.

Another challenge to the industry is whether and how the state's forestry interests should be privatised. The state owns 29% of SA's total afforested land and is the largest single grower of softwood timber.

The major timber users are the paper and pulp producers, the mining industry and the lumber millers.

Towards the end of 1989 government gazetted draft legislation proposing the privatisation of its timber interests through a State Forestry Corporation.

The industry's initial response to the proposed corporation was not positive, so government has agreed to appoint independent consultants to investigate alternative ways for privatisation.

While the major players in the industry support the concept of privatisation, they are unenthusiastic about the proposed forestry corporation.

Edwards and Trahar say privatisation must take place on a proper commercial basis and the investigation should be done from a business angle.

Van As says if the state's forestry interests are sold they could go to two or three large companies leading to more concentration in the industry.

He believes a viable alternative would be for the state to privatise the activities — such as harvesting, planting and transport — surrounding its forestry interests, while still holding ownership of the plantations.

This would create a host of small businesses.

At the moment, paper and pulp pro-

ducers are facing a cyclical downturn in their markets.

However, with pulp and paper consumption expected to show future real growth, they say their markets will pick up in two years' time.

In the short term, however, international prices for their products are softening and a strengthening rand is expected to place pressure on margins. In addition, local demand has slowed because of the current economic downturn.

Investigate

Sappi and Mondi have both faced prolonged industrial action and the Competitions Board recently announced it would investigate whether any restrictive practices exist in the paper and paper products industry.

The mining timber market has recently contracted because of current economic conditions and a lower gold price.

Edwards says in terms of timber use, mining timber is not viewed as a growth market. However, the possibility of substitution has resulted in the mining timber industry developing a whole new range of products.

"And this has certainly protected the industry against more substitution," says Edwards.

On the sawn timber side, SA's lumber millers recently clashed with government on the proposed price increases of sawlogs, which averaged about 29%.

However, SA Lumber Millers Association (Salma) executive director Andries Swart says negotiations are taking place between saw millers and the state forestry branch and indications are that the pricing problems will be resolved.

To meet the long-term demand in pulp and paper products, Sappi and Mondi have been continually making large investments into future capacity.

Sappi expects to spend R500m in capex this year in upgrading and expansion programmes. Mondi's capex budget is an estimated R660m this year.



TONY TRAHAR

Business Day SURVEY

Planners in the SA forestry and forestry products industry have to consider not only the immediate future, but also a much longer time frame because of the years required for forests to grow to maturity. The industry has a number of strategies to deal with this two-pronged challenge.

ZILLA EFRAT reports.



Mapping out strategy for 158 000 new jobs

THE local forestry industry could double its present plantation area, construct up to 21 new processing plants and create more than 150 000 new jobs over the next 30 years in terms of the second Strategic Forestry Development Plan

Drawn up by Department of Environment Affairs' senior specialist scientist (forestry) Dick van der Zel and the Forestry Council's planning committee, it maps out a detailed strategy for meeting growing demand for forest products

Van der Zel estimates demand for roundwood timber will climb by about 2,5% annually until the year 2010 to about 29,3m³ — almost double the current output

In the report he urges forestry strategists to plan for an expansion of 35 000ha a year, which would be feasible and vital to the industry's continued growth

The report outlines recommendations on how the SA forestry industry could double its existing 1 130 000ha of commercial forest lands over the next three decades and identifies 13 priority development areas

These include four each in Natal and the Eastern Transvaal, two in the Eastern Cape and one each in Transkei, Venda and the Western Cape

It says an additional 1 132 500ha of forests could be established in these areas without exceeding existing runoff limits or prejudicing other agri-

cultural operations.

The report says this afforestation could create 56 625 permanent employment opportunities and a similar number of jobs in wood processing industries, with multiple effects in secondary and service sectors

The net effect would be to produce an additional 158 000 jobs

Afforestation will also lift the capital value of each planted hectare to R4 300, adding R4,9bn to the national land value and producing additional timber to the value of R7,1bn — more than double the current value

The report envisages that companies and family farmers will undertake the bulk of the new development. Of the 35 000ha of new forests required annually, the state will plant only 6 600ha

While taking a 30-year view, it urges immediate action, arguing that a backlog of about 192 000ha already exists and up to 40 000 extra hectares need to be planted annually over the next five years

New saw and board mills are likely to be located in Belville, Knysna, Dimbasa, Maclear, Kokstad, Umzimkulu, Maritzburg, Estcourt, Vryheid, Amsterdam, Kangwane, Gazankulu, Lebowa and Venda — providing a vital injection to the local economies

New pulp and paper mills would be situated in the Knysna region, near East London, Transkei, Newcastle, Richard's Bay, Piet Retief and Ixopo

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Exports take lumber millers out of the woods

LOCAL lumber millers have managed to improve their profitability and break their dependence on the cyclical residential building industry by better capacity utilisation through increased exports.

SA Lumber Millers Association (Salma) executive director Andries Swart says the saw-milling industry made losses in 1984 to 1986, a time when the economy was in the doldrums.

The industry was dependent on the residential building index, which went into a sharp decline because of its link to economic cycles.

As there was no demand for sawn lumber, capacity utilisation fell. A few mills closed and some rational-

isation took place in the industry, says Swart.

However, in 1987 some of Salma's members formed the SEO, an export company aimed at co-ordinating the industry's export efforts. This has resulted in exports as a percentage of sales of sawn timber growing from 1,5% in 1984 to 13,3% in 1989.

These figures exclude exports of value added products.

Swart says exports have brought increased volumes, allowing lumber millers better capacity utilisation and a diversified market.

While the residential building index has remained low, profitability has increased to the extent that 1989 was

the sawn timber industry's most profitable in many years.

Swart says this was because it experienced the greatest capacity utilisation and benefited from an active productivity improvement programme which began two years ago.

The formation of the SEO, which exports to the Far East, Near East and Europe, has eliminated competition and price cutting between Salma members in the foreign market place and has allowed them to cater for larger volume orders.

Swart says timber exports are becoming more attractive. This is because the world's natural forests are being depleted through indiscriminate felling.

R100m investment nothing to sneeze at

EXPECTING strong growth in tissue demand, Nampak Paper is investing R100m in a tissue manufacturing facility at its Kliprivier mill south of Johannesburg. *5/09 27/3/90*

The plant, supplied by Escher-Wyss, is scheduled to come on stream in September 1991 and will use waste paper as its sole source of raw material.

The waste paper, which is collected nation-wide by Nampak Paper Recycling, is sorted, baled and shipped to Nampak Paper's three paper mills.

Nampak Paper CE Bert Ibertson says the waste paper recycling processes at the paper mills are as advanced as any in the world.

The new plant at Kliprivier will screen, wash, de-ink and bleach the recycled waste paper to a quality level suitable for high quality toilet tissue manufacture. *(scribble)*

Ibertson says: "The new Kliprivier facility will enable us to take advantage of the bouyant market for disposable tissue products and to export substantial amounts of tissue from our Bellville mill." *(199)*

Nampak Paper currently collects 160 000 tons of waste paper a year and uses recycled material for 90% of its production.

Ibertson says the waste paper collection processes used by SA industry compete well with any in the world. At present, about 32% of apparent consumption of paper in SA is recycled, compared with 26% in the UK and 57% in the Netherlands.

"Internationally, the trend is towards improved waste paper treatment technology to manufacture a brighter, stronger paper suitable for a greater number of uses."

Chipboard industry expects 20% boom

3/10am 27/3/90 199
THE chipboard industry, with annual turnover around R500m, is expected to experience real growth of about 20% a year.

Interboard's flatboard division MD Mike Clemitsen says increased demand will come from growth in the furniture industry.

With good furniture woods in short supply and becoming more expensive, veneered chipboard is fast becoming an attractive substitute.

Further down the road, he expects growth to come from the low-cost housing market.

He says veneered chipboard is substantially cheaper than wood and chipboard has some advantages over wood. For example, it does not warp and is

usually harder wearing, particularly when finished with melamine.

Chipboard is particularly versatile, as wood, because of its grain, can only be worked in certain directions.

The demand for chipboard has been rising as older trees get scarcer, making it more difficult to find wider widths of wood.

Chipboard exports have also risen rapidly in the last few years, but SA, with a much higher quality of product, is not always price competitive on international markets, says Clemitsen.

SA producers have also had to face the dumping of vast quantities of chipboard on the international market by some countries.

Survival of the fittest in battle against costs

LOCAL paper merchants, feeling the pinch of the economic downturn, have in recent years been battling escalating operating costs.

But Graphtec CE Frits Waldeck is optimistic about the long term prospects of the paper market.

However, Waldeck does not foresee real growth in paper merchants' sales in the current year. The economic slowdown has resulted in a short term drop in paper consumption in all printing grades except packaging.

"Clients are not using more than they did last year and in some sectors, such as stationery, business forms and quality printing, they are buying less," he says

The biggest problem merchants have had to face in recent years is the escalation of costs because of the de-

valuing rand, higher inflation and soaring interest rates.

In addition, price cutting is rife in the weak market, further negatively affecting operating margins

As a result, Graphtec, which is part of the Malbak group, is giving increased attention to improving productivity of each employee and reducing costs in absolute terms

Waldeck says until the economy picks up — and this is not expected to happen before the second half of next year — it will be a game of survival of the fittest for paper merchants

He says if paper merchants cannot make an adequate return on investment over a longer period, a further rationalisation could be imposed by the three big groups — Malbak, AMIC

and Nampak — to ensure a better throughput for each merchant

However, Waldeck is optimistic about the long-term prospects for paper merchants, especially because of recent developments in SA

He expects that once a reasonable stability settles in the country, black school children will return to school. There are currently 15m black children between one and 20 years old and this number is forecast to jump to 19m by the year 2000

"If people are to get educated, and especially if they go for higher education, there will be substantial growth in paper consumption"

Waldeck says the industry is looking at between 5% to 6% real annual compound growth in the Nineties

(199)

Campaign to promote a career in the woods

THE promotion committee of the Forestry Council recently began a major drive to attract job-seekers to the industry.

Promotion committee chairman Bruce Mackenzie says the forestry and forest products industry's skilled manpower requirements have expanded considerably over the past decade. He says the public has, until quite recently, had a low awareness of the forestry industry. One result was that young people tended to overlook forestry when considering a career.

Mackenzie says attracting more skilled employees is vital to ensuring the in-

dustry's growth. With this in mind, the committee last year started a campaign to explain the advantages of a forestry career.

The campaign supplements recruitment efforts by forestry companies, the Environment Affairs Department and others in the forestry industry. It is concerned mainly with communicating the attractiveness of a career in forestry.

Mackenzie points out that forestry's manpower needs are not restricted to forestry-related qualifications. Like any other industry, it needs thousands of people with diverse qualifications and skills.

MAKING THE MOST OF SCIENCE WITH TEST TUBE TREES

TREE improvement — the science that aims to grow the most valuable forest products as quickly and inexpensively as possible — has advanced to the degree that the work being carried out today would 20 years ago have been dismissed as science fiction.

Mondi Forests, the forestry arm of Mondi Paper Company, has been formally committed to tree improvement since 1968.

Research and development work is carried out in the complex fields of soil science, genetics, biotechnology and clonal forestry.

"We have an urgency of need in SA. The need is being fuelled by expansion, the scarcity of forestry land near our pulp and paper mills and the increasing overall demand for timber in SA," says Mondi Forests R&D manager Neville Denison.

"Also, the fact that we are being forced to afforest more marginal lands where trees have to adapt to a variety of less favourable conditions, places even greater emphasis on the importance of tree improvement and breeding programmes."

Three disciplines of biotechnology are typical of the high technology work being carried out:

- Tissue culture employs complex microscopic techniques to induce roots and shoots to develop from very small pieces of tissue taken from trees with desirable characteristics;
- Somatic embryogenesis induces small pieces of superior tree tissue to form "synthetic" seed;
- Protoplast fusion allows the genetic manipulation of isolated single cells from superior trees.

"The strategy is to capitalise on high-performing clones for commercial plantings. We apply sound genetic principles to ensure continued improvement from clonal plantings for future generations of trees."

He adds that tree improvement is a long-term investment. It is not cheap, and the benefits are not immediately apparent.

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Graphic: LEE EMERTON Source: SAPPI

Sappi's annualised net income leaps despite softer market

ZILLA EFRAAT

SAPPI achieved an annualised 42% rise in net income despite softer markets during the second half of the year to February. MD Eugene van As said the year started strongly, but the long-awaited decline in international pulp prices started during the second half. Newsprint prices also dropped, but recently started to stabilise. Trading was affected by swings in the exchange rate, strikes at some operations, and technical problems on the Ngodwana newsprint machine.

The impact of these negative forces was softened by favourable forward exchange contracts, the jump in non-trading income to R28m (R8m) and an excellent performance from Sarcor.

The results are compared with a previous 14-month period.

Net income rose to R605,1m (R496,7m), while earnings were up 25% on annualised basis to 650c (607c) a share on a rise in the

number of shares in issue. A dividend of 200c (190c) a share was declared.

With improved margins, operating profit grew 38% to R730,6m (R617,7m) on turnover of R2,7bn (R2,5bn).

Dollar prices for the main grades of paper pulp and dissolving pulp are showing a softer forward trend, but most paper products show stable prices against a basket of currencies.

A significant further drop in pulp prices was not expected and international paper

prices should remain relatively stable, Van As said.

Local demand was expected to be firm and price increases should recover cost increases. On the international market, pulp exports were expected to stagnate in volume terms, but some growth in paper products was anticipated.

If recent exchange rates and prices were maintained, it was unlikely the group would be able to maintain its current level of earnings during the coming year.

COMPANIES

1989 3/4/90

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Profits get pulped

Dismal news from Sappi MD Eugene van As as SA's largest pulp and paper maker contends with weakening international paper pulp and newsprint prices and the disadvantages of a stabilising rand. Van As reckons that if prices and exchange rates do not change, Sappi is unlikely to match the last financial year's earnings this year.

Difficulties really started in the second half when international paper pulp prices started to weaken. International newsprint prices — the benchmark for Sappi's domestic sales — had been slipping all year and pulp's decline put the cap on the second half's problems. They were compounded by technical difficulties at the Ngodwana mill, possibly the same glitch as led to some massive river pollution.

Saiccor, acquired when Courtaulds divested in 1988, enjoyed high prices for the dissolving pulp it exports to British rayon makers. But it, too, is having to contend with weakening export prices. Still, the uncertainty over the Swazi plantation and pulp interests in the Usutu forests has been resolved — they were to have been acquired along with Courtaulds' Umkomaas rayon pulp operations but the change of ownership was delayed by the Swazi authorities.

Completing the deal

The transfer was completed last month with Courtaulds' R135m sale of a 49% stake in Usutu to Sappi and a further 1% to a Liechtenstein-registered front company. Ownership of the plantation land has been retained by Swaziland, but Usutu retains ownership of the trees.

NEW SPRINT

Year to Feb 28	1989*	1990
Turnover (Rbn)	2,47	2,73
Operating profit (Rm)	618	731
Pre-tax profit (Rm)	583	652
Earnings (c)	607	650
Dividends (c)	190	200
* 14 months		

Some financing concerns materialised last year. High interest rates boosted the interest charge as some older loans at attractively low interest rates expired and were replaced by new debt. The current asset ratio dropped below the company's target because favourable short-term export dollar loans were acquired.

If Sappi's earnings do fall this year, there is no obvious reason for a corresponding cut in the dividend. The balance sheet is sound, with all financial ratios well within the com-

JOHANN LIGHTS UP

FIM 6/4/90 (198)

Anybody who concluded from last month's restructuring of the Remgro



sappi limited

Reg No 05/08963/06

● Earnings per share 650 cents ● Usutu acquisition finalised

COMMENTS

The financial year under review started strongly but by the second half of the year the long anticipated topping out and decline in international prices for pulp commenced. Newsprint prices which had been declining for the past year have started to stabilise recently. The year's trading was also affected by significant swings in the Rand/US Dollar exchange rate and in the latter part of the year by the strikes at our Ngodwana and Enstra mills as well as some other operating units.

These factors impacted on the second half of the year's trading and were further exacerbated by technical problems on the Ngodwana newsprint machine which were only resolved at the year end.

Sappi Saiccor had an excellent year benefiting from high dissolving pulp prices, improved quality and improved output. The whole group benefited from favourable forward exchange contracts and increased non-trading income, which softened the impact of the negative forces in the second half of the year.

RESULTS

A direct comparison of the 1990 figures with those of 1989 is distorted because of the extended financial period previously reported on. In order to facilitate this comparison we have addressed our comments to annualised equivalents.

Figures for Usutu are included with effect from 1 April 1988, and are reported as an associated company. The comparative figure has not been restated as the impact on that period was not material.

Turnover and net income reached new high levels at R2 727 million and R605 million respectively. The respective annualised increases achieved were 28,9% and 42,1%.

Earnings per share increased from 607 cents to 650 cents, an improvement over 1989 of 24,9% despite the large increase of 11,2 million in the average number of shares in issue.

Finance costs were 215,4% higher than in 1989. This significant increase resulted from high interest rates, the expiry of some favourably priced fixed interest financing and an increased level (but not ratio) of general financing required. The taxation charge of R13,5 million reflects current taxation incurred by subsidiary companies not sheltered by tax losses brought forward and new capital allowances.

The group's debt/equity ratio at the financial year end improved from 0,67 in 1989 to 0,56 in February 1990, both figures well within our objective. The current asset ratio is below our objective because of the inclusion of extensive short term export based dollar loans at favourable rates of interest but the group has more than adequate medium and short term facilities available for this not to be of concern.

Having regard to the improved results and the softer outlook for 1991 the directors have declared a final dividend for the year of 120 cents per share on the ordinary shares. The total dividend therefore amounts to 200 cents compared to 1989 which was 190 cents. It should be noted that a dividend of 190 cents in the previous year was paid in respect of earnings for a 14 month period because of the change of the group's financial year to February 1989.

