PRICES - GENERAL

1986

JANUARY — MARCH

Surprise overnight increase in fuel price shocks motorists

STAR 2/1/86 (244)

New Year petrol blow

By Maud Motanyane and Jackie Unwin

A surprise overnight increase in the price of petrol — as much as 4 c a litre in some areas — shocked motorists at the pumps this morning

On the Reef, the cost of premium (93 octane) has risen by 2 c a litre, bringing the price to R1,02 c a litre

But, in places further inland, motorists will pay as much as R1,12 c a litre for premium — 4 c up on the 1985 price

And this shock may well be followed by another blanket increase next month which could raise the cost of petrol by another 5 c a litre

Consumer organisations fear that poor people and pensioners will be pushed to the brink of starvation when the prices of basic items soar this year

Retailers said that, although today's increase would not have any further effect on prices, the year would open with massive price rises based on the previous increase and the recently imposed 10 percent import surcharge

Foodstuffs would go up by as much as 25 percent, they said

Mrs Betty Hirzel, chairman of the Consumer Union (CU), said "As much as we understand the reason for the increase, the question we are asking is whether it is not possible for the Government to find other sources for the money they need for petrol?"

Mr Gordon Hoult, general manager of Pick 'n Pay supermarkets, said the prices of toiletries, soap powders, coffee, tea and other items would probably rise during the first months of the year Bread, mealie meal and milk were also expected to cost more

Mrs Ina Perlman, Operation Hunger's director, said appeals for food were pouring in from all over the country

"Black people and pensioners are the hardest hit But the problem will worsen among all racial groups as unemployment rises"

Mr Richard Cohen, director of a supermarket group, painted a grimmer picture

"Consumers have not seen the full effect of the rand/dollar exchange and the 10 percent import surcharge It is frightening what things will be like this year," he said

'Bread and marge'

Because of the surcharge, margarine prices have gone up by 10 percent and manufacturers say that another increase is in the offing

There is already speculation that the price of bread will go up again should the Government not subsidise the higher farming costs resulting from fuel increases Bakers have already asked the Wheat Board for such an increase

Mr Owen Dinsdale, managing director of Barlows Manufacturing, said television sets would be affected because of the number of imported components

Mr Chris Baltsoucos, of Sunbeam Appliances, predicted that the rand/dollar exchange rate would lead to more and more importers considering the establishment of local manufacturing companies

Pharmaceutical companies said that prices of medicines, particularly drugs, would also rise because of the adverse economic conditions and increases in the price of raw materials

Bottle stores have tried to keep liquour prices down until after the Christmas and New Year holidays

But the full impact of prices increases on imported wines and spirits would be felt in the first few months of this year, retailers said

PETROL

Date	Cents per litre
April 1970	9,9c
July 1972	10,2c
December 1972	10,4c
January 1973	10,9c
November 1973	12,4c
February 1974	15,1c
April 1976	23,8c
March 1979	39,3c
June 1979	54,2c
April 1980	54,4c
July 1981	61c
April 1982	64,6c
September 1982	65,2c
February 1983	63,6c
August 1983	59,6c
July 1984	63,5c
January 1985	88,5c
April 1985	90,1c
September 1985	94,6c
November 1985	100,5c
January 1986	102c

(Witwatersrand price)

'Motorists should have had more warning'

By Sue Leeman, Pretoria Bureau

There was little advance warning of last night's petrol price increase from either the Department of Mineral Affairs or the Department of Transport or Transport Services

Confusion resulted from the sudden news this morning that the price had already been increased at the pumps

A Department of Mineral and Energy Affairs spokesman said today there had been no announcement by the Minister, Mr Danie Steyn The spokesman said he did not yet have specific details of the increase

The Minister of Transport, who recently announced rail tariff increases of around 15 percent, said at the time the cost of petrol could be affected, but did not elaborate

Head of the Motor Industries Federation, Mr Danie van Huyssteen, said today the rail tariff hike had made a petrol price increase unavoidable

However, he said, the consumer should have received more warning about the price hike

He was surprised that the relevant Government departments had not been more forthcoming

A Mineral and Energy Affairs spokesman confirmed this morning that the department would be reviewing the petrol price at the end of this month This raises the possibility of a further increase

Minister Mr Danie Steyn said at the time of the last increase in December that unless the rand recovered to 45 US cents by the end of 1985, another increase would be considered

The rand has hovered at less than 40 US cents for some months now and saw the New Year in at a similar level

Petrol price rise provokes Govt departmental squabble

STAR 3/1/86

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By Sue Leeman and David Braun

Two Government departments are at loggerheads over the reasons for the surprise New Year petrol price increase and the confusion it has created.