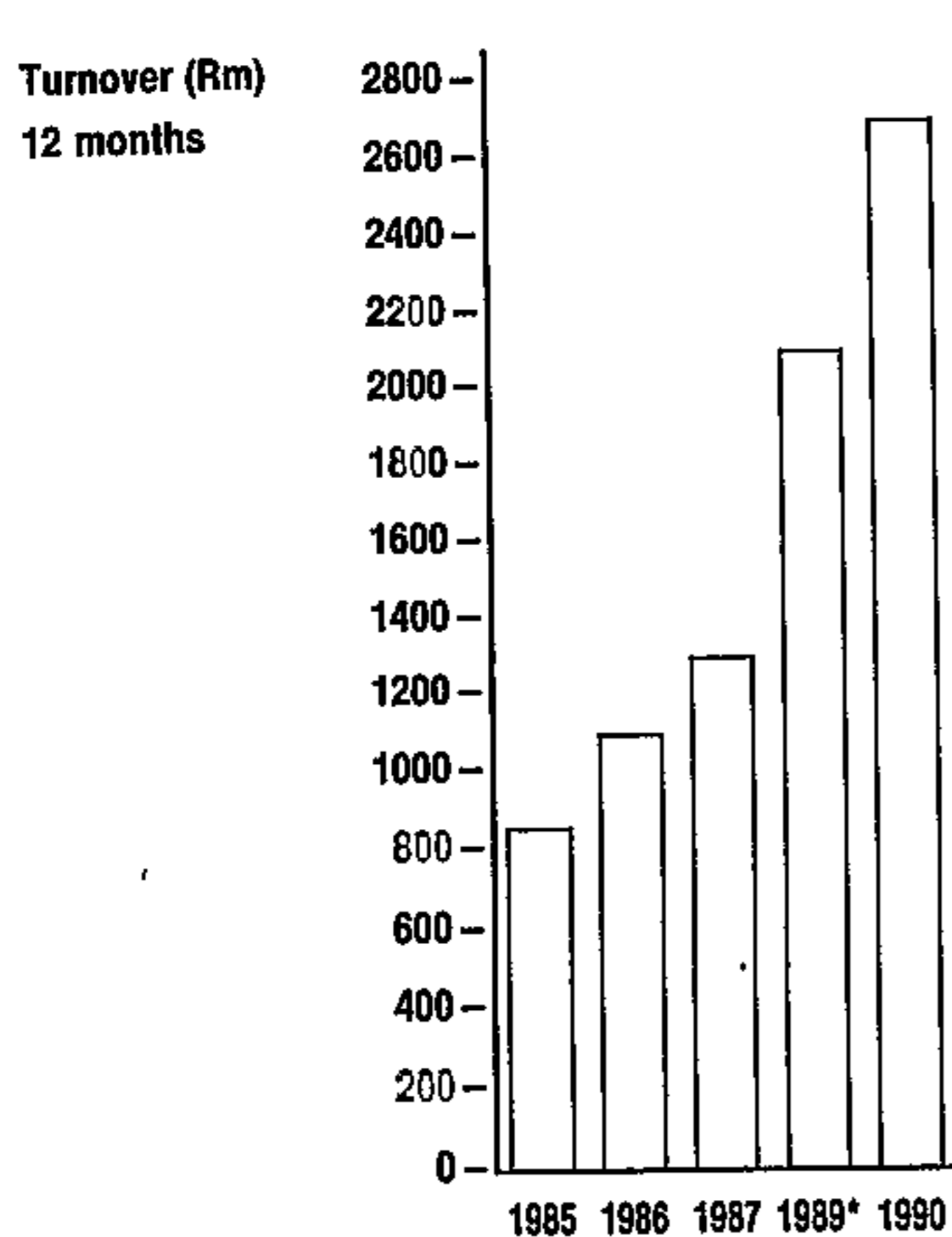
Consolidated income statement

	Year ended 28 February 1990 Rm	14 months ended 28 February 1989 Rm	% Change annualised
Turnover	2 726,5	2 468,6	28,9
Operating Income	730,6	617,7	38,0
Associate company's income	14,0	—	—
Net finance costs	205,0	76,1	214,3
Finance costs capitalised	84,5	33,4	195,2
Non-trading income	28,1	8,3	295,0
Income before taxation	652,2	583,3	30,4
Taxation	13,5	16,3	(3,4)
Income after taxation	638,7	567,0	31,4
Retained income from associate company	17,9	—	—
Attributable to outside shareholders	51,5	43,7	37,5
Preference dividends	—	26,6	—
Net Income	605,1	496,7	42,1
Ordinary dividends	186,2	152,7	42,3
Retained income for period	418,9	344,0	42,1
Average number of ordinary shares in issue ('000)	93 049	81 828	—
Earnings per share (cents)	650	607	24,9
Dividends per share (cents)	200	190	22,8

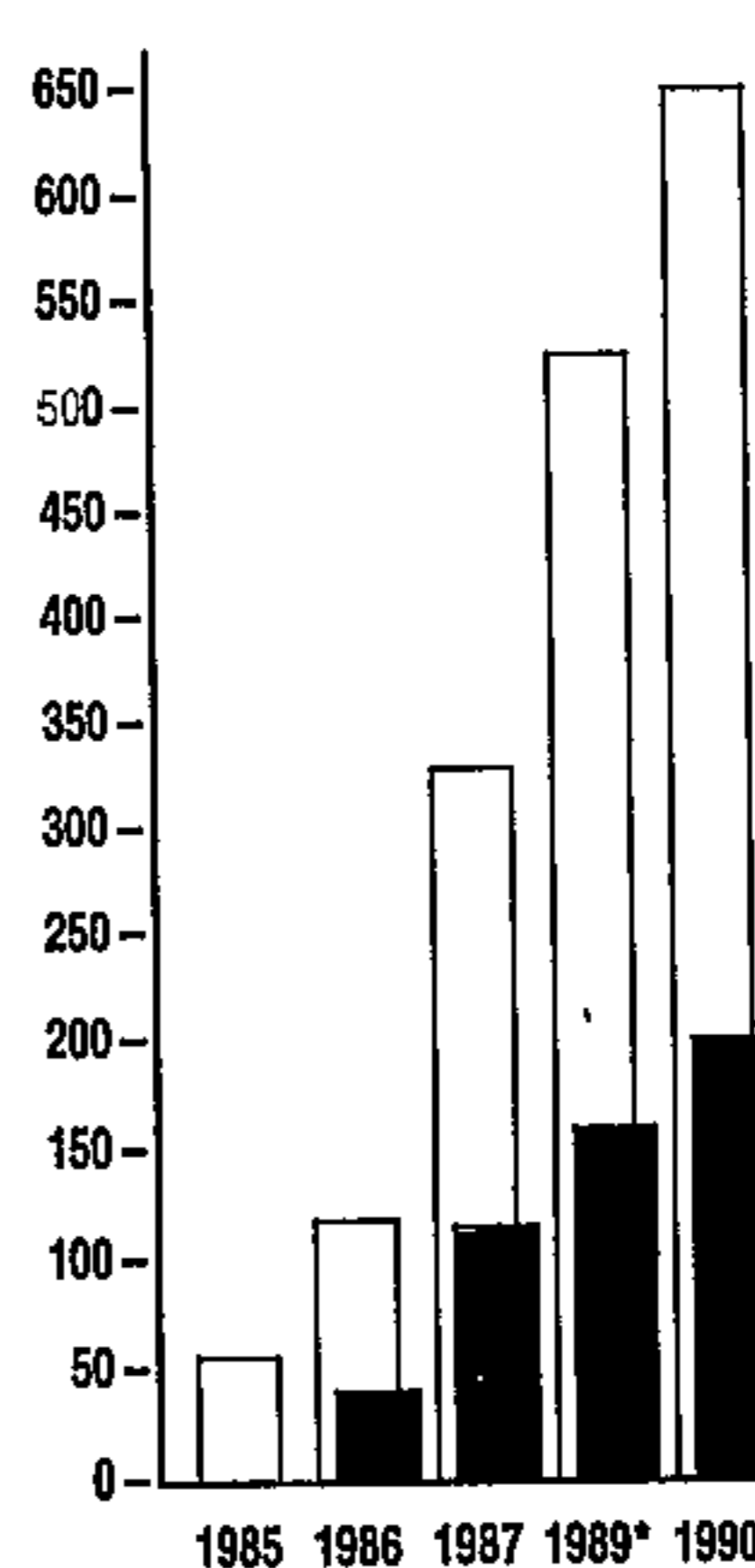
Abridged balance sheet as at 28 February 1990

	28 February 1990 Rm	28 February 1989 Rm
Shareholders' funds	2 940,0	2 162,7
Outside shareholders' interest	609,2	781,5
Long term borrowings	827,1	957,4
Funds employed	4 376,3	3 901,6
Employment of funds:		
Non-current assets	4 372,0	3 556,2
Current assets	1 111,9	1 066,5
Total Assets	5 483,8	4 622,7
Current liabilities:		
Interest bearing	597,4	303,0
Other current	510,1	418,1
	4 376,3	3 901,6
Operating income to average total assets (%)	15,0	14,5
Net income to average shareholders' interest (%)	25,6	26,0
Debt/Equity ratio	0,56	0,67
Current ratio	1,00	1,48

AUDITED RESULTS FOR 1990



Earnings per share (cents) EPS
Dividends per share (cents) DPS
12 months



* Annualised

SHARE CAPITAL

During the period under review the ordinary share capital in issue rose from 86 369 151 shares to 93 174 280 shares made up as follows -

Conversion of convertible irredeemable cumulative participating preference shares	6 647 329
Other issues	157 800
Already in issue	86 369 151
TOTAL	93 174 280

The 16 618 827 convertible irredeemable cumulative participating preference shares were converted in June 1989 at a ratio of 2,5 preference shares to one ordinary share

ACCOUNTING AND RESERVING POLICIES

Plantations

In terms of the group's accounting policy on plantations the financial holding costs have been capitalised. In 1990 this amounted to R71 million

Deferred tax

Whilst we will continue to make full provision for any deferred taxation liabilities (as distinct from deferred taxation benefits) when the timing differences which give rise thereto occur, there is no need to make any provision in 1990

Revaluation

Shareholders' funds include an amount of R371 million representing a revaluation of land and buildings at the end of February 1990, carried out in terms of our accounting policy which calls for such a revaluation every three years

FOREIGN EXCHANGE EXPOSURES

At balance sheet date a total of US \$9 million assets were exposed to currency movements. All foreign exchange liabilities are fully covered

OUTLOOK

The world markets for paper pulp and dissolving pulp have softened

and Dollar prices for the main grades which started to decline in the middle of last year are showing a softer forward trend. Most paper products, however, currently show stable prices when measured in a basket of currencies. We do not expect a significant further reduction in the pulp prices from current levels and expect paper prices to remain relatively stable on international markets. The demand for the group's products in South Africa is expected to be firm following significant destocking by customers during 1989 and price increases should be able to recover cost increases. International markets are likely to be difficult and while pulp exports are likely to stagnate in volume terms we still expect to see some growth in paper products. The outlook for exchange rates is uncertain. If recent exchange rates and prices are maintained it is unlikely that the group will be able to maintain its current level of earnings in the coming year

Signed for and on behalf of the board

T L de Beer
E van As *directors*

DIVIDEND ANNOUNCEMENT

Ordinary shares

The directors have declared a final ordinary dividend number 63 of 120 cents per share making, with the interim dividend of 80 cents per share, a total of 200 cents per share for the year ended 28 February 1990. The dividend will be payable on or about 29 May 1990 to ordinary shareholders registered at the close of business on 20 April 1990. The transfer books and register of shareholders will be closed from 23 to 27 April 1990 inclusive.

All dividends are declared payable in the currency of the Republic of South Africa and in terms of the Income Tax Act 1962 non-resident shareholders' tax of 15% will be deducted from dividends payable to shareholders resident outside the Republic.

Sappi Management Services (Pty) Limited
Secretaries
Per D J O'Connor

2 April 1990

AMIC

Growth from within

FIM 13/4/90
 (199) (199)

Activities: Diversified industrial group
Control: Anglo American 44,9%, De Beers 27%

Chairman: W G Boustred, Deputy chairman L Boyd

Capital structure: 53,9m ords, 1m cum 1st prefs, 3m 12,375% cum red sec prefs Market capitalisation R4,99bn

Share market: Price 9 250c Yields 3,8% on dividend, 13,1% on earnings, PE ratio, 7,6, cover, 3,5 12-month high, R112, low, R80 Trading volume last quarter, 211 555 shares

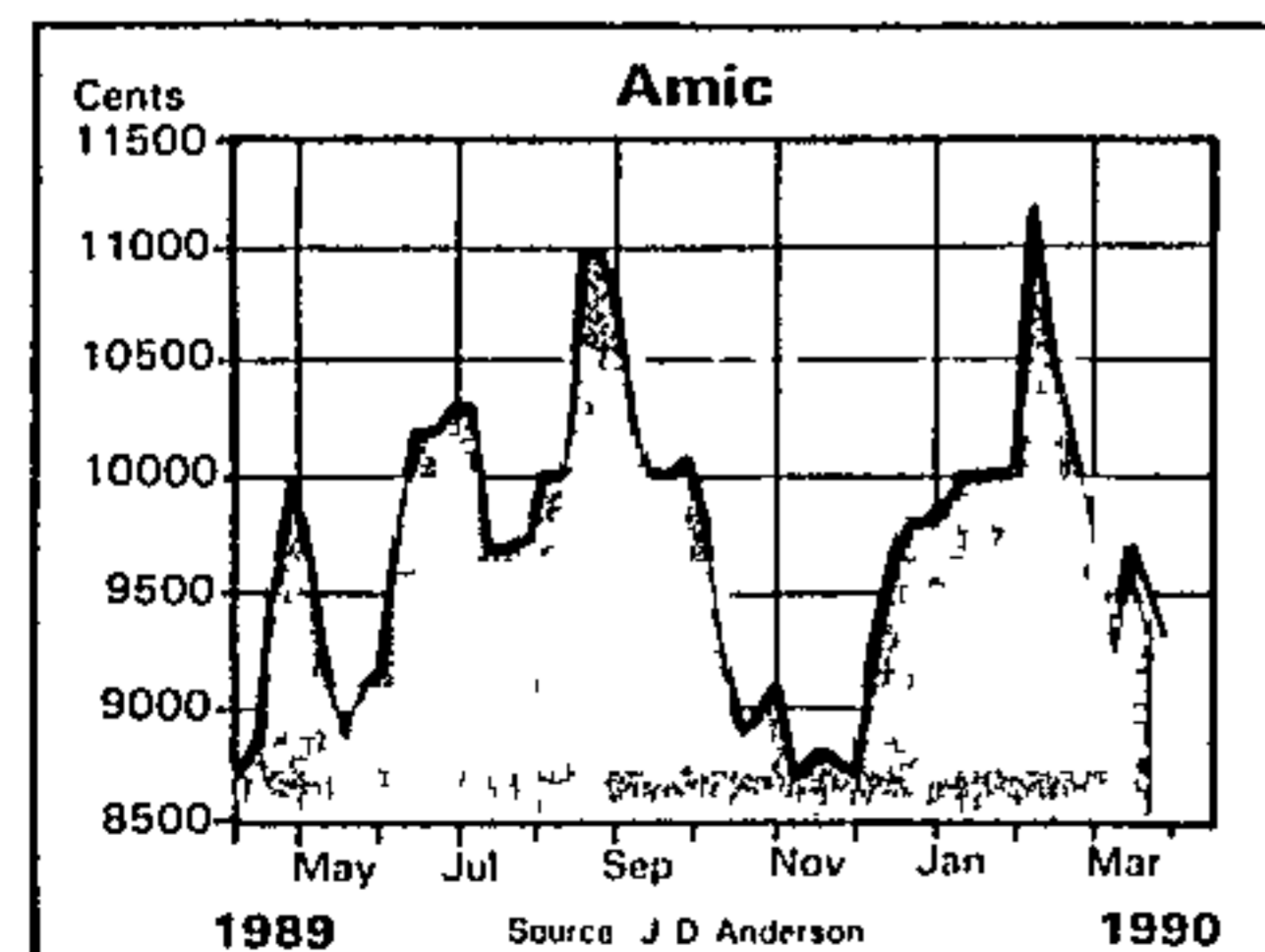
Year to Dec 31	'86	'87	'88	'89
ST debt (Rm)	283	191	433	365
LT debt (Rm)	710	344	303	450
Debt equity ratio	0,40	0,30	0,24	0,15
Shareholders interest	0,64	0,49	0,51	0,49
Int & leasing cover	6,2	8,6	24,9	34,1
Return on cap (%)	11,5	14,9	22,6	23,5
Turnover (bn)	3,14	3,55	4,73	5,78
Operating profit (Rm)	328	399	771	1 057
Investment income (Rm)	169	233	293	355
Pre-int margin (%)	10,5	11,3	16,3	18,3
Earnings (c)	516	673	963	1 211
Dividends (c)	190	225	290	350
Net worth (c)	4 635	4 657	5 874	7 071

Unless business conditions improve sharply, Amic appears to be nearing the end of a growth phase that has seen EPS rise 250% and dividends by 94% over the past four years

Growth has been primarily organic, with few large acquisitions made in recent years, and that approach may remain the basis of expansion. The group has maintained hefty capital programmes in major subsidiaries, while strengthening the balance sheet.

Export activities have been built up in subsidiaries, particularly Highveld Steel, Mondi Paper, Scaw Metals and Boart. Aside from the need to expand capacity and broaden product ranges, chairman Graham Boustred has noted before that exporting tends to involve continuous capital investment simply to maintain quality at competitive levels.

A number of capital projects have been nearing completion and authorised capex at end-December was R516m against R683m



Amic's Boustred ... large spending programmes

at the 1988 year-end

Scaw commissioned four projects with a total cost of R67m. These comprised the second reduction plant, upgrading of the Morgan mill, the finishing end of the Hille mill and additional heat treatment facilities for the foundry division. Modernisation of Scaw's main melt shop is due for completion this year. Scaw's earnings rose 24% but the company is facing weaker export prices and an increase in earnings may "prove difficult".

Highveld commissioned the new kiln at Vantra in December and the fifth silico-manganese furnace at Transalloys came on stream in February. However, after a year when Highveld's attributable earnings rose 164% and contributed 25% of Amic's equity earnings (see table), a decline is forecast.

Mondi has commissioned its R200m BM6 board machine at the Springs mill, which should reach design capacity of 80 000 t/year by mid-1990. The R172m rebuild of the paper division's No 1 paper machine, for completion in the third quarter, is to improve product quality and operating efficiencies and will increase output by some 50% to 120 000 t/year.

Mondi's borrowings have risen and that contributed to static earnings. For this year the group expects reduced operating margins and higher finance costs, with lower earnings.

NTE, the pulpwood and tanning extract producer, has remained a stodgy performer. With earnings at R9m (R9m), the return on the R103m equity was only 8,7% and considerably lower earnings are expected.

Boart International expects benefits from the recent rally in the gold price, with further improvements from the industrial and geo-technical business.

Amic extended its interests in the motor

sector with the acquisition in October of 100% of Karl Schmidt, which makes pistons for vehicle manufacturers, the component aftermarket and for export. It also holds agencies for various imported components. Expansion of the plant is being investigated.

Among the managed associates, 19%-held Samcor exceeded its budgeted profit objectives in 1989 and paid its second dividend, in 1990 it will benefit from availability of new products over the full year.

In the next five years, "significant investments" may be needed to lift the value of local content and ensure improvements in product quality. These will be funded internally.

Though Amic's overall spending will ease this year, there are large projects in the pipeline, particularly Highveld's joint venture stainless steel plant, and the pulp mill being considered for Mondi at a likely cost of

EQUITY EARNINGS (%)

	1988	1989
Highveld Steel	12,2	25,4
AECI	19,4	19,0
Mondi Paper	19,9	15,9
Boart International	18,7	13,3
Scaw Metals	12,1	11,9
Tongaat-Hulett	6,4	6,0
Other	11,3	8,5
Total	100	100

R1bn

Management is targeting maintained group earnings for 1990. However, Boustred notes that the group determines earnings using the comprehensive method of providing for deferred tax, and a change to the partial method is being considered. That could give an additional, once-off boost to EPS.

Assuming earnings are maintained, the share offers an historical and prospective yield on the R92,50 price, which is down 17% from the 12-month high. The group is sensitive to exchange rates and any renewed weakness in the rand — which is looking more likely — would be bullish.

Andrew McNulty

minority holders could block it.

ness", which includes integrity.

R80m board plant starts up¹⁹⁹

SAPPI has commissioned an R80-million board plant — its largest expansion project since the Ngodwana paper mill.

The Novoboard plant at White River has a 170-metre-long continuous press line and was designed by West Germany's Siempelkamp. It is one of the most modern particle-board and medium-density fibre-board plants in the world. *SITwes 29/4/90*

In the final phase of the project Novo-

board is landscaping a tract of land between the Nelspruit-White River road and the factory to ensure that the plant fits in with the environment.

The plant will produce board ranging in thickness from 3mm to 32mm.

The medium-density fibre board is a new product which has all the advantages of solid wood and none of the disadvantages. It is easy to work and is cheaper than most solid wood.

Plantation sales boost Bolpro

JOHANNESBURG — The sale of most of Bolton Properties' (Bolpro) pine plantations in the Southern Cape which was announced in January is reflected in the sharp boost of 131% in earnings before extraordinary items to 39,1c a share for the year ended February

The extraordinary items, totalling R1,39m for the year, mainly represent profits on the sale of land and buildings

Abnormal sales

The proceeds of these abnormal sales were effectively distributed to shareholders via a reduction in share premium account of 230c a share on March 20

The final dividend of 15c a share, making a total of 19c for the year, is therefore based on the cash available for this purpose

Commenting on the future outlook, the directors emphasise that "the realisation of assets and distribution of surplus funds will considerably diminish shareholders' income and dividends will similarly have to be reduced"

Looking to the current year and assuming no further sale of assets, an anticipated net income per share of 10c will be distributed to shareholders in full — Sapa

Sappi set for Mozambique deal

MAPUTO — A study for a reforestation project in southern Maputo province involving Mozambican capital and Sappi is at an advanced stage, the Mozambican Agriculture Ministry said this week.