The Department of Transport says that higher tariffs are not the reason for the increase. The Department of Mineral and Energy Affairs, which fixed the price, said the increase was caused by tariff hikes.

The Department of Mineral and Energy Affairs, which must approve all price increases, has said little during the debate, prompting criticism.

A spokesman confirmed today that there had been no official statement

However, the department's Director of Energy Provision, Mr Lourens van den Bergh, defended the increase

Firstly, he said, Sasol was not only producing petrol from coal, but also from crude oil at its Natref refinery There was a component of crude brought from the coast to the Reef.

It was the department's policy to have one price as chaos would result from separate prices for petrol-from-coal and that produced from crude oil.

Mr van den Bergh added that Sasol was an import-replacement industry (invoervervangings bedryf) and if there was no price control on petrol Sasol would be able to increase its prices when the cost of petrol produced from crude oil rose

Undertaking

Thirdly, he said, Sasol had received the undertaking when it went private that the price of Sasol petrol would be the same as that produced from crude.

The Minister of Transport, Mr Hendrik Schoeman, has questioned the increase and denied that the January 1 rise in rail tariffs had made it necessary to raise the price by 2 cents a litre.

Increased rail costs, he said, should have necessitated a much smaller rise of around 0,5 cents.

Transvaal motorists were the victims of inconsistent Government subsidies and pricing policies, the Progressive Federal Party said today

Mr Brian Goodall, the party's spokesman on energy affairs, said that the Transvaal consumer was expected to contribute to the vast profits of the Government-owned pipeline which pumped petrol from the coast However, Transvaalers were not given any benefit for the vast quantity of Sasol petrol produced in their province

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New calls for fuel price probe

The petrol price increase announced yesterday has brought renewed calls for an urgent investigation into South Africa's fuel pricing structure.

The Automobile Association (AA) and consumer bodies have called on the Department of Mineral and Energy Affairs to hold an open discussion on "all relevant aspects affecting petrol to see where we can help the consumer who is already battling".

On the Reef, the cost of premium (93 octane) increased to R1,02 a litre.

Places in the far Northern Transvaal will now pay R1,06 a litre for premium and as much as R1,10 if they want superboosted 98 octane.

Botswana residents will pay R1,08 for a litre of 87 octane — 4 c up on the 1985 price

"An inflationery increase such as this one has the effect of causing people to cut back on essentials," said Mrs Joy Hurwitz, president of the Housewives' League

The AA expressed grave concern at the price rise, which has been attributed to increased transport tariffs.

"This latest increase and the resultant confusion to the public once again highlight the need for an urgent investigation into the fuel structure," a spokesman for the AA said.

The Consumer Union has suggested that the Government remove the high tax on petrol and instead add it to, for example, personal tax

The AA has recommended that a formula be designed which would·

- Ensure truly cost-related basic prices for imported and local fuels
- Provide for the application of appropriate levies.
- Apply any taxes such as GST on the actual cost of production rather than before the addition of levies.
- Clearly identify exemption and subsidies and ensure that these were appropriately funded and clearly accounted for.
- Review the principles applied to wholesale and retail profit margins.

Mrs Hurwitz said the South African consumer had always expected Sasol to assist in times of crisis such as these.

Mr Paul Roos, public relations office for the Consumer Council, said his organisation was concerned about the price increase.

He said it would adversly affect the already high inflation rate and would have a ripple effect on various other products.

Cape Times 3/1/86

Petrol increase 'was on cards'

PRETORIA — Although consumer bodies and others have expressed shock at Wednesday's two cents a litre rise in the price of inland petrol, the increase has been on the cards since the Minister of Transport, Mr Hendrik Schoeman, announced a wide range of increases in SA Transport Services tariffs

On November 26 last year, the minister announced the increases, which included a "maximum of 15 percent" on goods transport tariffs to come into effect on January 1 this year.