National forestry director Abdul Adamo said after the 1984 Nkomati Accord between Mozambique and SA the Agriculture Ministry carried out a study of the SA timber market.

Under Portuguese rule, Mozambican timber's main market was SA.

The study showed there was definitely a market for Mozambique's precious hardwoods. The quality of hardwood that SA was receiving (from Namibia, and Angola) proved inferior to Mozambican products, Adamo said.

But the study also showed that by the year 2000 SA would be running short of the more common types of wood for use in the pulp and paper industry and as structural support in the mines.

"We saw that we could take part of this market, and the Agriculture Ministry began negotiations with SA companies as from 1985," Adamo said.

"They were already thinking that southern Mozambique might be a region where forestry projects could be developed to supply the SA market".

The area being discussed with Sappi is 50 000ha in Matutune district, adjoining Natal.

The plantation area covers 30 000ha while the remaining 20 000ha are for conservation and agricultural development. *By Day 21/5/90*

The main aim of the project is to export timber not only to SA, but also to other markets as Mozambique does not wish to remain dependent on the prices offered by the SA market.

Local industries would also be developed to use this timber.

The calculations made so far indicate that income from the project would reach \$7m by the seventh year of

implementation, and \$27m in the 30th year.

Adamo did not believe that local people would be seriously prejudiced, since the area concerned "is largely marginal for agriculture".

But Adamo added that part of the project was to contribute to the agricultural development of peasants living in the zone.

As for the ownership of the enterprise, Adamo said it would be a mixed company, with Mozambique holding 60% of the capital, and Sappi 40%.

While the Matutune project is the most advanced, there are several other forestry investments under consideration, involving other companies of the Anglo-American group.

These cover the northern part of Maputo province, and parts of the neighbouring province of Gaza. Adamo said these zones were again marginal for agriculture, but offered good prospects for reforestation. — ANO

Pluralism causes rivalries, Mugabe tells workers' rally

HARARE — President Robert Mugabe yesterday defended his ideal of a one-party state in Zimbabwe, saying pluralism would cause unnecessary rivalries at the expense of national development.

He told a Workers' Day rally at Rufaro Stadium "My philosophy is 'let us differ in one house, in one family'".

Zimbabwe had demonstrated it could operate within a multi-party state system, but now the idea was to forge ahead with a one-party system.

Mugabe said the unity between PF-Zapu and Zanu (PF) had ended the

dissident insurgency in Matabeleland and was proof of the desirability of oneness. *By Day 21/5/90*

He said elsewhere in Africa countries were opting for plural societies but did so under threats from their donors or former colonial masters.

"There is a financial threat and not a fundamental change of heart," he said.

Mugabe also promised to introduce collective bargaining for wages this year, reversing a policy of setting increases by decree.

He said government would set a minimum level but allow workers to

negotiate higher rises. *By Day 21/5/90*

Earlier in the day Zimbabwe University students marched to Rufaro Stadium carrying placards, some of which read "Workers say no to a one-party dictatorship".

They were ordered out of the stadium by Zanu (PF) youth brigades.

Zimbabwe Congress of Trade Unions (ZCTU) secretary-general Morgan Tsvangirai said the students were free to express their solidarity.

As a result of state interference, the normal workers' parades would not take place, he said. — Sapa-Reuter

FIM 415190

for the full year

Sappi was up at R155m (R128m) but this does not yet reflect the decline expected. Metals and minerals contributed R211m (R186m), with the 30,7% interest in Alusaf kicking in for the first time, Alusaf actually posted lower profits owing to a squeeze on product prices

Biggest boost was from Engen, which after the acquisition of Mobil contributed R91m against the negative R15m in the 1989 interim Engen's R200m earnings forecast for this year would add about 16c or 14% to Gencor's EPS

Income from Genbel and investments more than doubled to R169m (R74m). Cash has been absorbed by investments such as Oryx but roughly R1,3bn of the funds raised in the rights issue is intact and is earning

GENCOR FIM 415190

Losing steam

Softer commodity prices and a more stable rand are exacting an inevitable toll on some of Gencor's star performers of the past few years. In the 1989 year, some two thirds of attributable income was derived from just divisions metals and minerals — primarily Samancor — and Sappi

This year, Samancor will be hard pressed to maintain annualised EPS and Sappi is almost certainly facing a decline. Other significant businesses such as Malbak, gold and platinum are also looking soggy. Gencor is now looking largely to its energy division, Engen, financial activities and coal to lift EPS for the full 1990 year

ENERGY BOOST

Six months to	Feb 28 '89	Aug 31 '89	Feb 28 '90
Income (Rm)	395	444	468
Pre-tax income (Rm)	287	322	369
Attributable income (Rm)	456	595	707
Prior period (Rm)*	49	—	25
Earnings (c)	46,5	59,0	60,1
Dividends (c)	12	22	14

* Mobil earnings for July and August

Figures for the six months to end-February look strong enough, with EPS up by 29% but chairman Derek Keys makes no bones about second-half prospects. "We won't make real growth in EPS for the full year," he says "This is going to be a tough six months. But, unless something unexpected happens, we'll end with earnings somewhat higher than last year's."

That would still mean a jump in total profit. After last year's R1,5bn rights issue, the weighted average share capital will be nearly 20% higher at 1 176m shares

A number of divisions produced little or no growth at the half-way stage. The contribution to Gencor's attributable income from gold was R79m (R77m), platinum R33m (R31m) and Malbak R56m (R58m). Malbak's own interim EPS increased but the contribution dropped because Gencor had modestly reduced its holding after passing some shares on to institutional investors. Meanwhile, Malbak chairman Grant Thomas last week forecast a fall of perhaps 10%



Gencor's Keys ... can he unlock energy?

interest at around 18%. Keys expects the balance will be roughly at current levels by year-end, so interest income for the second half would total some R234m.

Calls on cash may be made by the Samancor/Highveld stainless steel venture or the platinum sector but management expects the Gencor balance sheet to remain highly liquid. "My concept of the way to run a group like this is to have a cash positive position at the centre," says Keys

After the recent spate of acquisitions, the emphasis is switching towards building up the greenfields projects. Keys does not see the group buying its profits over the next couple of years

Keys reckons the domestic economy is weak and likely to get weaker and "tough sledding" is expected for the companies that do business locally. He notes, though, there are signs that international commodity prices have bottomed and export volumes have remained encouraging. Looking further ahead, he believes events in eastern Europe must ultimately be favourable for many of Gencor's markets.

Despite the current slowdown, the total dividend will certainly be increased, probably by at least 12%-15% to about 39c. At 1 070c, the share offers a prospective yield of about 3,7% and discounts the April 20 NAV of 1 464c by 26,9%

Andrew McNulty

Lion Match posts small real profit growth ¹⁹⁹

LION Match, the Durban-based 70% SA Breweries subsidiary, that employs 2 400 people, barely posted a real growth in profits for the year to end-March

Earnings per share were up 15% to 31c (27c). Dividends rose 18% to 13c (11c). The group has been a little troubled by recent labour unrest. It says consumer spending grew by 17% in nominal terms and 2% in real terms in the period.

Financing costs at R10m doubled from last year's. The group's debt-funded diversification and import replacement drive accompanies a period of higher interest rates and a weakening economy.

It is capitalised on the JSE at R93m and trades at a discount to net asset value. The results place it on a 15% earning yield against a sector average of 11,9%. At 205c it is on a 6,3% dividend

Business Day Reporter

yield (3,9%)

Lion Match manufactures matches and lighters, electrical appliances (Pineware, Rowenta), and Wilkinson Lion products (shaving, home and garden). It is also involved in packaging and printing (Interpak) and in forestry.

Latest results show taxed profits up 17% to R12,8m (R11m). Tax increased 20% to R11,4m. Shareholders' earnings were up 16% at R14m. Lion Match was incorporated in 1905 following the merger of all SA match businesses.

Analysts say the inclusion of SA Breweries' finance guru Selwyn MacFarlane as a Lion Match non-executive director is a major reason for the group's enviable level of financial disclosure.

PENNYPINCHERS F/M 11/5/90

In for a penny (199)

Shareholdings in Pennypinchers will change markedly after its R10m rights issue. The issue is underwritten by PG Bison, which is controlled by PG Wood Industries and Spankor, a partnership between Afcol and Mondi.

PG Bison's 31% stake in Pennypinchers will rise to about 45% after the issue. The

FINANCIAL MAIL MAY 11 1990

F/M 11/5/90 (199)

directors' interest of just over 50% will drop to 40% as they are not going to follow their rights

PG Bison financial director Angus Band says his company sees the rights issue as an opportunity to invest further in a growing business which will remain a significant customer. "Aside from the fact that we have board representation, we will remain investors rather than managers," he adds. Pennypinchers chairman Fasié Malherbe will continue as executive chairman.

The purpose of the issue is to reduce gearing to 0,46 from well over 60%, and to upgrade existing outlets to handle expected turnover growth more efficiently. Financial director Percy Bishop says some additional outlets will be opened in the Transvaal for the plumbing and ceramic tile market.

It is proposed to offer 34 new orders at 170c a share for every 100 shares held. This will increase the issued shares from 17,7m to 23,7m. In the year to end-December, EPS rose by 27,4% to 20,58c, and Bishop says similar growth is expected this year on the enlarged share capital. To achieve that, however, attributable earnings will have to reach R6,2m, a 70% improvement on last year.

That is a tall order in this climate but might be attainable on the back of interest savings and trading efficiencies. I think shareholders should follow their rights.

Gerald Hirshon

Friday, May 11, 1990

COMPANIES

HLH surprises with 37% hike in earnings

199

HUNT Leuchars & Hepburn (HLH) posted a 37% increase in attributable earnings in the year to March, a better than expected result after the 28% rise in attributable profits at the halfway stage.

Attributable income for the year is R100m (R72,9m) which translates into earnings of 81,4c, a 22% increase over last year's 66,8c. The final dividend has been raised by 20% to 16,8c (14c), making a total of 28,8c (24c).

The lower increase in earnings is attributable to the increase in issued share capital following HLH's R147m rights issue to acquire a 25% interest in Rainbow Chucks at a cost of R196m.

HLH's turnover grew by 25% to 464,2m (R371m) while operating income rose by 26% to R95,4m (R75,8m) which, measured against the 25% sales increase, reflects productivity gains through improved margins, says CE

LIZ ROUSE

Neil Morris

Interest paid rose sharply to R14,4m (R5,5m) as a result of higher interest rates and increased borrowings in the subsidiary companies. However, the group's borrowings, excluding the convertible debentures and loan accounts, amount to R51,1m, only 7% of shareholders' funds.

Morris says the 37% rise in income is "satisfactory". He says that all the com-

panies in the group performed well, particularly the sugar interests (Transvaal Sugar) — assisted by a favourable international sugar price — and the softwood timber interests (HL and H Timber Processors). Both had record years.

The share of associated companies' retained earnings increased by 86% to R35,4m. Included in this amount is the group's share of Rainbow's retained income effective from June 1,

1989

Morris says that due to the current restrictive economic climate — expected to continue for the next year — the present rate of growth in earnings is not expected to be sustained for the 1990/1991 year.

The pyramid company, Huntcor, whose only investment is its 78,1% holding in HLH, has declared a final dividend of 33,87c, making a total of 58,07c, a 20% increase on last year's total distribution of 48,4c.

Techniboard sold

S/ Times 27/5/90

SAPPI Novobord has acquired Durban-based Techniboard, maker of solid timber substitutes for the furniture, kitchen and building industries.

Production lines at its Springfield Park factory. It processes Novobord's particle board and fibre board into doors, panels and profiles for the furniture and building industries.

Techniboard has four pro-

199

SAPPI

F/M 22/6/90

199

Waiting for price recovery

Activities: Pulp and paper manufacturer, producing about half SA's total paper requirements

Control: Gencor about 61%

Chairman: T L de Beer, MD E van As

Capital structure: 92,3m ords Market capitalisation R3,46bn

Share market: Price 3 750c Yields 5,3% on dividend, 17,3% on earnings; p/e ratio, 5,8, cover, 3,3 12-month high, 5 150c, low, 3 175c Trading volume last quarter, 463 940 shares

Year to Feb 28	'86	'87	*'89	'90
ST debt (Rm)	199	220	303	557
LT debt (Rm)	671	520	957	868
Debt equity ratio	0,90	0,77	0,34	0,35
Int & leasing cover	2,7	9,7	8,7	4,2
Return on cap (%)	6,7	10,6	11,5†	13,3
Turnover (Rm)	1 101	1 312	2 469	2 727
Pre-int profit (Rm)	165	281	618	731
Pre-int margin (%)	15,0	21,4	25,0	26,8
Earnings (c)	133	331	520†	650
Dividends (c)	40	130	190	200
Net worth (c)	1 643	1 839	2 398	3 154

* 14-month period

† Annualised

Five years ago Sappi was facing an uncertain future — after huge investments in the Ngodwana mill — but the latter half of the Eighties has seen the group emerge as one of the more profitable operations in the industrial sector

Returns are high — return on equity last year was 20,6% — the balance sheet no longer looks overgeared, timber resources have been secured through the Saiccor and Usutu Pulp deals and Sappi has become a player in the world pulp and paper industry. With the earlier investments coming on stream just as world commodity markets were lifting off, and efficiencies improving throughout the group, profits have grown rapidly — net income increased from R70,7m in 1986 to R605m in the 1990 year. But that run is over for now.

Both domestic and foreign markets have slackened and product prices have dropped well below their peaks. CE Eugene van As says international pulp and paper markets



Sappi's Van As ... murky outlook in SA

started weakening in the second half of the year and pulp prices, in particular, have shown a downward trend ever since. Newsprint prices dropped sharply the previous year and Van As believes these have stabilised.

The group still markets large volumes of its output to the local market, so activity in the domestic economy is important. The local market showed modest growth in packaging papers last year but there was a sharp decline in deliveries of fine paper grades as distributors and printers reduced inventories.

Van As says the change in the political climate in SA has improved the atmosphere in which the group trades internationally, but creates uncertainty in the home market. This, he adds, with government's determination to control inflation, is going to make the coming year difficult for Sappi.

Strikes at two of the group's factories affected the past year's performance and the effects will also be felt in the current year's figures. A strike lasted at Ngodwana for nine weeks and at Enstra for 11 weeks, with less than half this time lost during the 1990 fiscal year. Van As notes that both strikes were settled amicably but will have a material impact on profitability during the first half of the 1991 year.

Other factors that influenced last year's results included the effluent spill at Ngodwana — which, Van As says, cast a pall over an otherwise successful year — and some related operational problems. There were difficulties with the start-up of the new Novobord plant and Sappi Kraft had several operating problems, some of which, Van As

reckons, were a direct result of a drop in morale at Ngodwana after the spill. These had adverse effects on group income.

At Usutu Pulp, now owned 49% and managed by Sappi, operations were severely interrupted in August when one of the chemical recovery boilers was damaged by an explosion. The unit has since been rebuilt in an enlarged form, with state-of-the-art controls, and has been commissioned. In this case, both the material damage and loss of profits were covered by insurance.

In the current year, prices and exchange rates are likely to be the major factors influencing earnings. Various capital programmes will ensure growth in volumes over the next few years and management appears confident it will be possible to place increased tonnages in foreign markets.

Owing to strikes and flagging economic conditions, however, management says earnings this year are unlikely to equal last year's unless there is a material change in the rand/dollar exchange rate. Rand weakness would obviously help but is hardly to be relied upon. The group's next real profit advance may have to wait for solid and sustained price increases — and that may be some time in coming.

At 3 750c, the share is well off the high of 5 150c, reflecting the dubious near-term growth prospects. But the stock remains a currency hedge that will be accumulated by those who take a bearish view on the rand.

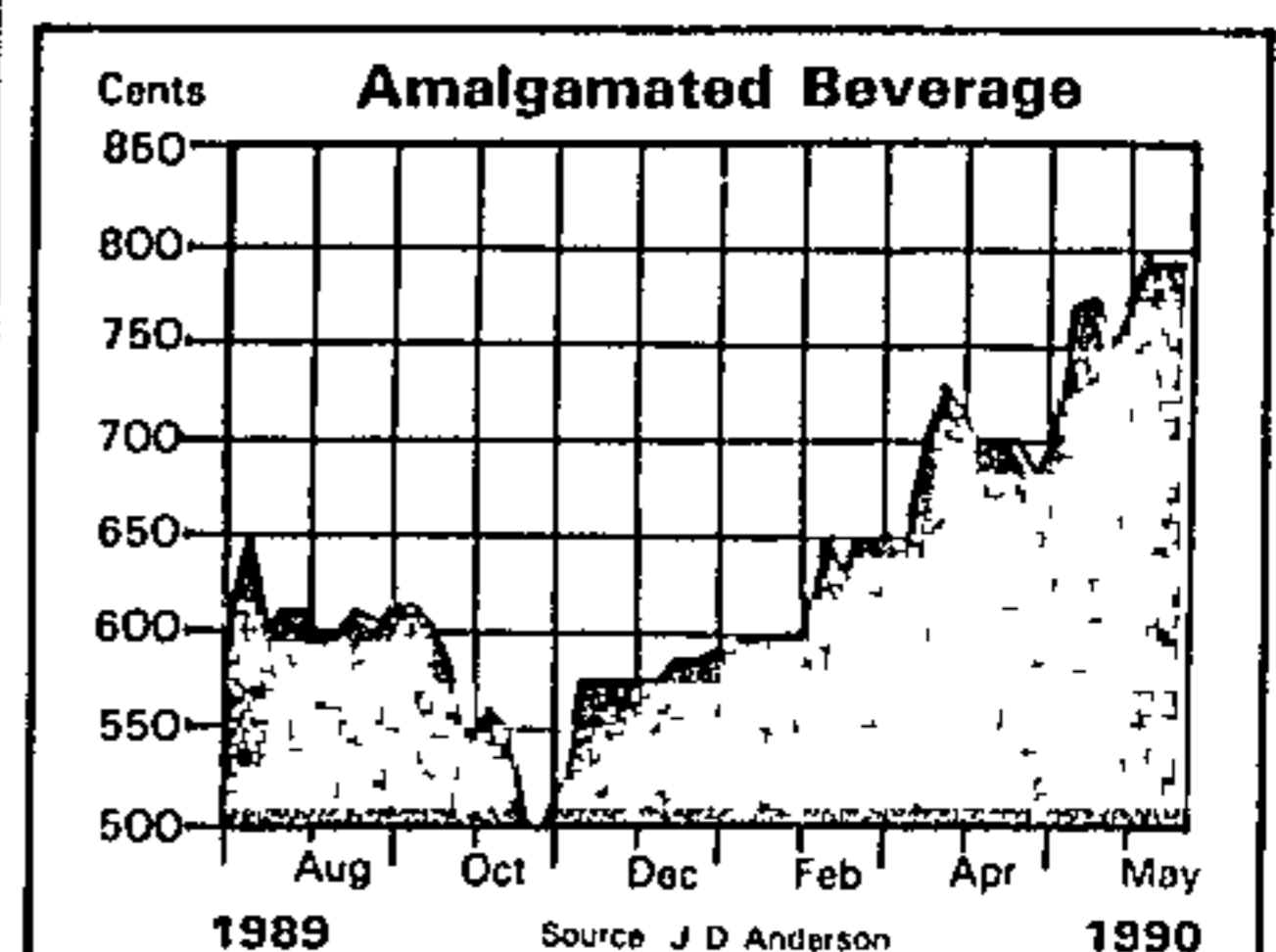
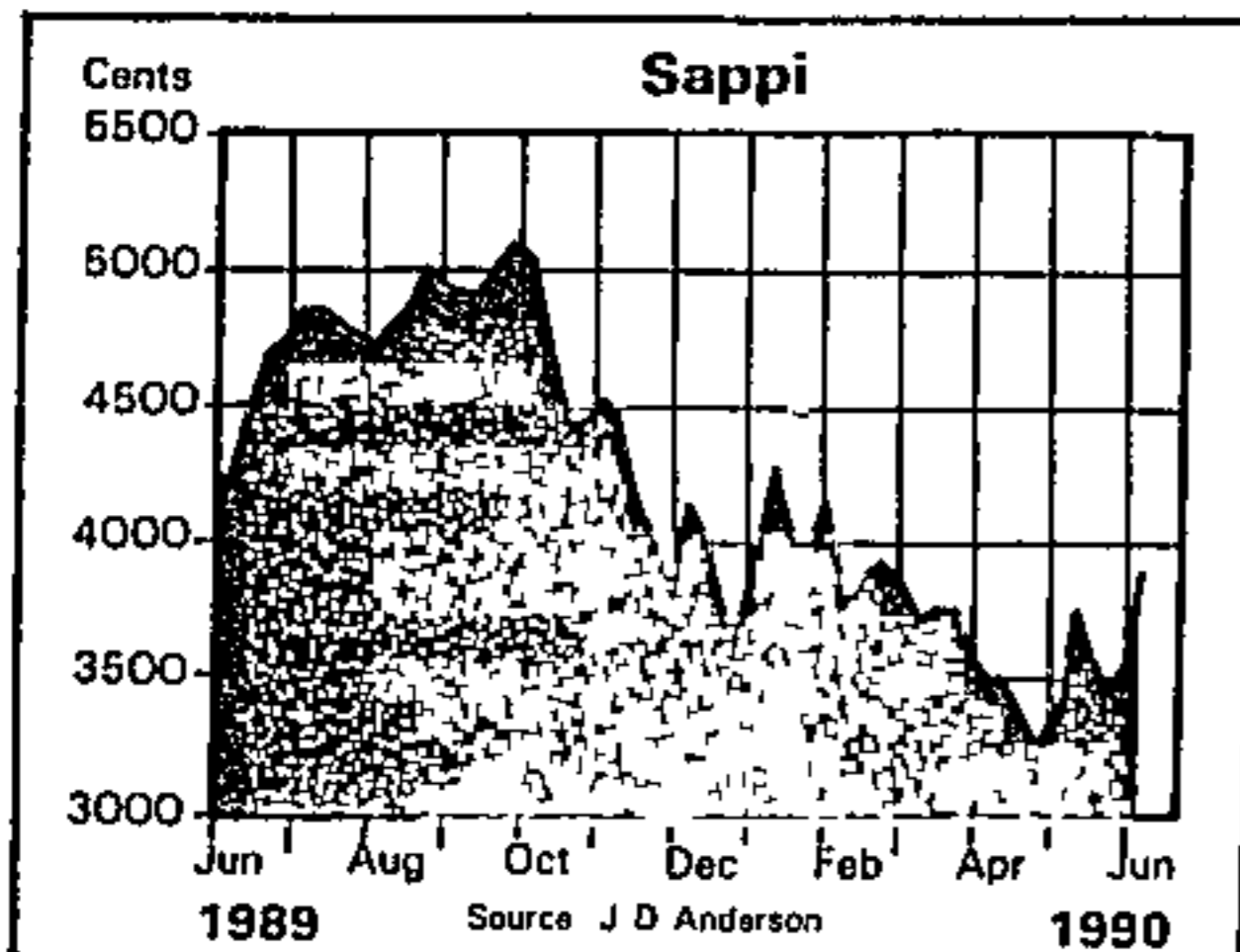
Andrew McNulty

ABI F/M 22/6/90

Spending plans

ABI shareholders can be well satisfied with the group's performance in 1990, its first year as a listed company. There was strong turnover and profit growth, derived from acquisitions and organic expansion, and this has been reflected in the share price.

Attributable income rose 43% on a turn-



How green was my forest?

■ With the market right, profits and environmental concern go together

The timber industry isn't out of the woods yet though shortages predicted for 2010 have probably been averted. The Forest Owners' Association has for years been warning that SA could fall short of self-sufficiency in timber by then unless growers put more land under timber. Actually, they have been doing so.

Plantings have lagged levels the association deemed sufficient to avert disaster so there's still likely to be a continuing shortfall — especially in softwoods — but not as severe as expected. The forest owners estimated that for the 1987-1988 growing season 40 120 ha was required but only 23 270 ha of new timber went into the ground — a shortfall of about 42%. In 1988-1989 total plantings were about 30 000 ha. This is below the required amount. The biggest shortfall appears to be in softwood plantings where prices received by growers have lagged those of hardwood.

Plantings have increased, however, and not because growers are altruistic. Prices sometimes 50% higher than the industry's

official list price have been paid for standing hardwood. These are expected to rise further in expectation of shortages.

Association director Mike Edwards says it makes sense for growers to capitalise on the fact that trees grow faster in SA than in many other countries.

Sappi deputy group MD Ken Lechmere-Oertel concurs. "In pulp and paper we're more than competitive with the colder northern countries, such as Finland and Norway, and we're cost-competitive with other major producers — the southern US, Brazil, Chile, New Zealand and Argentina."

Growth in overseas demand for SA timber has resulted in exports of sawn timber and wood products (pulp, paper, chips) rising from fewer than R300m in 1981 to more than R2bn last year, it now amounts to 25% of the industry's turnover. Sappi, for example, which exports to more than 30 countries, increased its shipments by 228% in 1988 off a high base.

Export market gains do not please all. Timber merchants claim they can import

pine for less than it costs to buy it domestically but are precluded from doing so because of import control. What irks them is that sawn SA pine is exported at half the price for which they can buy it.

SA does not have vast indigenous timber forests. At the beginning of the century commercial plantations covered only 8 400 ha and it was difficult to sell timber until World War 2 when imports became almost impossible. The crunch gave rise to a determined local timber industry.

Demand, however, both for locally-used timber and timber products for export, outstripped supply. In 1981 the association forecast there would be a chronic shortage unless 39 000 ha/year were planted for the next five years and thereafter at a rate of 16 000 ha/year.

The governing body for timber is the Department of Environment Affairs which owns 25% of plantations and sets the price in the round (timber ex-forest).

Forestry & Environmental Conservation ex-Deputy Director-General Aat van der



Edwards . . . money grows on the right trees

Dussen says for five years it has been advocating that at least 40 000 ha of timber should be planted annually. The trouble is it hasn't followed its own advice because the department has put very little new ground to timber in recent years.

Then came a well-reasoned analysis commissioned by the forest owners, published last year, which showed that "surplus timber will have been depleted by the year 2007, resulting in a cumulative shortfall of 18m m³ by the year 2010." A shortage of that magnitude — 17m m³ was consumed in 1987 — makes planting for the local market and capitalising on expected price rises much more attractive.

Edwards says most of the new trees are hardwood (gum varieties) planted by big concerns such as Sappi and Mondi to protect their R5bn investment in board, paper and pulpmills. They take seven to 10 years to mature. Little is being done, however, to alleviate the developing shortage of pine, used mainly in the building industry, which takes 25-30 years to mature.

Edwards sees the upsurge in planting "as an event which signifies that forestry is at last being regarded by the private sector as an investment." It is still too early to predict how that perception will affect the industry but, at the last count in 1988, there were 1 788 registered growers, 235 primary wood processing plants, 59 000 people employed in plantations and 48 000 in processing plants.

The capital invested in the industry is estimated at R11bn, of which R6bn is in the forest products sector — 81,7% in pulp and paper mills, 1,4% in mining timber mills, 8,5% in sawmills and 8,4% in other mills. Investment in trees accounts for 56% of the remaining R5bn, 23,5% of it invested in land, 9% in roads (for access to and within plantations), 6% in movable assets and 5% in fixed assets.

Annual turnover of primary pro-

ducers (all factories which use wood as basic raw material) is R6bn, almost half the R13,4bn the motor industry is expected to turn over in 1990 sales.

Timber pricing has always been a sensitive issue. There was near-war when the department announced it was to raise the price of timber in the round to sawmillers by nearly 30% to make up for what it called subsidising them in the past. At the same time it published the National Forestry Corporation Draft Bill which, it claimed, was a step towards privatising the State's 270 000 ha of plantations.

The SA Lumber Millers' Association, umbrella organisation for the sawmilling industry, claimed the move was a ruse to jack up profits and make shares in State forests more desirable on listing. Millers were given until the end of April to make their views known on the new Bill. Van der Dussen says "We have reached agreement . . . We will increase the price this year by 14,5% and take an additional 5% to cover the backlog. We'll negotiate a new price next year — and in 1992 — and take an additional 4% in each of those years."

Rational business

There wasn't all-round applause for the lumber millers' stance. Lechmere-Oertel, for example, says "Sappi supports privatisation, provided it's carried out in a rational manner, we support a corporation, provided it's established and financed as a separate business entity and doesn't compete unfairly."

Sappi and Mondi are planting more and trying to persuade many smaller growers to follow suit. Mondi Paper Co is engaged in a R110m project to develop 60 000 ha in Ugie, Maclear and Elliot over the next seven years. It is also considering Mozambique as an expansion area. So is Sappi — which is expanding its interests in Mozambique by developing 30 000 ha in the south with Maputo's government.

The timber is destined for SA mills which already consume more than 15 000 t/day. Sappi is the biggest consumer. In 1988 it acquired Saiccor, at Umkomaas near Durban, the biggest dissolving pulp mill in the world, in a R1bn deal with Courtlands

which included acquisition of the Usutu pulp mill in Swaziland.

Vigorous afforestation programmes are unwelcome in some quarters. The sugar industry is angry because growers are switching from cane to timber and environmentalists describe the forests sprawling over the countryside as a green cancer.

Earth Life Africa liaison officer Judith Taylor, for example, says pine and gum trees are exotic and have no place in SA where they endanger the remaining indigenous forests.

"The afforestation of the Natal Midlands, one of our most stable agricultural areas, is a negative step," she says. "They are planting trees in areas where they take up water and rivers do not flow as well as they should."

Edwards concedes that trees have been planted commercially where they don't belong. He adds "Pines are thirsty things and take up a lot of water, particularly when they're young." He adds that sugar cane probably takes up as much water "and no one condemns the growing of cane, which is also exotic."

His environmentalist argument is if SA had not had commercial pine and gum plantations it would not, in any case, have had many indigenous trees left by now. "Nearly every one would have been cut down or burnt. We plant around indigenous trees to protect them. If SA didn't have those plantations it would not have a multibillion-rand industry either."

Forestry is the only branch of agriculture that has imposed self-regulatory restrictions, says Environmental Affairs parliamentary secretary Etienne van Rensburg. Those who grow timber commercially have to get permits from the Department of Environmental & Water Affairs. They may not establish plantations close to water courses, must submit maps with applications and prove plantations will be environmentally benign. Growers who did not have permits, or who planted trees in the wrong areas, have been ordered to rip them up.

Expanding forestry areas is one way to increase the supply of timber but, as the amount of suitable ground is limited, ways are being found to intensify production. "We can expect increases in production of up to 40%," says Lechmere-Oertel. Varieties which grow well in frost zones or drier areas are being developed.

Hybridisation and cloning show considerable promise. Hunt Leuchars & Hepburn, which specialises in mining timber, has developed a gum clone which grows straight, fast and sheds branches soon after it develops.

The yield per ha is the bottom line by which every agricultural operation is measured but, by working hand-in-hand with suitable varieties and methods, the industry has cannily read the mood of the Green Nineties.



In the woods . . . a crisis averted

EUGENE VAN AS

FIM 8/6/90

(199)

Van As has, as MD, led papermaker Sappi through its most comprehensive expansion and one of its largest acquisitions, Courtaulds' viscose pulp interests. Now he expects further expansion to reinforce his company's part as a global player partly based on vast, new plantations outside SA.

I have to assume that political development will be reasonably smooth and the economy is not disrupted by change. On that basis, Sappi's planning is based on paper consumption growing some two percentage points above GDP. I estimate that means 5% real growth annually, or a doubling of consumption over the next 15 or so years.

The industry's fundamentals are unlikely to alter materially. There are no large natural forests, as in the US and Sweden, and we shall continue to rely on plantations. We cannot simply plonk down a new pulpmill. It has to be near plantations and water.

In many respects, man-made plantations are easier to manage than natural forests. We are planning a 50 000 ha development to grow hardwood — eucalyptus — in southern Mozambique. The area allows trees to grow quickly. A eucalyptus tree can reach maturity within 10 years — something like double the growing rate in the eastern Transvaal.

We estimate that on a 10-year rotation period we can source about 1,5 Mt of timber a year from southern Mozambique. That's not a small amount. At present, for example, our Ngodwana mill uses about 2 Mt.

We're planning to import the Mozambican wood for processing at mills in the eastern Transvaal or northern Natal. Our expansions this century are likely to be extensions to mills rather than greenfields projects. We are likely to need a new mill around the turn of the century. The last time we built a completely new mill was 17 years ago when, because of unco-ordinated planning, Sappi ran out of pulp, kraft and newsprint capacity and we had to build Ngodwana.

We could also find ourselves expanding the Saiccor viscose pulp plant to serve export



FIM 8/6/90 (199)

markets. I don't believe we will move downstream into rayon production. Saiccor makes

450 000 t of viscose pulp a year. Its largest foreign customer uses 130 000 t, which is more than SA's total needs.

Extensions will have to incorporate the latest pollution controls — controls we have often developed ourselves because we have so little water. FIM 8/6/90 (199)

Ngodwana, for example, uses one-sixth of the water of a comparable pulpmill in the US. The latest pollution control technique we have just patented is a means of removing chlorides from effluent water leaving our mills.

Coming change will determine the direction of our business. For example, we believe demand for paper by schoolchildren will be one of the fastest growing. We will continue to export but in some respects have reached the limit.

A good year for timber expected

B10 am 14/6/90 (199)

THE SA timber industry is set for a better year with a protracted period of steady growth in demand and in the value of its products, according to the South African Timber Growers' Association (Satga)

Satga assistant director Dave Dobson says in his annual report the year under review was good for the small private timber grower despite a forestry production cost increase for 1989 amounting to 19,3%.

Over the past year only 23 270 ha of new land was afforested, resulting in a shortage of timber, especially softwoods mainly used for pulp. Afforestation

EDWIN UNDERWOOD

is falling short of the more than 40 000 ha a year needed to avert a serious shortage by 1992, he says

Satga statistics show 40 000 ha a year of newly afforested land is required between 1987 and 1992 — with a further 500 000 ha needed in Natal over the next 20 years. There is a 69% shortage in softwoods and a further 20% in hardwoods

Softwood shortages are attributed to prices lagging behind hardwoods, with the sale of uncommitted timber continuing throughout the year. The present stand-

ing value of hardwood is 40% above the comparable price of softwoods

Demand for both locally used timber and timber products for export outstripped supply. This was coupled with an average 15% rise in the cost of timber and timber products

Satga expects established growers to look to the future with confidence while new growers should continue to be attracted to the industry. Interest in afforestation was spreading beyond the traditional agricultural sector with many syndicates making use of tax advantages from a forestry investment

Wood business sets back PGSI earnings

BIDAY 15/6/90 (199)

PLATE Glass & Shatter-prufe Industries' (PGSI) attributable earnings fell 27% in the year to end-March after major setbacks were experienced in Wood International (WI)

In May directors warned earnings could drop by as much as 30% because of these problems

Earnings are down 27% to 354,8c (482,7c) a share despite a 14% rise in turnover to R3,2bn.

However, the dividend has been maintained at 222c a share

The setbacks at WI led to a loss for the wood division as a whole of 79,2c a share

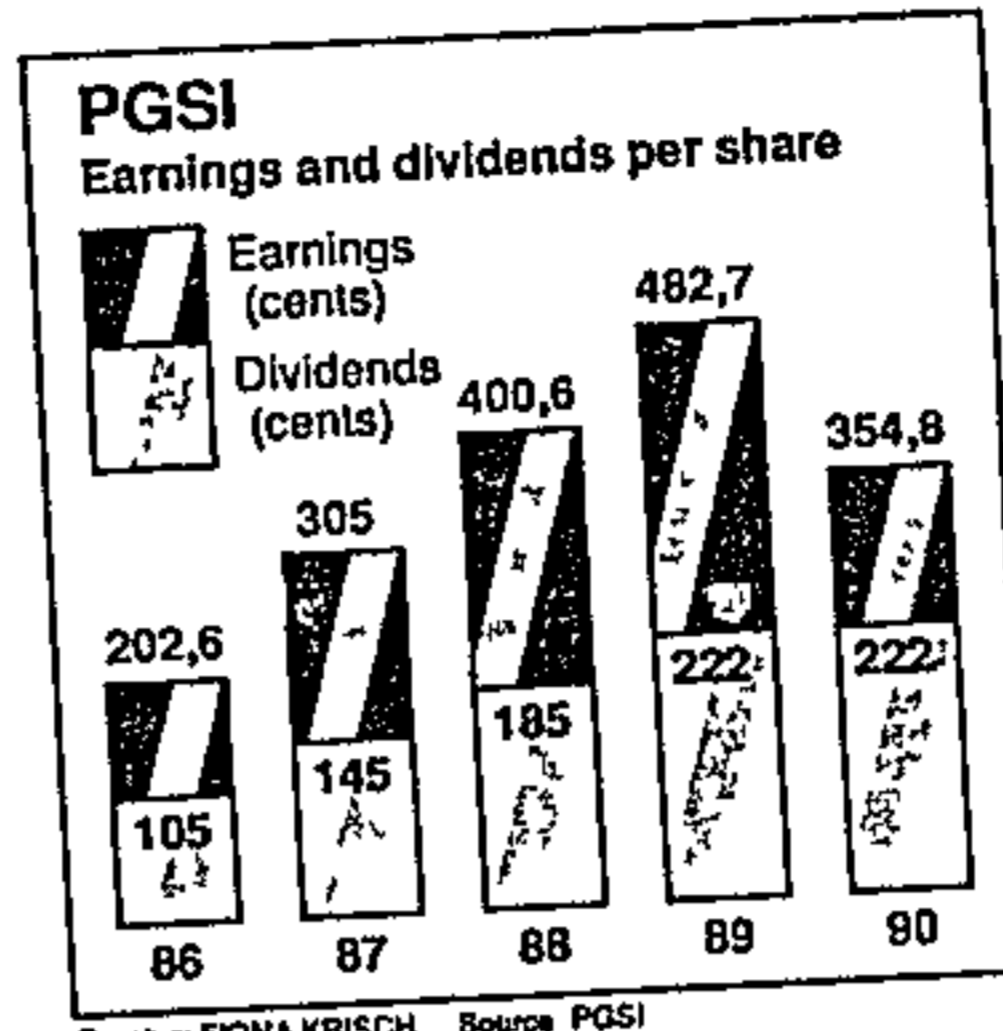
While PG Bison and Central Africa met forecasts, WI faced a management re-structure, a downturn in

various national economies and a curtailment of timber supplies

Directors say management has already taken corrective action to stem losses in Australia, South America and Europe, closing some operations R29m has been provided to cover rationalisation costs

The glass division performed satisfactorily, achieving earnings of 434c a share While trading in Australia was soft, the SA glass operations turned in an excellent performance

A change in the method of accounting for a minority participation in an off-



Graphic: FIONA KRISCH Source: PGSI

ZILLA EFRAT
 shore subsidiary boosted earnings by 24c a share For the same reason, previous years' earnings have been understated by a similar amount
 Directors are pleased with these results as the

division had to absorb a trading loss of 74c a share because of development costs in the US

The post year-end sale of the glass division's UK building glass interests to St Gobain for R435m puts the group in a strong financial position

Its debt to equity at the year-end of 78% (55%) will be more than halved and shareholders' reserves will be enhanced by about R114m, say directors

The glass division is now well placed to take full advantage of the opportunities offered in the European Common Market in 1992.