The 2 percent rise in the price of petrol in all areas where transport costs are a component of the pump price to the consumer, has been ascribed to this increase by the Motor Industries Federation

In practice, the increase means that 93-octane petrol on the Witwatersrand and most other inland areas has been increased, while the price at coastal centres such as Durban and Cape Town remains unchanged.

Further bad news for motorists is that another overall increase in the petrol price can be expected soon — possibly this month — as a result of the continuing poor rand exchange rate

When he announced a "half-price" six cents a litre increase in the petrol price early in November, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, said this was being done to give the consumer a break for the holiday period

The increase was only half that needed in terms of the rand's exchange rate, and if the situation did not improve the price would have to be reviewed early in the new year, he warned — Sapa

Coal price up

SOWETAN 3/1/86 215 244

THE price of coal is expected to go up soon — hard on the heels of a two-percent petrol price hike which came into effect on New Year's Day.

A spokesman for the Department of Mineral and Energy Affairs yesterday ascribed the coal price rise to an increase in transport costs — the factor that has also resulted in the latest petrol price hike A wide range of increases in rail tariffs, which included a "maximum 15 percent" on goods transport costs, came into effect on January 1

Coal dealer associations are expected to apply to the Department of Mineral and Energy Affairs for a new price structure, and the coal price increase will vary from area to area. In some areas the increase will be as high as 30 percent, depending on the distance between the delivery point and the colliery.

In the Vaal complex, the price of coal rose by 22 percent to R4,50 a bag on New Year's Day

Meanwhile the petrol price rise means that 93 octane on the Witwatersrand and most other inland areas has risen by two cents, while the price at coastal centres like Durban and Cape Town remains unchanged. The price of diesel has also been increased

Consumer bodies have expressed shock and outrage at the two-cents-a-litre hike in the price of inland petrol

"One becomes dumbfounded every time a price increase is mentioned," said Mrs Ellen Khuzwayo, president of the Black Consumer Association, reacting to the news of petrol and coal price increases

Fuel price rise shocks transport industry

3/11/84 BUS DAY

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ALAN PEAT

THERE is anger in the transport industry and various organised bodies at the latest variable fuel-price increase ascribed to the 15% average tariff rise by SA Transport Services.

Sats transports oil through the Durban-Johannesburg pipeline or by rail and road.

It has been described as "virtually a means to subsidise Sats' loss-making activities".

Further bad news is that another increase is expected soon as a result of the exchange rate.

Mineral and Energy Affairs Minister Danie Steyn announced a "half-price" 6c/l increase on November 11. The increase was only half that needed and, if the situation did not improve, the price would have to be reviewed early in the new year, said Steyn.

The new increase, varying in amount, is different in all the country's 30 fuel-price grid areas — dependent on the transport distance from source to purchase point.

Coastal areas such as Durban and Cape Town face no increase. The Witwatersrand has 93 octane petrol increasing to R1,02/l (1,8c due to the tariff increase and an extra 0,2c for GST) and a diesel pump-price of R1,02.

The various increases are fed into the Sats' pipeline fund, which was devised to maintain and run the Durban-Johannesburg fuel pipeline.

But, according to several observers, Sasol and Natref on the Highveld now supply the bulk of the fuel needs on the Reef.

Coastal motorists not affected by fuel hike

DISPATCH 3/1/86.

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Dispatch Reporter

EAST LONDON — Motorists at the coast will not be affected by the fuel price hike, but inland motorists will pay 2c a litre more on the pump price of 93 octane petrol.

The chairman of the Border branch of the Motor Industries Federation (MIF), Mr Dave Forsyth, said yesterday the price of 93 octane petrol in the Transvaal had been increased by 1,8c a litre but, when rounded off, the increase would be an effective 2c more a litre.

"We do not yet know exactly what the new price increases are for the Border area but motorists will pay progressively more as they move further inland."

He said the new rail tariff increases, which were announced by the Minister of Transport in October last year and came into effect on January 1, had meant a rise in the price of all fuel products.

Mr Forsyth warned motorists to brace themselves for the government's expected petrol price increase later this month.

On November 11 last year, the price of petrol went up 6c a litre.

At the time the Minister of Mineral and Energy Affairs, Mr Danie Steyn, said the fuel price would have to be reviewed early in the new year if the situation did not improve as the November increase was only half of what was needed to cover the shortfall caused by the poor rand/dollar exchange rate.

However, a spokesman for the Department of Mineral and Energy Affairs said yesterday a further increase was by no ~~means~~ a certainty.

~~The~~ Opec price of crude oil was dropping and if the exchange rate improved there was a chance the increase could be avoided.

He said the increase was not related to the payment of South Africa's fuel bill but was linked to rising transport and pipeline costs and had been levied by the South African Transport Services (SATS).

However, the Minister of Transport, Mr Hendrik Schoeman, yesterday denied that the petrol price hike was attributable to the increase in transport services.

Mr Schoeman said in an interview on TV the increase in goods transport tariffs would only have made an average increase of 0,5c a litre necessary.

Pumps idle as motorists digest shock of increase

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STAR 3/1/86

By Estelle Trengove

Motorists seemed to be so shocked by yesterday's petrol price increase of 2 c a litre that they could not immediately face tanking up again

Attendants lounged at their petrol pumps as business idled at several Johannesburg garages during the afternoon peak hour.

Apparently the latest rise in the fuel price caught many people unaware. A Mayfair garage owner said he learnt of the increase only when somebody phoned him at noon. So motorists who filled up at his station early yesterday received a 2 c/l bonus.

Many of them might, however, not even have realised they were getting some petrol as a present Like Mr Peter McPhereson, they too might not have known of the prise rise

Mr McPhereson said he was horrified at the latest increase. "My car is too heavy on petrol already," he said.

Another motorist, Mr David Nicoll, said he had a motorbike and he would be using that more in future

Mr H A Wallace described the price hike as ridiculous. Shrugging, he added: "But what can you do?"

Some motorists seemed sceptical about the reason given for the latest increase, namely that it was unavoidable due to increased rail tariffs. One ascribed it to the poor state of the rand, while another said he suspected the extra money would be used to finance the search for oil off the coast near Mossel Bay.

Asked how motorists had reacted to the new fuel price, one garage owner said: "They're all feeling lousy."

Where the petrol prices have changed

4/1/80 Mercury

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Mercury Reporter

THE recent 2 c a litre increase in the price of petrol in many parts of the country has caused considerable confusion. The increase is the result of a rise in the cost of transport and affects only fuel delivered by rail.

Most coastal cities and towns and areas where petrol is delivered by road tanker are not affected

A spokesman for an oil company listed the following Natal towns affected by the 2 c increase: Bulwer, Creighton, Dalton, Donnybrook, Estcourt, Greytown, Harding, Impendle, Kingsley, Mtubatuba, Newcastle, Pongola, Scottburgh, Stanger, Umzinto, Umzimkulu and Vryheid.

While BP has stated that Hillcrest and Amanzimtoti have been affected by the increase, a spokesman for Mobil said the petrol price at Amanzimtoti would stay the same.

Durban and Pietermaritzburg have not been affected.

According to Mr Harald Bielfeld, a spokesman for the Department of Mineral and Energy Affairs in Pretoria, areas where the price rise would have been less than half a cent a half-litre have also been exempted from the increase.

He said this was because the price increase was rounded off so that in some areas the petrol price remains unchanged; but in others it rises by 2 c a litre

He said in Johannesburg and Pretoria 98 octane petrol now costs 53 c a half-litre and 93 octane 51 c

The Automobile Association said in a statement that the increase and the resultant confusion highlighted the need for an urgent investigation into the fuel price structure.

The AA has already recommended to the Department of Mineral and Energy Affairs that a formula be designed to ensure truly cost-related basic prices for imported and local fuels; provide for the application of appropriate levies; apply taxes such as GST to the cost of production before the addition of levies, clearly identify exemptions/subsidies and ensure these were appropriately funded — by central revenue if necessary and clearly accounted — and review the principles applied to wholesale and retail profit.

Rail tariff

'The latest increase is in effect double the rail tariff increase, but this is accounted for by the fact that the pump price now relates to half-litres, requiring a rounding up or down of the price to avoid fractions of cents

'Whereas the previous increase was favourable to the motorist on the Reef because the price was rounded downwards, this latest hike has required a rounding upwards,' the AA said.