Although the next 12 to 18 months will be a period of further investment and consolidation, increasing returns can be expected thereafter, say directors

Sappi buys share in UK paper mills

B/day 21/6/90 (199)

ZILLA EFRAT

PULP and paper giant Sappi and a consortium of outside international investors have acquired five UK paper mills for about R500m

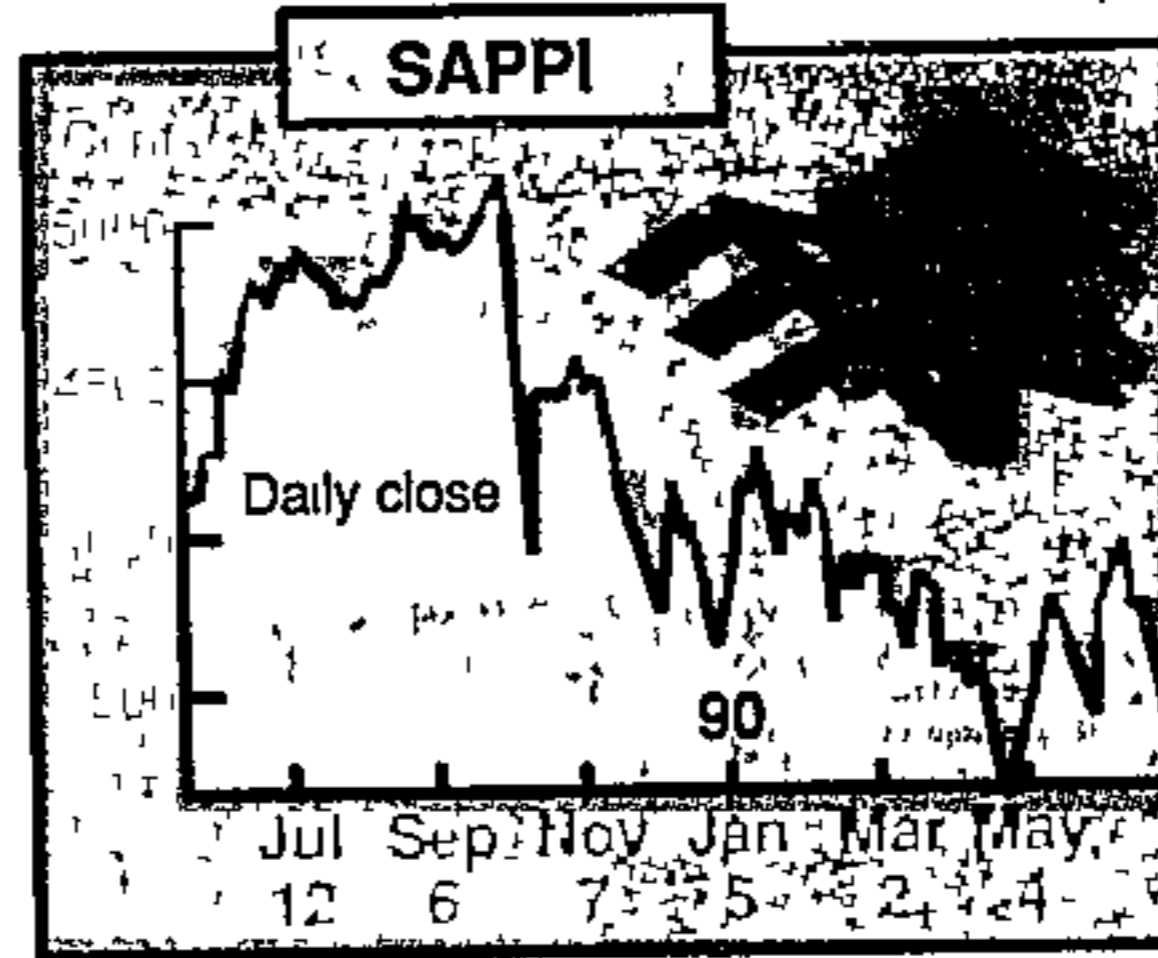
The acquisition will secure an increased off-take for Sappi's pulp mills in SA and gives it an international foothold in the market for value-added products, says Sappi CE Eugene van As, and enhances the Sappi share's rand hedge quality

The acquired businesses will operate as one integrated company, ranking as the fifth largest paper company and the second largest speciality paper manufacturing group in the UK

Three of the paper mills were owned by the DRG group, which was taken over last year by corporate raider Roland Franklin's Pembridge Investments. The other two mills belonged to Star Paper

Van As said Sappi would manage the as yet unnamed company which would specialise in high value-added speciality paper products for distribution in the EC

While he would not provide further details on the consortium, Van As said the members were not in the paper business



Graphic: LEE EMERTON Source: JSE

and had faith in Sappi's ability to improve the performance of the five operations

The mills would be held through a Luxembourg holding company in which Sappi had a 49% interest. The purchase would be funded through the financial rand and offshore borrowings

Van As said the products of the mills were complementary to each other and to products made by Sappi's speciality paper mills in SA. The UK mills would source a

□ To Page 2

Sappi

B/day 21/6/90 (199)

significant portion of their pulp requirements from Sappi's SA operations

"We have extended our integrated operations by securing an increased off-take from our SA pulp mills and at the same time we intend to utilise our existing distribution network in Europe, the US and the Far East to handle the exports of the UK mills

"The deal gives us a meaningful international foothold and a strong manufacturing presence in a market where we will produce high value added products from our own pulp"

While the acquisition would have a slightly negative effect on Sappi's earnings a share in the current financial year, "together with our trading operations, the acquisition should add approximately 100c a share to our earnings by the 1992/93

financial year", he said

The deal would have no material effect on Sappi's net tangible asset value a share

JOHN CAVILL reports from London that Bristol-based DRG, whose most famous brands were Sellotape and Basildon Bond paper, was taken over by Pembridge Investments, a Bermuda-based shell, for £697m last November after a controversial bid battle

Backed by investors such as Roy Disney, nephew of cartoon king Walt, Pembridge chairman Roland Franklin borrowed the bulk of the money with the express intention of breaking up DRG

His plan was to sell off all but a small core of DRG's businesses

But the latest report on the group said Pembridge was finding it more difficult than expected to dispose of the assets

□ From Page 1

Lion Match group plans capex of R19,6m

DURBAN — The Lion Match group is planning capex of R19,6m in the current year after having spent R53,9m in the past three years, chairman Laurie van der Watt says in the annual report.

He said the spending would be mainly in the lights and packaging divisions and would be funded from existing facilities.

"Cash flow from oper-

Own Correspondent

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ations is expected to contribute to a meaningful reduction in gearing levels."

Van der Watt said the current tight monetary policy and weak real growth in private consumption expenditure were expected to prevail for most of the new financial year.

Despite an expected cooling in economic activ-

ity and high financing costs, management was budgeting to improve earnings in 1990/91. *6/10/91 22/6/90*

In the past year turnover grew by 21% to R280m, operating profit was up 34,7% and attributable earnings were up 16,2% to R14m. Earnings per share rose from 27c to 31c and dividends from 11c to 13c. Total assets grew by 31,8% to R220,8m.

MEMBER ORDER FORM NO.		ADDRESS	
NAME		ADDRESS	
ADDRESS		ADDRESS	
ADDRESS		ADDRESS	

MEMBER ORDER FORM NO. 1234567890

NAME: MR. J. H. VAN DER WATT

ADDRESS: 123 MAIN STREET, DURBAN, KZN, SOUTH AFRICA

TELEPHONE: 031 234 5678

DATE: 15/06/90

AMOUNT: R19,600.00

TERMS: 30 DAYS

REMARKS: ANNUAL REPORT

SAPPI'S acquisition of five paper mills in the United Kingdom is a first step to going global, says managing director Eugene van As.

He told analysts after returning from London that strategy for the 1980s had been to increase pulp and paper production sharply and to build up own timber supplies to 50%

The commissioning of the Ngodwana pulp mill and the acquisitions of Saucor and Usutu enabled these goals to be reached quicker than expected

Sappi's strategic move for the 1990s was to get into high value-added Western markets so that it would be less vulnerable to commodity trends

The three paper mills acquired from the Dickinson Robinson group and the two Star mills bought from Finnish major Kymmene Corp

But UK deal raises queries

By DAVID CARTE

would extend Sappi's reach into top-quality paper internationally. The new company would be the UK's No 5 paper maker

Vague

The five mills were bought in collaboration with unnamed partners for R500m. Sappi had 49% of the holding company and the right to build its stake to 100%, said Mr Van As.

Sappi has been criticised for the vagueness of its announcement. Mr Van As refused to give details of how much of the money came through the financial rand,

how much through the commercial rand, how much was debt and how much equity

He said Sappi's partners were more financiers than industrialists. Any debt incurred abroad would not be reflected in Sappi's balance sheet because the company was only 49% owned.

Mr Van As disclosed that the PE was about 12 or 13 — a "good price" considering that Reedpack of the UK had recently been bought for 20 times earnings. The price was close to warranted net asset value.

A large slice of Sappi's stake must have been debt financed, for Mr Van As said

interest costs would cause earnings dilution in the first year

"I am very confident that the new acquisitions will add 100c a share after two years." That means R93m of additional profit a year.

Mr Van As said the five UK mills were operating without reference to one another at present.

"We have to get a head office, install our management, find a name for the company and get everyone working in the same direction. There are enormous synergies between these companies and with Sappi itself.

Raid

"Their combined offtake of pulp exceeds Sappi's total exports. The UK companies will buy steadily increasing amounts of Sappi pulp. One of the mills represents a turn-around situation — and others have recently installed expensive, high-tech machinery."

Mr Van As said customers of the paper mills were pleased because the transaction did not undermine competition.

The seller of the three DRG plants, Pembridge Investments of the US, did not care who bought the company. Pembridge acquired DRG for £600m in a controversial corporate raid. Mr Van As said "We were offered the DRG mills a while back, but turned them down because they did not have critical mass. Only when the Star mills became available did we go ahead."

WORLD STAGE

Sappi steps on
S/Times 24/6/90 (199)

Woodrow move to main board 'will aid shares'

by Pierre du Preez
PIERRE DU PREEZ

DCM-listed Woodrow Holdings, which is to move to the main board shortly, will continue to strive for a growth in earnings per share which is double that of the inflation rate, CE Graham Nel says.

Nel said yesterday he felt the engineering group's move would make its shares more tradeable.

Nel said the relaxation of import surcharges on certain of the company's products had reduced the pressure on margins.

"The new group structure has sharpened the group's focus in the fluid handling field," he said.

Strengthen 199

The total size of the local fluid handling equipment industry was expected to be more than R1,2bn a year.

It was Woodrow's objective to operate small- to medium-sized business units, supplying reasonably specialised medium technology to its customers. Each company would act independently under competent managing directors.

Also, overstocking consisted of good items and would largely be eliminated over the first six months of the year. This should realise substantial cash to lower the interest bill and strengthen the balance sheet.

The outlook for Woodrow was excellent and most of the group's companies were fairly resilient to economic downturns, he added.

FIM 29/6/90 (199)

international market bridgehead for the Nineties

The mills provide Sappi with value-added production facilities in the EEC, an assured market for its southern African pulp products and reduced exposure to commodity market fluctuations

Debt financing of the deal will initially limit earnings benefits. But even if earnings are retained offshore to bolster Sappi's international interests, shareholders need not wait a lot longer to see dividend benefits. Still, the share's rand hedge qualities have been enhanced.

The five mills, producing various value-added speciality paper products were purchased for R500m on a earnings multiple of 13 or so and will be held by a Luxembourg company in which Sappi has a 49% share and management control 51% is held by a consortium of international financiers. Sappi MD Eugene van As says Sappi could raise its shareholding at a later stage.

The deal, though small in relation to Sappi's R5,5bn assets and R3,9bn sales in financial 1990, makes it the fifth largest paper maker in the UK in value terms. The mills produce only 150 000 t of paper. But its value is comparatively high — over \$1 500/t against \$950 for conventional commodity paper.

The mills, which are operating independently, will be integrated and synergies between them and with the SA operations will be exploited. Sappi's existing networks will provide distribution and service facilities.

Financing details are scant. The public announcement only says funding was via financial rand and off-shore borrowings. Analysts speculate that a substantial portion is debt financed since Van As warns that interest charges will dilute earnings in the first year. Sappi's 49% holding means the debt need not be consolidated, but the use of local finance will raise Sappi's gearing to about 0,60 from 0,56 at the February year-end.

Van As expects the acquisitions together with Sappi's international trading operations to add about 100c to earnings in the 1993 fiscal year. He cautions that earnings from the international operation will initially be used to redeem debt. Thereafter, earnings may be retained to expedite Sappi's offshore expansion though this may not mean a further rise in the already high 3,25 dividend cover.

The deal also provides Sappi with an alternative to selling its surplus pulp at prices determined in commodity markets. The 100 000 t-120 000 t of pulp used annually by the five mills will eventually be supplied

SAPPI FIM 29/6/90

Ex Africa . . . (199)

Sappi's acquisition of five UK paper mills underscores MD Eugene van As's view that the pulp and paper maker can add product value outside SA. The upstream move places the company as close as it is likely to get to end users of fine papers and gives it a major

FIM 29/6/90 (199)

purely by Sappi, reducing its exposure to world markets and gaining the benefit of the high-margin final product.

Sappi's share touched a high of 5 150c last November and its subsequent decline has not been helped by forecasts that weak international pulp and paper prices could clip fiscal 1991's performance. Nor has investor sentiment been helped by the new foreign venture. The share is currently quoted at 3 575c.

Pam Baskind

Sappi facing uncertainty in its markets, AGM told

EDWIN UNDERWOOD

PAPER giant Sappi faces an uncertain future in the immediate term with lower activity in the domestic market and falling international pulp prices, Sappi chairman Tom de Beer said at the group's AGM yesterday.

De Beer said although he expected the group to show a sharp decrease in earnings a share in the first half of the year, he expected earnings to return to normal levels in the second half if there was no further deterioration in economic activity.

De Beer said the first four months of the present financial year had been characterised by a further slow deterioration of pulp and paper prices, and there were clear signs that some products had been oversold.

Domestic and foreign markets had slackened for pulp and paper and product prices had dropped below

peak levels

Paper markets started weakening in the second half of 1989 and pulp prices have declined constantly

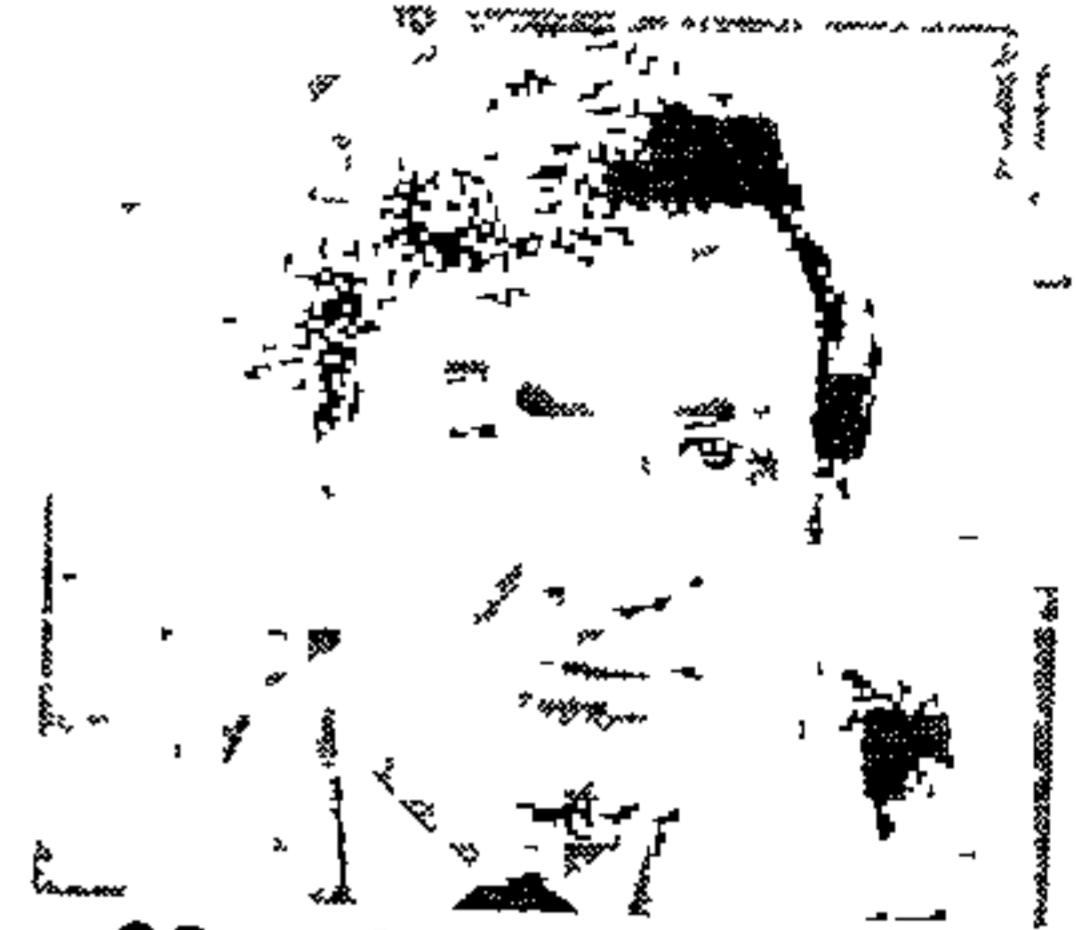
According to De Beer, newsprint prices were stable and linerboard prices were likely to be stable at lower levels

De Beer said Sappi took over management control of its recent UK acquisitions yesterday and expected the five speciality paper mills to reduce the group's vulnerability to the pulp price cycle

Sappi expected the new UK mills to grow materially over the next few years adding about one rand to earnings a share within two years

De Beer said last year's performance was affected by a nine week strike at the Ngodwana mill and an eleven week strike at Enstra

An effluent spill at the Ngodwana plant last year also affected production and productivity at both mills was only now starting to normalise



● Sappi chairman Tom de Beer

Although both strikes were resolved, a noticeable impact on profitability was expected during the first half of 1991 and this should have an adverse effect on the group's income.

Furthermore, the planned statutory recovery boiler inspections at the mills would result in lengthy shutdowns during the first half of the financial year

Debt trims earnings

Activities: Interests in match manufacturing, packaging and print, domestic appliances and personal care consumer products.