6c milk price rise will increase glut

STAR 6/1/86 ~~MILK~~ 244

By Colleen Ryan

In spite of a big surplus in skim milk powder, dairies in the Transvaal have increased the price of milk by an average 6c a litre.

There are fears that the rise could lead to a drop in milk consumption and a further build-up in the milk powder glut

The dairies are increasing the price of bottled milk from 77c to 83c a litre Supermarket prices will increase from about 79c to 85c, though retailers say they will hold the old price for as long as possible

A spokesman for Pick 'n Pay said the present price of 79c a litre would be held until mid February Prices at Checkers and the OK will remain unchanged during January

Prices at cafes will vary, but according to a random survey of cafes by *The Star*, average prices will range between 99c and R1,05 a litre

Some dairies, such as NCD, put up their price in December, but at least one large distributor, Nels, will introduce the new price only later this week

The increase by distributors has come as a big blow to producers, who agreed not to raise their prices because of the milk powder surplus

Before the increase was announced, the Dairy Board warned that the present surplus of 12 809 tons of skim milk powder was expected to rise to 32 428 tons by February 1987

Consumption worry

The chairman of the national dairy committee of the South African Agricultural Union, Dr Vos Grey, said the increase was excessive and could have an effect on consumption. "Farmers have the same inflationary pressures on them as distributors They acted with great responsibility when they agreed to hold their prices this year"

Dairies claim that the petrol price rise, higher labour costs and the high cost of imported packaging materials have forced them to increase prices

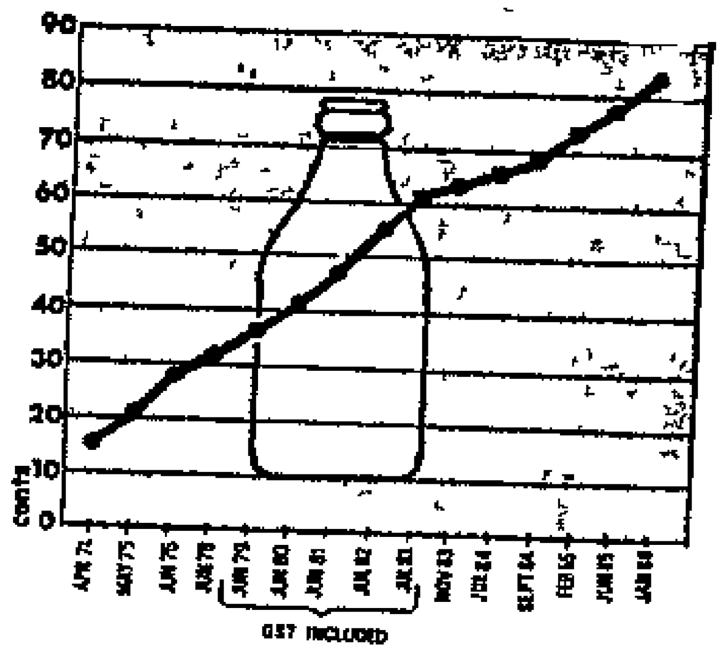
A spokesman for NCD said it was perturbed about what effect the increase could have on consumption

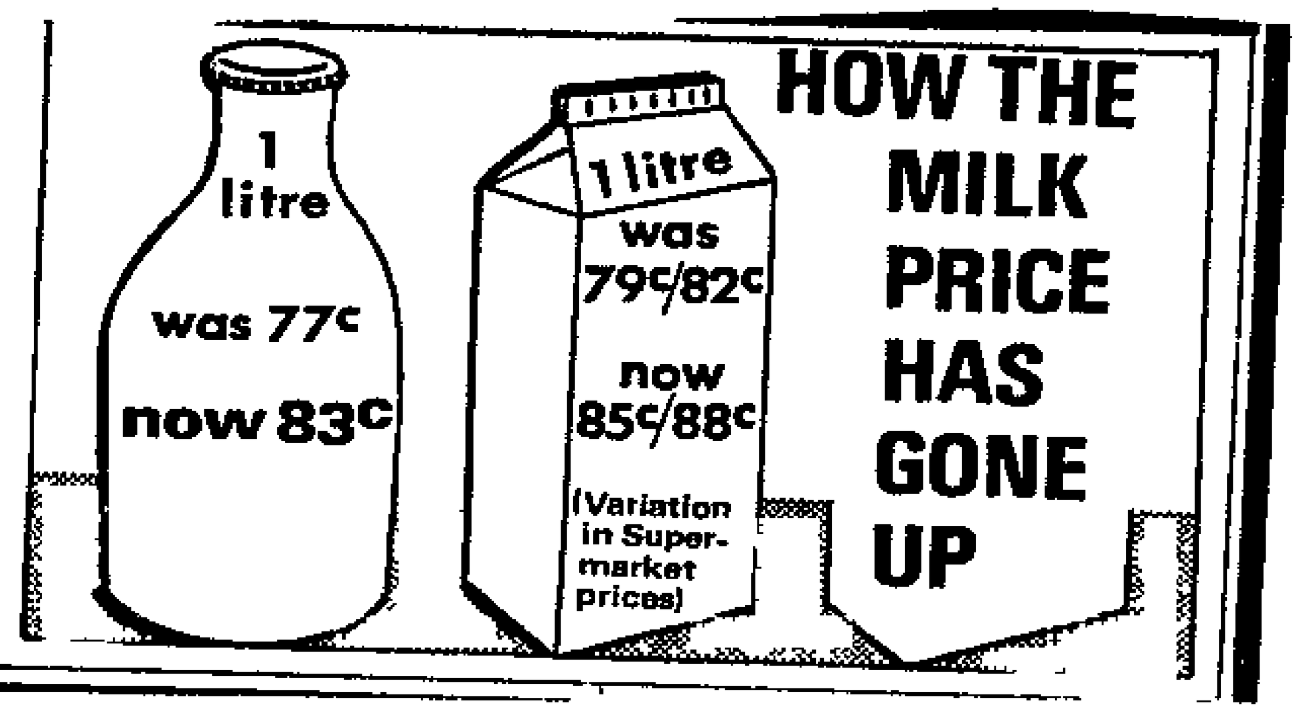
"People must understand that this inflation rate spiral will take its toll This increase covers higher packaging costs and the previous petrol price increase"

Asked to comment on the surplus milk powder build-up, he said it was nonsense to claim there was a large glut

The Housewives' League has also slammed the rise and warned that consumers would have no option but to cut back. Vice-president Mrs Jean Tatham said it had come at "exactly the wrong economic time"

● The Government has lifted the price control on milk for retailers and distributors, but the producer price is still subject to control





Back to school could mean tears for parents too — in a uniform shop

STAR 6/1/86

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By Janet Heard and Jackie Unwin

It could well be a tearful first day at school this week — not only for those youngsters taking the giant step to "big" school, but for the parents who have to kit out their youngsters

Stockists report that uniforms, as with everything else, have risen in price by an estimated 10 to 12 percent during the past year and are expected to rise again in mid-January The next increase is expected to be between 12 and 15 percent.

But they say the mark-up on school uniforms is far less than on other clothing.

BUYING LESS

"Consumers are buying far less than in previous years," reports one stockist

"Instead of taking three of each item, they are taking one or two

"But parents realise that their children have to have uniforms and so they are prepared to buy"

He said a survey had been conducted at a German school on whether school uniforms were considered necessary, and 82 percent of parents had said "yes"

All stockists agreed it was virtually impossible to conduct a survey on average school uniform prices as qualities varied so much

But they pointed out that school clothing had to work hard and had a long life if looked after carefully