Control: SA Breweries 70,6%

Chairman: L van der Watt, MD E M Turner

Capital structure: 45m ords Market capitalisation R106m

Share market: Price 235c Yields 5,5% on dividend; 13,1% on earnings; p/e ratio, 7,6, cover, 2,4 12-month high, 275c, low, 205c

Trading volume last quarter, 79 000 shares

Year to Mar 31	*'87	†'88	'89	'90
ST debt (Rm)	—	2,7	—	0,3
LT debt (Rm)	—	25,1	42,8	58,0
Debt equity ratio	n/a	0,40	0,54	0,57
Shareholders' interest	0,59	0,53	0,44	0,43
Int & leasing cover	24,5	7,0	5,0	3,4
Return on cap (%)	16,9	13,4	14,5	14,6
Turnover (Rm)	147	223	230,4	280
Pre-int profit (Rm)	15,2	20,3	25,6	34,4
Pre-int margin (%)	10,0	9,4	11,1	12,3
Earnings (c)	19,8	25,4	27,0	30,9
Dividends (c)	10,6	35	11	13
Net worth (c)	121	159	175	221

* Year to December 31

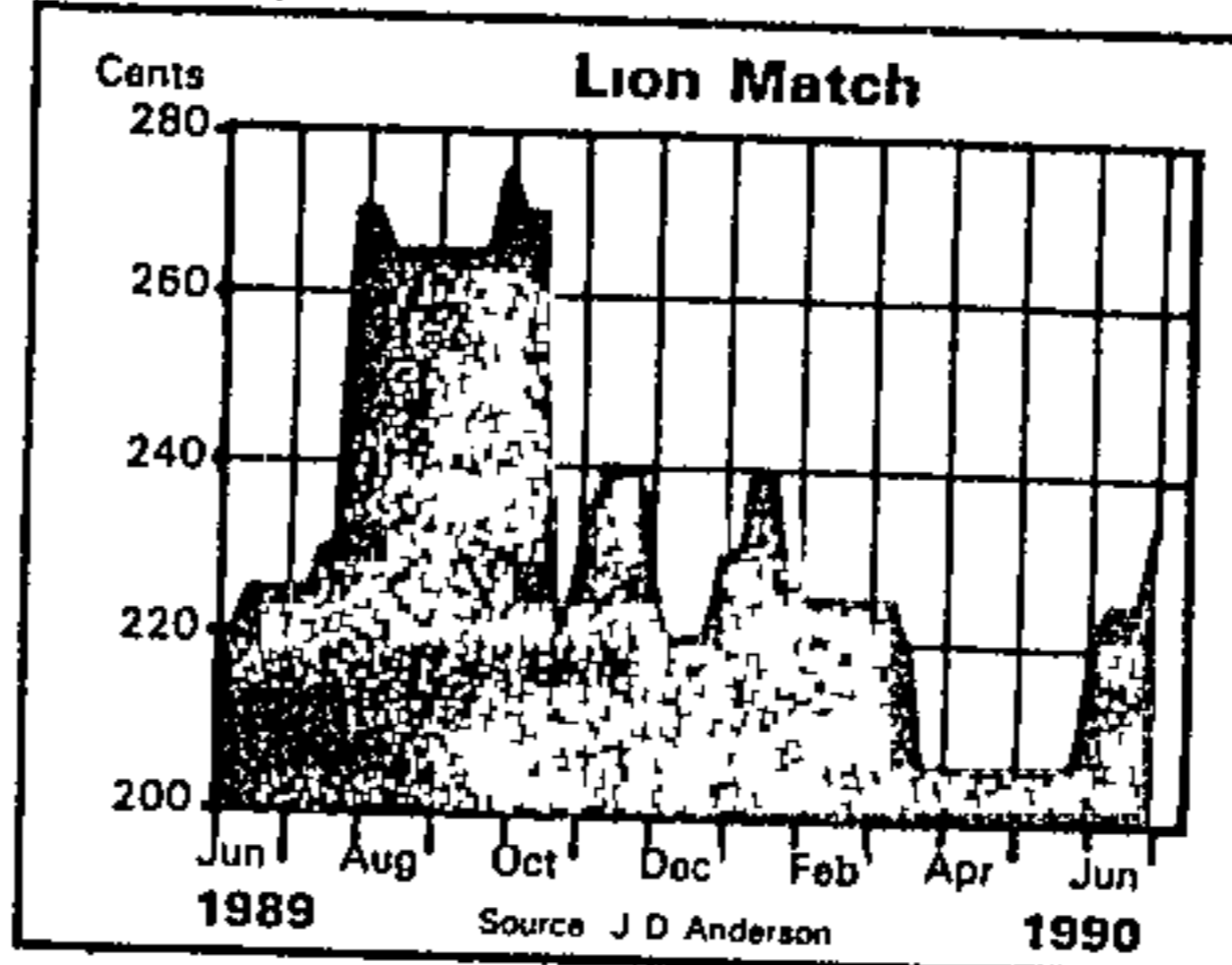
† 15 months to March 31

Results were moderated by higher net borrowings which went hand-in-hand with the Interpak packaging plant modernisation programme and development of local manufacturing capacity in Lion Match's appliances division. Long-term borrowings rose by 35% to R58m, almost doubling financing costs to R10m. So, while operating profits rose 35% to R34m, a R24m pre-tax profit was only 18% up on 1989.

Though chairman Laurie van der Watt is concerned about the jump in borrowings, he says: "We expect debt to be reduced in the current year because of changes in working capital and expected profit improvement."

Packaging division Interpak justified its part in the debt burden by recording the largest improvement, turnover rising 25% to R107,6m and operating profit up 53% to R11,6m. Despite providing packaging main-

87



ly for consumer goods, Van der Watt does not believe the economic downturn will have too severe an impact on this division.

The lights division posted a 20% increase in turnover to R83,1m and 35% increase in operating profit. Van der Watt says the results "reflect full rationalisation benefits from the closure of the Butterworth match factory in 1988, and ongoing modernisation

." Though the match market is low-growth, increasing at only 1%-2% a year, opportunities to increase sales and market share come from the Laser, Cricket and Firefly disposable lighters. Budgeted capex of R19,6m will be used mainly for plant renewal in this and the packaging divisions.

The electrical appliances division had "difficult trading conditions" as retailers cut back on stock in anticipation of further drops in consumer spending. Turnover rose by 21% while operating profit remained disappointingly static at R3,8m. Growth in sales was boosted by the acquisition of the Salton and Berda brand names and franchises for R1,6m. Reorganisation of manufacturing and distribution activities is expected to reduce working capital levels this year and improve margins.

In the smallest contributor — shaving, home & garden — sales rose only 9% but a R2,3m operating profit showed better growth, of 28%. More import replacement is planned.

Despite tight economic conditions and no let-up evident in the near future, Van der Watt says "management is budgeting to improve earnings." More he will not say.

But if Van der Watt is confident, it seems investors aren't. The share is still rated in the bottom half of the sector on a p/e ratio of 7,6 and dividend yield of 5,5%. Little hope of spectacular growth may keep it there for some time.

Hether Formby

FIM 20/7/90 (199) ~~(199)~~

IMPORT PROTECTION FIM 20/7/90

Paper lions

Of all the protection enjoyed by industry, that of the prosperous and mature paper sector must rank as the most controversial. Last week government announced that this tariff protection would be investigated by the Board of Trade & Industry along with the less controversial tariffs on chemicals and plastics.

Trade & Industry Minister Kent Durr, who requested the investigation, says "Continued tariff assistance to these industries will, in terms of policy, be justified only in those circumstances where these industries can demonstrate that it serves general economic development"

In other words, the benefits for a particular industry are no longer enough to justify protection, because the cost of this protection is borne by the entire economy

The results of another investigation concerning the paper industry, a probe by the Competition Board, is expected to be released in the next few weeks. The board is examining whether the pricing policies of Sappi and Mondi constitute a restrictive practice

Printing Federation executive director Chris Sykes says that though a tariff reduction hasn't been announced, it's clear government thinking is moving in that direction "These are mature industries and it's a good thing that they should be subject to competition from the outside world."

There may not be immediate abolition of tariffs, in fact government recently confirmed a 15% tariff on copier paper. There is a 15% duty on coated paper and a 10% duty on linerboard, but none on uncoated paper.

Sappi MD Eugene van As says the industry may be reasonably mature in commodity lines but its projects in the hi-tech areas of paper production are much more recent. In any case, he says, a mature industry like that of West Germany enjoys a 9% tariff across-the-board. He adds that protection is even higher downstream. "There's a 20% duty on an exercise book, even though it doesn't represent much added value on paper."

Nampak group MD Don McCarton, whose company would benefit from lower

tariffs on paper, says shipping rates, which add US\$100 a ton to the price of paper, provide considerable protection to the local industry. The inland market is further protected by railage rates that are much higher from the coast than from, for instance, Sappi's mill in the eastern Transvaal, he says.

But Van As says that while the price of locally produced linerboard at R1 400 a ton may now be the same as the international price of paper — plus 10% tariff and shipping costs — just six months ago it was R250 lower than the international price. "Overseas suppliers may be able to offer a lower price from time to time but they may not offer continuity of supply"

Mondi chairman Tony Trahar says government must be careful when it tries to ensure competitive pricing not to tilt the playing field towards overseas competitors.

"Our competitors, who all operate from protected markets, work from countries with much lower interest rates and inflation. If they were able to dump surplus capacity on the SA market without a tariff, that would make the playing field very tilted indeed. It would lead to the contraction of the local market and a greater reliance on imports. Not only would this mean a loss of foreign exchange but would leave the country extremely vulnerable both to sanctions and world shortages"

The chemical industry is more philosophical about the investigation of its industry and accepts that tariffs should come under the spotlight

Sentrachem MD Johan van der Walt says "there is certain tariff protection, which I don't think is out of line with that in the rest of the world, but I accept that this needs to be constantly reviewed"

Van As says the same arguments he raised for paper protection can be used for the chemical industry "If there's a large basic infrastructure in place and there has been huge capital investment, then the industry should be protected from disruptive competition. Industries should be able to stand on their own feet but not subject to the dumping of surpluses by foreign companies. If there are no tariffs, it's very tempting to offload extra capacity"

It's the old case of producers who, when they're not asking for more tariff protection and other breaks from government, are lobbying to keep the handouts they already have

But SA producers, with their high profit margins, should have no problem matching any low import prices and still add to their bottom lines

Stephen Cranston

Best near-term growth prospects seem to be in sugar activities. TSB's cost structure compares well with the sugar industry average and if export prices are maintained and agricultural conditions remain favourable, Morris expects positive growth this year. A second sugar mill may be built and there are plans to produce more added-value products. HLH is financially sound and well positioned for further takeovers. The share remains close to the 12-month high, with the p.e. at a demanding 14,1. *Gerhard Slabber*

FIM 27/7/90

Staying sweet

199

Activities: Food and timber
Control: Rembrandt has 65% of Huntcor, which has 77% of HLH
Chairman: L F Rive, CE: N J Morris.
Capital structure: 129,9m ord. Market capitalisation. R1,49bn.
Share market: Price 1 150c. Yields. 2,5% on dividend; 7,08% on earnings; p e ratio, 14,1, cover, 2,8 12-month high, 1 150c, low, 775c.
Trading volume last quarter, 291 000 shares

Year to Mar 31	'87	'88	'89	'90
ST debt (Rm)	17,9	12,9	16,7	26,7
LT debt (Rm)	3,1	4,6	41,3	64,8
Debt equity ratio	n/a	0,82	n/a	0,05
Shareholders' interest	0,72	0,74	0,86	0,84
Int & leasing cover	14,0	6,1	17,3	7,5
Return on cap (%)	7,3	10,6	22,1	24,3
Turnover (Rm)	251	301	371	464
Pre-int profit (Rm)	45,4	53,3	99,9	114,7
Pre-int margin (%)	18,1	17,6	24,7	22,4
Earnings (c)	36,3	48,4	66,8	81,4
Dividends (c)	14,5	18	24	28,8
Net worth (c)	273	302	498	596

Hunt Leuchars & Hepburn (HLH's) plan to diversify beyond its timber interests took a leap forward last year with the acquisition of an effective 25% stake in Rainbow Chickens. That deal lifted the contribution to attributable earnings from associated companies — which includes the 50% stake in HLH Timber — to 35%

The Rainbow acquisition bolstered the group's assets to almost R907m and established HLH as the Rembrandt group's food arm. Of this amount 24% is invested in timber activities, 23% in the broiler chicken industry, 26% in sugar growing and refining, 23% in manufacture and distribution of food and household products and 4% in other investments.

The major associated companies, HLH Timber and Rainbow, hold 47% of the assets but produce only 35% of the attributable earnings. So returns are higher in the subsidiaries, Transvaal Sugar (TSB) and CGP Investment, which trades as Robertsons, the subsidiaries produced trading income of R95,4m on turnover of R464,2m — partly reflecting the buoyant conditions in the sugar industry. TSB's contribution to turnover was R216,7m and Robertsons' R247,5m; both companies showed satisfactory growth over the previous year.

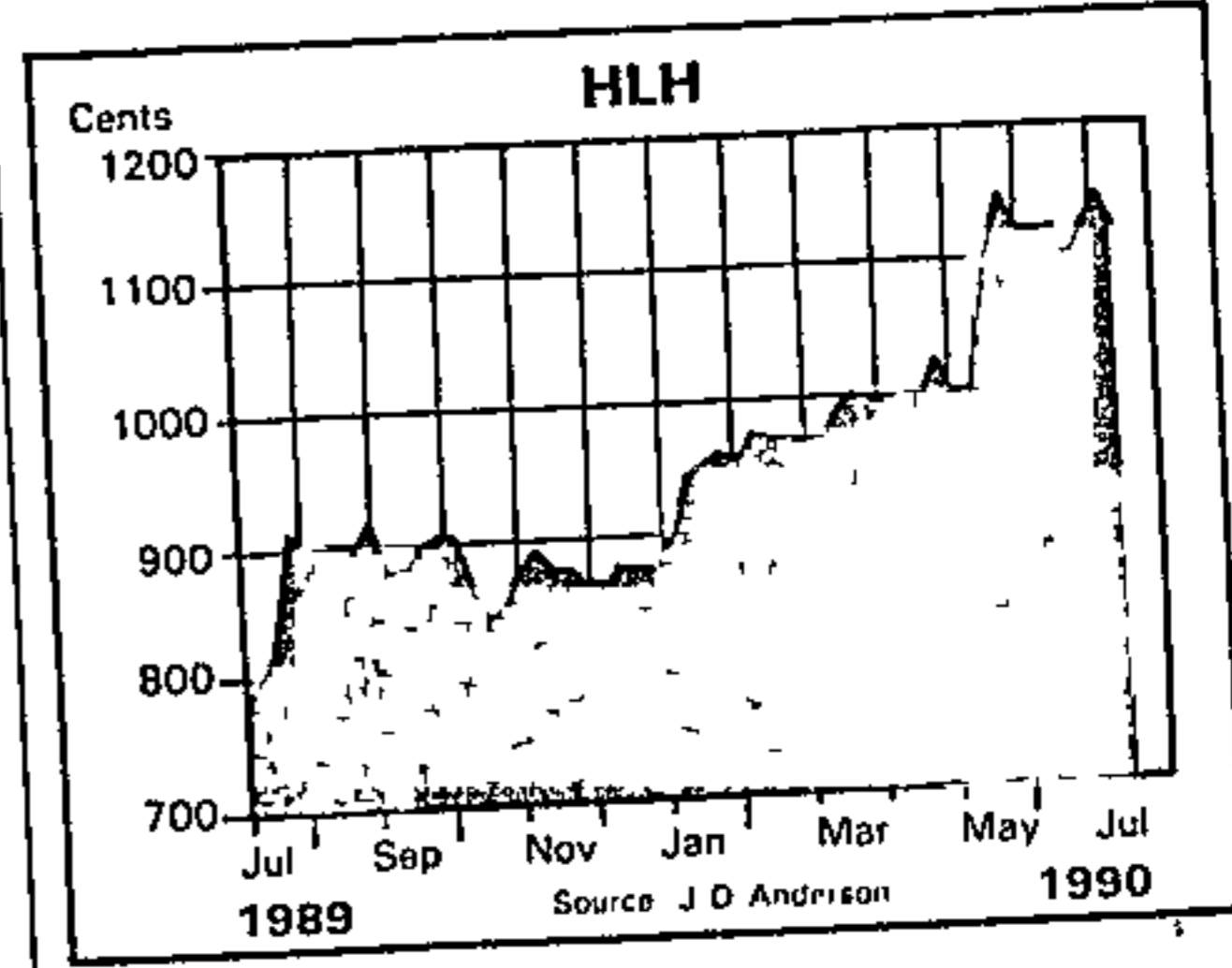
CE Neil Morris says dividends and interest received fell 20% due to a loss of interest income on cash deployed to partly fund the



HLH's Morris ... more profit from food

Rainbow acquisition Cash and short-term investments dropped to less than R7m from R64m and a bank overdraft of R10m was run up. Proceeds from the rights issue, totalling R145,9m, together with cash holdings, were used to fund the acquisition of the Rainbow deal.

Morris says the benefit is reflected in an 86,4% increase in the share of associated companies' retained earnings of 86,4%. The investment in associated companies more than doubled to R441m.



Cash flow from operations amounted to R78,2m. After allowing for the funding of increased working capital of R21,7m and the replacement of fixed assets of R7,2m, R49,3m was available to fund dividends to shareholders to R30,7m and the balance to expand existing businesses.

Some special factors are influencing the associated companies' performances. The timber business will be affected by the profit squeeze in the gold mining industry, which is leading to cutbacks in capital spending and closures.

Morris says Rainbow is experiencing much the same problems as its competitors. The broiler industry has expanded capacity and flagging consumer demand placing pressure on margins. Rainbow invested in capacity at Rustenburg. Another problem is chicken diseases in winter, though Rainbow is said to have been less affected owing to research it has done on these diseases. Morris says the position appears to be easing.

Yorkcor dangles an unusual carrot before senior staff

Spec 2/8/90 (199)
By Derek Tommey

When the going gets tough, the tough take pay cuts — at least they do at Yorkcor, the timber-processing company, which has just completed a most unexciting six months that show earnings of 1,5c a share.

However, these are pay cuts with an exciting difference. Those accepting pay cuts, which are entirely voluntary, stand to get back far more than they have surrendered.

If profits improve significantly in the six months to December, those taking pay cuts will receive a bonus bargain several times the amount of salary cuts. The size of the bonus will depend on the size of the profits.

However, if profits do not improve, only weekly-paid workers and some junior staff will get a year-end bonus.

In another bid to save cash, Yorkcor is offering shareholders the choice of receiving bonus shares instead of the interim dividend of 6c a share. The offer is five bonus dividends for every 200 shares held.

Holdings of 85 percent of the company's shares have already agreed to take bonus shares, which will save a R454 000 cash payout. The pay cuts are limited to directors and senior staff.

Employees can elect to forgo five, 10, 15 or 20 percent of their basic salary. Non-executive directors can elect to forgo their fees.

In return, if Yorkcor's earnings for the year to December reach the target of 25c a share, they will receive a bonus equal to two-and-a-half times the amount of salary forgone.

If Yorkcor's earnings reach the super target of 33,3c a share, the bonus will be 3,33 times the pay cut.

And if the jackpot target of 50c a share is reached, the bonus will be five times the cut in salary.

Company auditors will determine whether the target, super target or jackpot target is reached.

Chairman Solly Tucker said yesterday the expected target figure of 25c a share was determined after a meeting of all senior staff.

"I asked them to write the interim report and to forecast the year's earnings," he said.

By forecasting earnings of 25c, Yorkcor was convincing the world that the top echelon meant business, he said.

Yorkcor's turnover, compared with a year ago, rose by 17 percent in the six months to June to R16,9 million. But net operating income slumped 65 percent to R1,028 million.

Interest payments rose sharply from R293 000 to R800 000.

Attributable earnings dropped from R1,728 million — equal to 19,3c a share — to R137 000 — equal to 1,5c a share.

Extraordinary expenditure of R555 000 was incurred in the closing of a division.

Mr Tucker said the poor results in the first half had stemmed from a number of factors. These included:

- The precipitate publication of draft legislation to launch a National Forestry Corporation, which dampened confidence in the timber market.

- Doubt about the tenure of long-term state sawlog contracts, which boosted the spot price of sawlogs.

- Increases of up to 30 percent in log prices.

- A 20 percent drop in the volume of domestic sales.

- Higher interest rates.

- Unprecedented labour unrest.

- Depressed structural timber prices.

However, Mr Tucker said conditions should start improving.

Government long-term contracts had been renewed, with security of tenure of not less than 10 years, and access to guaranteed volumes of timber from state forests.

Sawmillers had reached an agreement with the Government to accept a log-price increase of 19,5 percent, instead of the 30 percent proposed by the Department of the Environment.

Good progress had been made with negotiations with other forest resources for long-term arrangements, he said.

Yorkor earnings plummet 92%

Monday 2/18/90
YORKOR's attributable earnings plummeted 92% to 1,5c (19,3c) a share in the six months to end-June, but management has committed itself to an earnings target of not less than 25c a share in the current year.