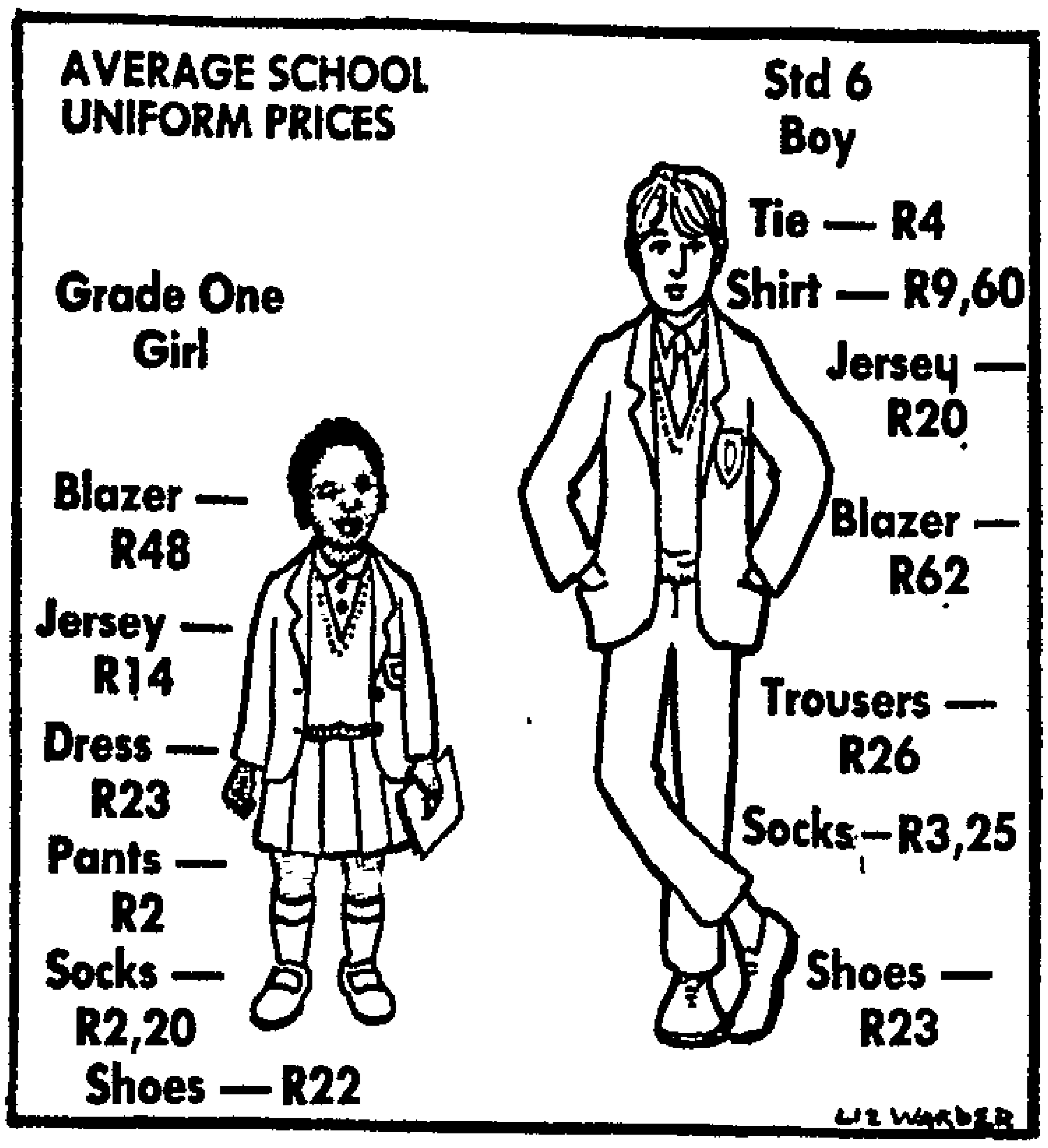
FASHIONS

They felt parents would have to dig even deeper into their pockets if schools were to dispense with uniforms and pupils tried to compete with each other wearing fashions

One retailer suggested a move be made to persuade the Government to dispense with the 12 percent general sales tax on school uniforms

The trend toward tracksuits replacing traditional school uniforms in many private and Government schools is continuing And many schools, particularly primary schools, have dispensed with blazers to cut costs

Tracksuits cost between about R21 and R35, and replace the blazer and dress or trousers



WOMAN

Shopping Basket

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SOWETAN 6/2/86.

THE Shopping Basket this week visited the O K Bazaars and Score in Von Brandis Street, Johannesburg.