The timber converter has launched a bonus share scheme. For the six months to June, shareholders can choose between five bonus shares for every 200 shares held or a dividend of 6c a share.

Chairman Solly Tucker says almost all sawmillers were affected by the uncertainty created by draft legislation on a national forestry corporation, insecure tenure of long-term state saw log contracts, and high log price increases proposed by government.

They also encountered a

ZILLA EFRAT

20% drop in domestic lumber sales, higher interest rates, an unprecedented level of labour turbulence and depressed timber prices.

Yorkor's results were affected by the pre-tax costs of extraordinary items relating to discontinued operations which amounted to R1,1m. The costs of establishing new operations also hurt the figures.

Turnover rose 17% to R16,9m (R14,5m). But operating profit fell 67% to R1m (R3,1m) on a drop in margins to 6,1% (20,4%).

The interest bill soared to R800 000 (R293 000), with interest cover falling to 1,3 (10,7) times. A higher tax rate at 40% (38,6%) led to attributable earnings of

R137 000 (R1,7m). The debt to equity ratio rose to 42,4% (8,8%).

However, Tucker says the sawmilling industry has successfully negotiated a renewal of existing government long-term contracts and has also agreed on a log price rise of 19,5% as opposed to the average of about 30% proposed by government.

A number of senior executives have agreed to a sacrifice in the second half of the year of between 5% to 20% of their basic salary against what has been called a "bonus bargain".

Upon the accomplishment of target earnings for Yorkcor of 25c a share, they will be entitled to a performance bonus of 250% of the amount they have staked in the sacrifice.

HLH to exploit growth avenues

HUNT Leuchars & Hepburn Holdings (HLH) directors' preference for growth remains organic, but they will exploit all appropriate opportunities for acquisitive growth and actively pursue them as they arise, says chairman Louis Rive.

He says in his latest annual review the obvious opportunities in this regard exist in the expansion of the group's sugar milling capacity and the development of new differentiated products in Transvaal Sugar (TSB) *bidcom 9/18/90*.

They lie in the acquisition of added timber beneficiation processes and product positioning, and the

SYLVIA DU PLESSIS

reaping of benefits from investments in research and development in *mine* *199* ~~stope~~ supports

"This will, we believe, have a radical effect on lowering the cost of support to the mining industry in real terms, and gives the mining timber company a unique strategic positioning advantage as well as bringing significant benefits to our customers in the industry

"Also, within the Robertsons fold, we have secured the local rights to key brands and have grown markets and market shares appreciably"

Rive says HLH management, while committed to performance that will outstrip the economy, is unlikely to sustain growth in the food and timber group's earnings

The group, held by Rembrandt through pyramid company Huntcor, produced a 37% rise in attributable earnings to R100m to end-March

The increase in issued share capital following its R147m rights issue to acquire a 25% interest in Rainbow Chickens eroded growth in earnings to 22%, or 81,4c (66,8c) a share. Dividends of 28,8c (24c) were declared

Knotted profits (199)

Yorkcor has been through a tough half-year, but chairman Solly Tucker is unperturbed and reckons second-half earnings will recover. The first half's earnings were a dismal 1,5c against 19,3c in the corresponding period of 1989, but Tucker believes the year will end with full earnings of 25c.

Turnover rose by 17% to R16,9m for the six months to June 30 and operating profit fell 67% to R1m on a drop in margins 6,1% (20,4%). Net asset value a share before bonus share issue is 240c (238c).

Tucker was reluctant to forecast earnings when he wrote his last annual statement. And the fact that he is now prepared to do so

HAMMING IT

Six months to	Jun 30 '89	Dec 31 '89	Jun 30 '90
Turnover (Rm)	14,4	21,6	16,8
Operating income (Rm)	2,9	2,9	1,0
Attrib income (Rm)	1,7	2,0	0,14
Earnings (c)	19,3	22,8	1,5
Dividends (c)	5	8	6

might be seen as a sign that sawmillers are less concerned about year-end threats of higher timber prices and have stopped stockpiling lumber.

Subsequently, as sawmillers successfully negotiated a renewal of existing government long-term sawlog contracts, the effects of this disruption are likely to be short-lived and out of the systems of most sawmillers by year-end.

Other factors, such as the R1,1m extraordinary item relating to the discontinuation of the group's Pretoria West operation and the cost of establishing new value-added operations, also contributed to Yorkcor's depressed performance in the first half. These are one-off events and the new ventures coming on stream will certainly boost EPS recovery.

Tucker says the turnaround will come from a general improvement throughout the group, but it seems that New York Pine, the group's new export venture, will have to play a bigger role in this than Tucker indicates.

New York Pine manufactures and exports high-quality pine products ranging from DIY garden sheds to knockdown furniture to Europe. The factory shell, trade marks and goodwill of New York Pine was bought from Bellnin Industries last December. It is now being expanded.

The share is currently trading at 190c, way down on the past year's high of 300c and on a prospective earnings multiple of 7,6 based on Tucker's earnings forecast. It seems fully priced.

Gerhard Slabber

Former Kersaf MD Heron to join Sappi

ZILLA EFRAT

FORMER Kersaf MD Ian Heron will become chief operating officer of pulp and paper giant Sappi's SA operations in September 8/Day 16/8/90 (199)

This follows his resignation from Kersaf in December, along with chairman Dick Goss, for reasons which remain unclear.

Since leaving Kersaf, Heron has been involved in consultancy assignments in SA and Europe and in setting up a cattle farm with an old friend.

He said last night he did not expect to find too difficult the switch from the hotel,

gambling and leisure world to the pulp and paper industry.

Basic people and business management was the same in all companies, he said.

Although he was entering a new industry, he had done a lot of research into it and was meeting Sappi's top executive team this week to discuss strategic planning.

"I hope that by September I will be well-equipped to get moving," he said.

Sappi set to tackle depressed market

S Times 9/9/90 (199)

By DIRK TIEMANN

MONEY can grow on trees, especially if Sappi sows the seeds for expansion in depressed markets.

Sappi will spend R400-million this year on increasing capacity and replacing equipment in SA.

The Usutu pulp mill in Swaziland, in which Sappi has a 49% stake, will spend R100-million to lift output by 15% in the next two years. Capex includes a digester, upgrading of ancillary equipment, a lime kiln and rebuilding of the recovery boiler.

Sappi chief executive Eugene van As says the pulp will be of better quality, but Usutu will remain the cheapest producer.

Sappi places mills near forests because it is cheaper to transport processed pulp than timber.

Sappi's fine-paper mill at Stanger will increase tissue capacity by 16% in October and Enstra will be modernised at a cost of R400-million in three years.

Enormous

The Ngodwana mill has installed bleaching towers costing R40-million, and there is a possibility of increasing capacity by 30%.

Tugela's paper capacity will be increased and Saiccor plans to lift capacity by 25%.

Mr Van As says the five British mills acquired recently have enormous potential for increasing output without additional capital cost.

It seems the UK mills are not as productive as those in SA because Britons have many more holidays than workers here.

The five mills — Transcript, Nash, Blackburn, Keynsham and Wolvercote — produce 115 000 tons of paper and 70 000 tons of coating a year. But paper capacity is 190 000 tons and coating 140 000. The output of all five can be increased by 24-hour operation 365 days a year¹ as Sappi does in SA.

The Transcript mill will give Sappi 20% of the UK carbonless-paper market and 1% for Europe as a whole.



EUGENE VAN AS

Nash provides 10% of the UK's high-quality stationery and 50% of printer boards. Blackburn supplies 50% of UK cast-coated paper, which translates into 4% of the European market. Keynsham and Oxford supply 30% of coated-label paper in the UK and 2% on the Continent.

Products like carbonless paper and coated paper, not made by Sappi in SA, will be imported from the British mills. Croxley products will also be imported.

A company will be launched in October to distribute Sappi fine paper in Europe.

Earnings are expected to decline in the first year because of the cost of the acquisition, but R1 a share extra is expected after the second year.

Sappi has started plantations in Mozambique. It has 50 000 hectares at its disposal, which should deliver 50% more wood in tons a hectare than SA plantations. This will be a joint venture with the Mozambique Government, which will hold 60%.

Markets for three of Sappi's four main products — fine paper, kraft paper and particle board — are suffering in present economic conditions. But newsprint markets are buoyant.

No large change is expect-

ed in markets in the second half. Kraft sales will have to compete with the threat of imports. Mr Van As says a weaker rand should improve export competitiveness.

Closed

Ironically, international prices are depressed in spite of strong demand. This is ascribed to uncertainty in world markets. A minor example of the trends is the closure of East European viscose manufacturers because of public environmental pressure. The pulp manufacturers, which supply them, have not followed suit, and are venturing into exports, contributing to the oversupply.

Half of all East German paper manufacturers have closed, opening opportunities for Sappi, which is well positioned in the EEC through its British mills.

Sappi also has its eyes on saw milling.

Sappi has been hit by industrial unrest, with strikes lasting up to 11 weeks at several mills. A boiler explosion at Usutu and several maintenance inspections set productivity back earlier this year. Productivity is only now coming near pre-strike levels.

Tariffs

The Competition Board report into alleged price collusion between Sappi and Mondi and other matters has been handed to Administration and Economic Co-ordination Minister Wim de Villiers.

Mr Van As says Sappi's price of liner board, the main product of the two producers, is 6% higher than Mondi's. Mr Van As believes SA should impose tariffs on a par with the EEC and Australia.

"Fine paper tariffs are zero in SA, 15% in Australia and 9% in Europe. For Kraft liner board the tariffs are 10%, 22% and 9% respectively. The coated paper tariff for SA is 15%, and the average in the other countries 10%."

Sappi's earnings come down 44%

ZILLA EFRAT

PAPER and pulp giant Sappi today reported a 44% plunge in attributable earnings in the six months to August, largely the result of adverse production performance.

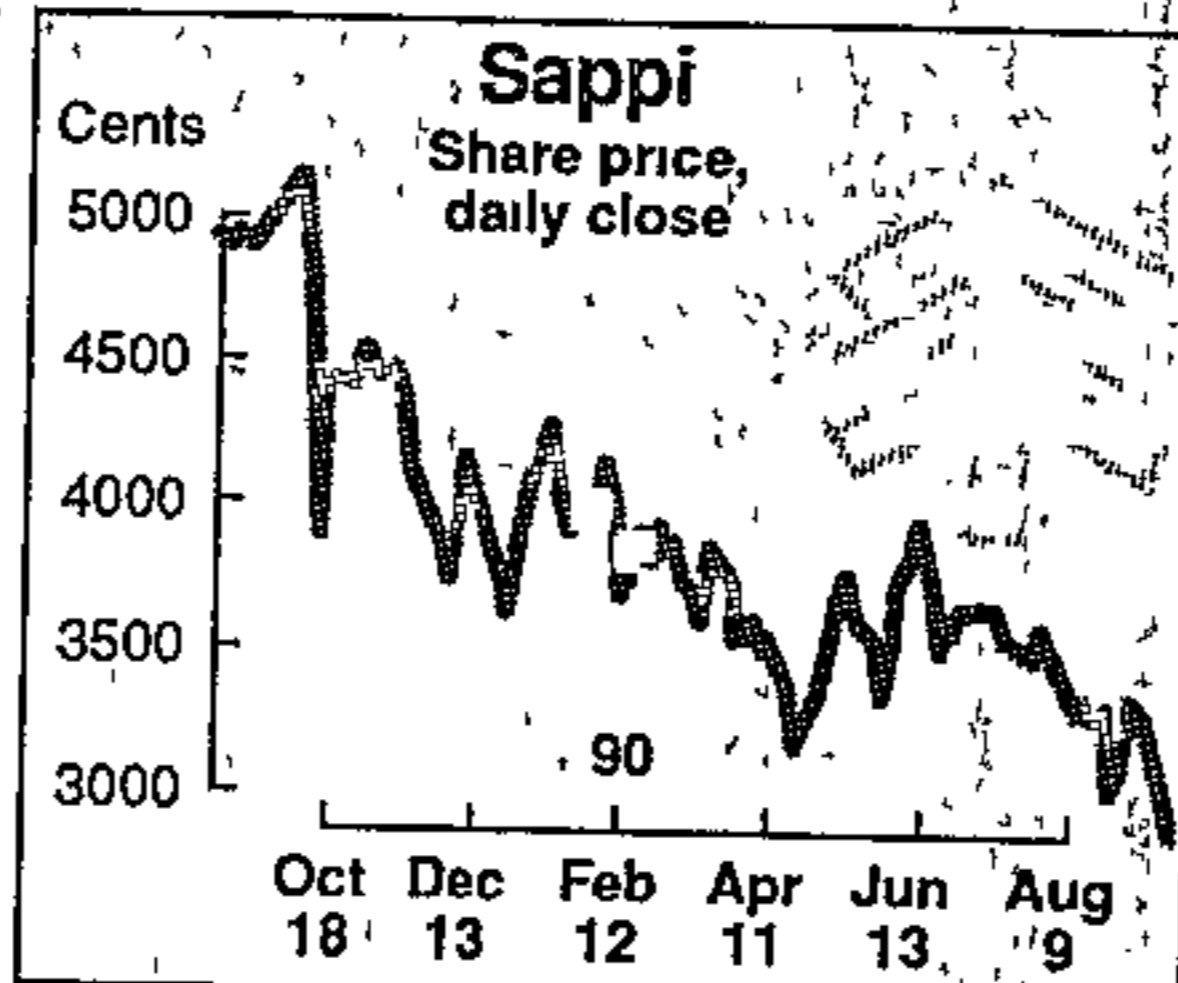
The problems were exacerbated by softer export prices, higher interest rates and the slowdown in the local market.

However, on attributable profits of R168,7m (R300m) — or 181c (323c) a share — Sappi has maintained the interim dividend at 80c a share.

CE Eugene van As said while Sappi was affected by circumstances it could — and did — anticipate, it was also knocked by a series of exceptional events which account for more than half the drop in earnings.

Events which were expected included the continuing decline in world market prices for products in dollars, the relative strength of the rand/dollar rate, high interest rates and weak domestic trading conditions.

However, Sappi also suffered protracted and damaging strikes at Ngowana and Enstra, which lasted for nine and 11 weeks respectively, and severe labour disruptions at Novaboard in the Eastern Transvaal and Port Elizabeth.



Graphic: LEE EVERTON Source: JSE

Statutory boiler inspections, which coincided at the Ngodwana and Tugela mills, and retiling and refitting of the Ngodwana bleach plant also resulted in reduced production volumes.

The adverse production performance led to a 5% fall in Sappi's turnover to R1,3bn (R1,4bn) and operating profit

□ To Page 2

Sappi

dipped 36% to R240,8m (R378,2m)

The interest bill soared to R134,3m (R88,4m) because of higher interest rates applied on financing an expanded base and because Sappi had to replace maturing loans carrying low fixed interest rates.

Sappi had no tax liability because of previous assessed losses brought forward and tax allowances on its capex programme.

Van As says not all the news from Sappi

□ From Page 1

is bad. The five paper mills recently acquired in the UK are being consolidated into a single business which will form the core of Sappi's European operations.

In addition, the revised export incentives system will better benefit Sappi.

Van As says generally depressed domestic market conditions are likely to continue for the foreseeable future, but he does not expect a further deterioration.

FIM 2119190 (199)

According to Edwards, national forest plantations have increased by an average of 9,2% in the past 10 years and now cover nearly 1,2m ha. Capital investment has increased from R1,4bn to R6bn. Together with the growth in the forest products, the timber industry has shown a combined growth of just over 5% a year over the 10-year period, compared with an annual increase of just over 1% in real GDP.

Over the past seven years, the timber industry has also changed from a net importer of forest products to a net exporter.

In Zululand, the timber industry has a powerful impact on the local economy. Zululand's plantations make up just over 10% (or 140 500 ha) of SA's plantation area, but provide almost 15% of the country's total plantation output. Only 6% of the country's wood processing plants are in Zululand, but they consume over 20% of the country's timber.

By contrast, Zululand's sugar mills produce 700 000 t annually, with an estimated turnover of more than R520m. Of this, Mathews says, Zululand growers received in excess of R350m. So, while sugar still plays a significant part in the economy of Zululand, timber, as the new kid on the block, is becoming increasingly important to the region.

Sasa regularly emphasises the role it plays in providing employment in the region. On the other hand, claims are sometimes made that corporate afforestation leads to increased unemployment and ultimately the degradation of rural communities.

The forestry and forest products sector now provides 20 000 permanent jobs in Zululand, while sugar farming in the region provides about 26 000 jobs (the whole industry employs 152 000). But Mathews says, following the industry's deregulation and expansion moves, up to 7 000 new small cane growers should come into the industry in Zululand.

However Edwards, who argues that the timber industry not only provides jobs but constantly improves the level of skills and remuneration, says it is one thing "to create thousands of new jobs, but quite another to reduce levels of remuneration simply because of an excess supply of cheap, unskilled labour."

He says it is "the forest industry's desire to move away from the old system of what could be termed 'feudalism' or 'paternalism' to a system which encourages actual participation by labour in the economic system itself. Labour must become part of the wealth creation system."

He says it is "the forest industry's desire to move away from the old system of what could be termed 'feudalism' or 'paternalism' to a system which encourages actual participation by labour in the economic system itself. Labour must become part of the wealth creation system."

TIMBER AND SUGAR

FIGHTING IT OUT

FIM 2119190

Change can be hard to accept — especially in agriculture, where resistance to market forces is often a way of life. That, in part, explains the often acrimonious dispute between Natal sugar growers and timber farmers over scarce resources.

Sugar has been Natal's principal crop for nearly a century. All that began to change about 10 years ago when corporate timber growers moved into the fertile coastal strip and midlands areas, buying up former cane land for afforestation, to meet the rising demand for timber.

Last week, at a public symposium organised by the Zululand Chamber of Commerce & Industries to debate the future of sugar and timber in the region, the two keynote speakers — Mike Mathews of the SA Sugar Association (Sasa) and Mike Edwards of the Forest Owners Association — went out of their way to stress the need for co-existence between the two industries.

But they did hit at each other with statistics.

Edwards says the forestry industry (free of statutory regulations and government support) has boomed over the past 10 years, and now contributes significantly to the national economy.

Though the sugar industry is now quickly moving towards deregulation and reduced dependence on government, it still suffers from the legacy of the days when it sought official protection and financial support. But, with both the domestic and international sugar markets picking up, expansion is going ahead — though not at the same rate as timber.



FIM 2119190 (199)

Anne Vaughan from the University of Durban-Westville's Institute for Social & Economic Research maintains Sasa is not creating new jobs, only opportunities to supplement incomes. Arguing that most small, black growers farm plots too small to be economically viable, she says it is wrong to believe that cane growing could be the basis of any form of secure wage employment.

What is clear is that there is a transition from sugar to timber taking place in Zululand, and many other parts of Natal. And until market forces dictate otherwise, the process will probably continue — notwithstanding the protests of the powerful sugar lobby.

FIM 21/9/90

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base" and replacement loans. The expanded base presumably refers to the acquisition of five UK paper mills in June for R500m — the deal was debt financed using financial rands and off-shore loans, but the details are sketchy.

A 43% rise in long-term debt since August 1989 and 24% since year-end, partly reflects the firrand financing leg and a move from short-term to longer-term funds. Short-term

EARNINGS PULPED

Six months to	Aug 31 '89	Feb 28 '90	Aug 31 '90
Turnover (Rm)	1 369	1 357	1 295
Operating Income (Rm)	378	347	241
Attributable (Rm)	300	312	169
Earnings (c)	323	335	181
Dividends (c)	80	120	80

interest bearing debt fell, but the R140m cash at the 1990 year-end has been used up. Offshore funds raised for the acquisition are not fully reflected on the balance sheet.

The outcome of poor trading conditions and higher finance charges was a 44% slump in attributable income and earnings. But a further reduction in cover to 2,3 from 3,9 allowed the dividend to be maintained at 80c.

Van As hopes production disruptions will not be repeated in the second half (he ascribes about half of the interim earnings decline to these events), that local market conditions will stabilise and international market conditions will not change substantially. He warns that "earnings for the second half are expected to be below the corresponding period last year" but should "show a material improvement on the first half."

The UK operations are not expected to contribute to earnings this year. Sappi management took control of the UK paper mills in July and they are being consolidated into a single business unit. Profits are only expected to flow through from fiscal 1992.

The bad news interims and lacklustre outlook has put pressure on the share price, which fell to a low of R26,75 on release of the results.

Pam Baskind

SAPPI
FIM 21/9/90
PROFIT BUCKLES

199

Sappi warned shareholders to expect significantly lower earnings at the August interim, but few bargained for the 44% reported decline. In the second half of financial 1991, Sappi's performance is expected to improve, but earnings for the full year will not match last year's.

The cyclical downturn in international pulp and paper markets caused dollar prices of Sappi's products to weaken and no compensation was provided by the rand, which was relatively stable. Demand, domestic and foreign, remained depressed. Also, production was cut because of extended strikes at two mills, labour disputes at Novabord and statutory boiler inspections, which reduced export volumes.

CE Eugene van As says the 5% turnover decline stems largely from the production disruptions. Margins narrowed, with costs escalating faster than prices and the operating margin slipped to 18,6% from 27,6% recorded in the 1990 interim period.

The dismal performance at the operating level was aggravated by finance costs, which more than doubled. Van As ascribes the rise to the payment of higher interest rates on financing requirements of the "expanded

YORKCOR FIM 12/10/90

WAR OF WOODS (199)

Timber company Yorkcor could be facing legal costs estimated by chairman Solly Tucker at R100 000-R200 000 and by others at more than R400 000. These are for a law suit revolving around a restraint-of-trade clause and charges of unlawful competition against a former MD.

Last week the Chief Justice dismissed with costs Yorkcor's application for leave to appeal against Judge Piet van der Walt's judgment, in the Rand Supreme Court on October 5 last year, against Yorkcor's case. Estimated costs for the defendant are so far about R250 000. Tucker says the group's accounting policies have provided for the worst and no extraordinary item will appear in the year-end results. With mid-year results to June reflecting attributable profit of just R137 000 (compared to R1,7m for the 1989 interim), this will be a relief to shareholders.

Tucker says he is disappointed and surprised at the rejection of the leave to appeal — because he had been advised that prospects were good. "We believed the issues at stake were important and needed to be tackled in court," he says.

Essentially, Herbert Rajak, former CE of Yorkcor's agency arm Agentimber, which handles export and domestic sales, left to join Malbak subsidiary Protea International on September 1 last year, taking with him most of the people in his department and documents relating to his employment at Yorkcor. He set up timber exporting company Protea International Timbers.

A restraint-of-trade clause in his Yorkcor letter of appointment prohibited him from selling timber in the Transvaal for a period after the termination of his employment. Protea International chairman Lindsay Robertson says he and Rajak were aware of this clause before they became business partners and had no intention of trading timber in the Transvaal. The company exports timber and timber products to the Far East, Europe, Middle East and African countries.

Tucker's case tried to prove the clause meant Rajak, Protea International Timbers

Yorkcor's Tucker . surprised and disappointed



and Protea International were restricted not only from distributing timber in the Transvaal, but from carrying on any sale concluded in the Transvaal region, irrespective of the goods' ultimate destination. The judge ruled the clause was not intended to affect sales for delivery outside the Transvaal market.

Tucker's case also tried to prove Rajak had transgressed a so-called confidentiality restraint by continuing to work with overseas agents and contacts which he had dealt with while still with Yorkcor. Rajak says these business acquaintances had been built up over years and were not solely gained from working with Yorkcor. Robertson says the names of timber traders in Europe and the Far East are no secret and easily available from international Yellow Pages, trade organisations and consulates.

The judge ruled that Rajak cannot be prevented from using business methods which he had probably brought into Yorkcor himself, nor could he be prohibited from using business contacts built up over the years or even those made while employed by Yorkcor.

Yorkcor's application also listed a number of faxes to overseas contacts sent by Rajak before an overseas trip. Yorkcor alleged Rajak "engaged intensive and surreptitious activity to set up appointments with European customers and connections" for his new employer, while still in the employ of Yorkcor. In his answering affidavit, Rajak said extracts from faxes used by the applicant were misquoted, and "omitted important and relevant facts." Van der Walt agreed with Rajak and quoted instances where the applicant had rephrased and left out sentences giving a different connotation to what was written.

Tucker says it was necessary to go to court to recover the confidential documents which Rajak took with him when he left. Because Rajak had these documents in his possession after the termination of his employment, the judge did not award full costs to Yorkcor. Rajak says, however, he would not have been able to defend his case without these documents.

A puzzling question is why a listed company like Yorkcor, which is bound to come under scrutiny, should go to court with the evidence it did. The court battle was ruled by the judge as one which was fought, in some instances, on "vague allegations." The judge also spoke about "the misleading manner in which the applicants dealt with the facts."

Obviously, Yorkcor wanted to try all it could to regain business it lost when Rajak left. Surely a less costly way of regaining lost business would have been to compete with Protea International for existing customers, or to build up a new list of export contacts.

Yorkcor's share price, at 220c, has not been affected by news of the rejection of leave to appeal — not surprising, as Tucker's office was not yet aware of this. Shares are held mostly by the Tucker family and Yorkcor employees.

Heather Formby

Sappi Europe launched in Rome

SAPPI Europe, the UK-based company with a turnover approaching \$300m a year and in which local pulp and paper giant Sappi has an interest, was launched at the weekend.

The new company ranks as the UK's second largest speciality paper manufacturing group and its fifth largest paper company.

Sappi Europe was officially introduced to representatives of the European paper, merchanting and print industry at a function near Rome on Friday evening.

The company consists of the five DRG and Star Paper mills.

Earlier this year, Sappi and a consortium of overseas investors bought the mills for R500m from corporate raider Roland Franklin's Pembridge Investments and the Kymmene Corporation.

Sappi Europe, held by a Luxem-

B/D 16/10/90

ZILLA EFRAT

bourg company in which Sappi has a 49% stake, will specialise in high value added speciality paper products and provide Sappi with a springboard into the European market.

It will obtain a significant proportion of its pulp requirements from Sappi's SA operations.

Customers

Speaking at Friday's function, Sappi Europe MD Kim Jokipii said. "With the advent of the single European market it became important for us to be able to serve customers across a wide front."

This will be done by offering a comprehensive range of paper products from the five UK mills. That range will be complemented with fine paper products from Sappi's oth-

er operations.

"Our strongly branded products can compete with the best in the world in terms of quality and we are actively looking to identify new product areas and develop new products in conjunction with our customers," Jokipii said.

Sappi Europe's mills are Nash in Hemel Hempstead, Wolvercote near Oxford, Keynsham near Bristol, Transcript in Fife, Scotland, and the Blackburn mill.

Nash produces fine paper brands, while Wolvercote makes bladenart one-sided coated label papers.

The Keynsham mill manufactures speciality papers, Transcript is one of the world's most advanced carbonless paper manufacturers.

Finally, the Blackburn mill produces astralux quality cast coated paper and board.

BUSINESS DAY, Tuesday, October 30 1990

Tax 'not prime reason' for forestry venture

GILLIAN HAYNE

DELOITTE Pim Goldby yesterday defended advising its clients to enter into forestry deals, saying that trees rather than tax were the principal motivation for the venture.

The commercial benefits accounted for 80% of the projected profits, with only 20% being attributed to tax advantages, Deloitte Pim Goldby partner Robin Beale said at a Press conference yesterday.

Beale was responding to last week's judgment handed down by a special tax court which disallowed deductions claimed by investors on both the interest on initial investment capital borrowed from a financial institution, and the management fee paid to Sappi.

Despite believing that trees continued to represent a good investment — even without the tax benefits — Deloitte Pim Goldby may take the decision on appeal. However, the final decision rests with the investor singled out in the case.

The case under the spotlight, involving approximately R5.6m, represents only a quarter of the ventures linked to Sappi, which was just one of the companies used

to manage such schemes for Deloitte Pim Goldby's personal financial planning division.

The deals, which encompass a 12-year period, allow participants to sell their shares to Sappi after five years for a minimum guaranteed price calculated on a predetermined formula.

Although Deloitte Pim Goldby insisted the forestry ventures were not tax-driven, the advantages investors stood to gain were upfront deductions on the compounded interest on the initial investment, as well as deductions for establishing, maintaining and insuring the plantation.

The investors, whose names were not disclosed, are locked into the schemes until the trees are felled, or they can sell out their portion for the minimum guaranteed price.

However, should they wish to do so, it is unlikely the return will cover the cost of the initial investment borrowed from the bank, tax experts predict.

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By 201 30/10/90

Lion Match's earnings rise

LION Match had a difficult time during the six months to September with a slight increase of 1% in attributable earnings compared with the same period last year (199)

The group said earnings for the half-year were up marginally to R7,6m compared with last year's figure of R7,5m

Earnings a share were unchanged at 16,7c.

Dividends also remained unchanged at 6,5c a share, the group said

Turnover was up by 20% at R163,8m (R136,1m) while trading profit was up by 11% at R20,2m (R18,2m)

The directors said there was a reduced gross profit margin in the lights and appliances divisions

This was attributed to difficult trading conditions and a delayed match price increase, they said

A group statement said strikes at the Durban plant caused higher manufacturing and distribution costs during the first three months of the year. — Sapa.

Meeting customers' needs spells growth

THE success of exports, as with any business, depends on meeting customers' needs, says Sappi International MD Ian Forbes

Sappi was awarded a Past Winner's Award in the manufacturing sector this year, bringing to five the number of awards it has received from the State President in as many years. In 1987, Sappi was declared the overall winner.

Since its first entry to the State President's Export Awards, Sappi's exports have increased by 620%.

This year, Sappi increased its exports by 22% over last year's total.

During the company's 1988 financial year it in-

creased exports by 228% on an already sound performance the previous year

One of the highlights of the past year was the commissioning of a new R120m particleboard and medium density fibreboard factory, largely for the export market, and the increase of sales into the neighbouring markets.

"The exports from this factory will increase as the plant reaches full capacity," says Forbes

Sales of Sappi paper grade products into neighbouring territories and the Indian Ocean islands increased during the year

1987
1988

through a strategy of taking advantage of the lower distribution costs to these areas

199

"The risk management programme launched last year to reduce damage to products during distribution and to improve customer care has made progress and insurance brokers, underwriters and our shipping staff have followed several shipments from Durban to the customers' warehouses overseas to isolate areas of risk.

"Sappi also entered into a contract with Spoornet during the year for a scheduled service running from the eastern Transvaal via Sappi's main centre to Durban and back.

"This schedule has drastically reduced rail times," Forbes says



IAN FORBES

11.11.1988
1988

COMP

HLH beats effects of debt surge

8/10/90 12/1/90
CHARLOTTE MATHEWS

FOOD and timber processor Hunt Leuchars & Hepburn (HLH) has achieved a 30% improvement in attributable income to R52m in the six months to end-September.

This is in spite of a crippling R80m rise in interest-bearing debt. The debt arose from food and household company Robertsons' acquisition of perpetual rights to market Bovril and Marmite in SA and its neighbouring countries and similar rights, acquired in October 1989, to market the Knorr range.

These acquisitions boosted fixed assets on the balance sheet by R100m to R368m.

Turnover grew by 27% to R269,7m. CE Neil Morris said the performance of Robertsons compensated for lower growth in the sugar operations

Policy

He said the reduction in mining activity had affected the performance of associate Mining Timber, but the company had responded by focusing on operating efficiencies and new products.

Increased borrowings caused the interest bill to triple to R11,4m from R3,6m but the tax rate fell to 36% from 45% because HLH has changed its accounting policy.

After a higher contribution from associated companies, mainly the 25% holding in Rainbow Chickens, earnings rose 14% to 40,6c (35,6c) a share. Excluding this contribution, the rise in earnings a share was 19% to 25,9c (21,7c).

The weighted average number of shares in issue rose as a result of a rights offer held to fund the acquisition of a 25% holding in Rainbow Chickens.

An interim dividend of 13,5c (12c) a share has been declared.

Plate GI to write off R74m

By **AUDREY D'ANGELO**
Business Editor

CA 7/11/90

but UK sale

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PLATE Glass and Shatterprufe Industries (Plate GI) will write off R74m this year through the restructuring of its international wood division.

But the directors say these extraordinary costs "are more than offset by the profit from the sale of the UK flat glass operation to (French company) St Gobain for R434m. The group's net non-trading surplus for the six months is R25m."

Plate GI lifted net income after tax by 13% to R69.7m (R61.8m) in the six months to September. But attributable income rose by only 1% to R35.1m (R34.9m). Earnings at share level were 213.1c (211.9c).

The interim dividend is unchanged at 65c a share.

The directors say indications are that "in spite of increasingly difficult trading conditions the second half

profits soften the blow

should show an improvement compared with the same period last year."

Plate GI's wood and glass operations in SA performed well in the past half year. But its overseas operations ran into trouble, particularly in Australia which, the directors point out, "is now in the grip of a severe recession."

They say their international wood division has "bitten the bullet" on loss-making overseas operations. The timber trading division has been sold to London-based Tradelink, in what a company spokesman described as "an innovative deal giving Plate GI minimum guarantees and the buyer pro-

gressive incentives to realise assets."

The group is also disposing of its Australian board outlets. But "the process has been severely hampered by sellers dominating the market due to the severe economic recession in that country."

However, the wood division increased its contribution to interim earnings to 43c (2.4c) a share. A spokesman said strong performances in Southern Africa, particularly by PG Bison, and the Central Africa division, helped this.

Glass operations in SA are holding up well. But the directors warn that

the division's offshore development strategy is likely to impact on profits for the next 18 months.

As part of the deal with St Gobain the group acquired a further 145 automotive glass installation outlets.

"We are still investing strategically in the development of our 365 outlets in Europe and 103 in the US," says Ronnie Lubner, chairman of the international glass division.

"Many of these were started less than two years ago. Some are only a few months old. Accordingly, our trading results do not yet reflect the full potential of this investment programme."

The glass division contributed 107c a share to group earnings in the first half, compared with 208c the previous year.

The directors say the group "continues to make progress towards previous levels of profitability."

But, they warn, "a watchful eye must be kept on deteriorating economic scenarios worldwide."

Plate GI to write off R74m

By AUDREY D'ANGELO
Business Editor

CA 7415 30/11/90

but UK sale

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Remgro all lit up

Star 30/11/90
The tobacco and timber interests of the Rembrandt Group (Remgro) have shown resilience to the downturn.

This helped Remgro report a 13 percent increase in interim earnings per share to 75,13c (66,40c), despite a pedestrian contribution from associated companies.

Associated companies include GFSA, Distillers, Metkor, Fralex, Gencor and Transhex, which are all listed, and unlisted Gilbey's, Total and Henkel.

Net income retained by associated companies rose only 3,5 percent to R281,9 million (R226 million), compared with a 34 percent increase in the six months to September 1989.

Senekal, Mouton and Kitshoff analyst Jaap du Toit estimates that gold's contribution from associated companies was 15 percent of net income, despite a lacklustre gold price.

Remgro's net income from subsidiaries — which largely reflects the major tobacco and timber interests — rose 24,3 percent to R281,9 million (R226 million) — 2,9 percent better than the 21,4 percent increase for the six months to September 1989.

Tobacco interests, the group's prime source of cash flow, are growing by 17 percent a year, and Remgro has an estimated 80 percent of the tobacco market.

Analysts expect tobacco sales to maintain growth. The optimism is based on better living standards of the black population,

Diagonal Street

Jabulani Sikhakhane



which is growing at a steady rate.

To tap this expected growth, Remgro has expansion plans, including the recent acquisition of production facilities at Bris.

In the six months to September 1990, Remgro's capital commitments (including capex authorised, but not yet contracted for) stood at R99 million (R18,8 million).

The group does not publish turnover figures or percentage changes because directors believe they are meaningless, given its nature and composition.

This, of course, prevents competitors from working out the profit margins in some of the more lucrative sectors, some analysts feel.

Net income before tax rose 23,3 percent to R440,4 million (R357 million).

The tax charge rose 20 percent to R158,5 million, leaving net taxed income of R281,9 million.

The market thought the results were good and Remgro's share price yesterday picked up 25c to R13,75 on 31 650 shares traded in 22 deals.

But the share fell back lightly to close at R13,70, with foreign sellers at R13,65.

Timberframe plan to tackle homes crisis

PETER GALLI

NOVEL low-cost timberframe housing schemes are to be introduced into areas of Crossroads, Winterveld and Thembisa townships from early January, SA Lumber Millers' Association (Salma) marketing manager Mike Richards said at the weekend.

The cost of these timberframe homes was relatively low, starting in the R850 to R2 000 range — the same price paid for the existing shacks.

There were two sizes of shack — five by three metres and six by four metres. The structures would take the form of an open room which could later be modified or separated by a partition, Richards said.

"The timberframe homes will be built on a modular basis so they can be upgraded or expanded at very little expense," he added.

For this price, the consumer would either be taught how to cut the wood

and assemble the shack, or it would be supplied in a panel form that could be erected immediately

A low-pitched tile roof or a deck tile roof (using Marley tiles or something similar) would be included, as would steel windows and wooden doors

An advantage of the scheme, Richards said, was that the consumer would be trained to erect the structure.

The consumer could then turn the knowledge into a business by becoming a shack-builder, Richards said.

However, a problem existed among black consumers as they had aspirations of masonry-type houses, which were not viable at the price they could initially afford, Richards said.

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The three communities had been approached and educated concerning the viability of timberframe housing. He said Salma had assessed the requirements of the majority of consumers. The demand for this type of housing ranged from 200 to 2 000 in each of the areas.

The claim that the SA climate was too harsh for timber structures was not true, Richards said.

Proof of this was that a number of perfectly sound timber houses were still to be found in Pilgrims Rest and Johannesburg.

The timber was treated at a mill and then, as with any house, regular maintenance was required, Richards said.

"Timberframe structures are undoubtedly one of the most competitive forms available for quality low-cost housing," he concluded

Sappi launch a coup for SA company

THE international unveiling of Sappi's new European paper-manufacturing arm has been hailed as a major creative and organisational coup for local marketing company Holiday Hay and Associates.

The Randburg-based company was selected from a shortlist of local and overseas marketing organisations for the launch — described by Holiday Hay's Peter Holliday as "probably the biggest corporate launch undertaken by a South African marketing company here or anywhere".

One part of the project in-

Star 22/12/90
volved the detailed planning, organisation and staging of a weekend-long banquet launch of Sappi Europe in a 12th century Italian castle before an audience of the world business elite. Nine separate factory launches followed at five centres in Britain over 10 days to well over 2 000 guests and staff.

Investment

A Sappi Europe executive has rated the whole operation "a tremendous success".

The launch was to celebrate Sappi's investment in five paper mills in the UK and their incor-

poration into a single company.

Said Peter Holliday "It's unusual for a South African company to be involved in the launch of a foreign business operation — certainly one of this magnitude. It was a big tribute for us, but it's the kind of thing that we are uniquely equipped to handle".

It was a massive turnkey assignment — everything from corporate image, logo and brochure design, direction of a three-screen video presentation, staging floor shows to chartering planes, booking airline tickets, hiring taxis, artists and

technicians, selecting venues and attending to the personal needs of 350 guests from 17 countries.

199 Dowager

"The creative part — that was the easy part," said Annie Hay, whose role in the operation was chiefly on the creative side but who helped with other chores such as finding a hire shop in Rome where a dowager guest, whose luggage had been lost, could hire a strapless evening gown, diamonds, tiara and strapless bra for the big gala night.