PRODUCT	OK BAZAARS			SCORE		
Palmolive		55c			54c	
Lux		55c			54c	
Deo 24		57c			49c	
Shield		52c			49c	
Nordika		—			52c	
Lifebuoy		44c			45c	
Sunlight		52c			53c	
Breeze		52c			52c	
Toothpaste						
Macleans		1,39			—	
Colgate		1,35			1,29	
Close Up		—			1,29	
Mentadent		—			—	
Aquafresh		1,29			1,29	
Fluorogard		1,39			—	
Detergents	1 Kg	2 Kg	5 Kg	1 Kg	2 Kg	5 Kg
Omo	2,49	4,89	—	2,98	4,79	—
Surf	—	—	—	—	—	5,88
Punch	2,89	5,75	—	—	—	—
Good, Clean & Fresh	2,43	—	—	2,39	4,79	—
Extra	2,89	4,85	—	—	—	—
Skip	2,99	4,89	14,69	2,55	—	—
Sunlight	2,79	—	—	—	—	—
	750 ml	2 Litre		750 ml	2 Litre	
Stasoft	1,85	1,99		1,69	2,49	
Comfort	—	2,19		—	—	
Pride	2,45	2,85		—	—	
Jill's Softex	—	—		—	—	
Javel	77c	2,39		59c	—	
Jik	69c	2,39		75c	—	
Jill's	65c	1,89		—	—	
Handy Andy	1,49	—		1,35	—	
Jill's Wipe All	—	—		—	—	
Supa Kleen	1,19	2,65		—	—	
Tea	250 g	500 g		250 g	500 g	
Pitco	3,55	6,89		3,49	—	
Joko	3,25	6,49		3,29	—	
Five Roses	3,19	—		3,29	—	
Teaspoon Tips	—	4,99		2,59	—	
Glen	—	—		3,05	—	
Coffee	750 g			750 g		
Ricoffy	4,55			5,89		
Frisco	5,79			4,89		
Van Riebeeck	4,99			—		
Koffiehuis	6,89			—		
Condensed Milk						
Nestle	1,05			1,04		
Gold Cross	1,09			1,04		
Carnation	1,09			—		
Ideal	1,09			—		
Mealie Meal	2,5 Kg	5 Kg	12,5 Kg	2,5 Kg	5 Kg	12,5 Kg
Iwisa	1,62	—	—	1,49	3,29	8,17
Impala	1,39	2,75	7,09	—	—	—
Ace	1,62	3,19	—	—	—	—
Induna	—	2,75	—	1,65	—	8,26
AI	1,62	3,19	—	—	—	—
Flour	2,5 Kg	5 Kg		2,5 Kg	5 Kg	
Sasko	2,35	4,54		—	—	
Snowflake	2,15	4,54		2,16	4,39	
Faiths & Monus	2,35	4,54		—	—	
Rice	2 Kg	5 Kg	10 Kg	2 Kg	5 Kg	10 Kg
Tastic	3,19	10,15	19,99	3,29	8,79	—
Surprise 1 Kg	1,53	7,75	—	—	—	—
Harris	—	—	—	2,75	7,89	—
Sugar	2,5 Kg		12,5 Kg	2,5 Kg		12,5 Kg
Selati	2,07		—	—		—
Huletts	2,09		—	1,9[illegible]		10,49
Cascade	—		—	—		—
Milk	1 Kg	2 Kg	5 Kg	500 g	2 Kg	5 Kg
Carnation	5,75	8,49	19,95	2,45	—	—
Elite	6,29	11,19	23,99	—	—	—
Nu Mel	—	11,39	22,69	—	—	—
Everyday	7,99	15,75	—	—	—	—
Sungold	—	8,25	17,99	—	—	—
MaLitre	5,49	9,99	19,99	—	—	—
Oil	750 ml		2,5 Litre	750 ml		2,5 Litre
Cotona	—		—	2,19		9,85
Covo	—		—	—		—
Nola	2,53		8,35	—		—
Solo	2,09		—	—		—
Epic	2,52		—	2,19		—

"Jack and Jill", Mr and Mrs Everyman, have had enough. They are not prepared to accept the latest petrol price rise. Pensioner Mr Jack Huber and a young housewife and mother, Mrs Jill Purkiss (holding baby Daniel) are launching a petition asking the Government to fight inflation and drop the petrol price.

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PFP sees anger over 'fictitious' hike

By Jackie Unwin

Mr Brian Goodall, PFP spokesman on energy affairs, says he found the reaction of consumers to the latest fuel price increase to be the most angry since an income tax issue raised public wrath 18 months ago.

He described it as a fictitious transport levy placed on inland motorists to subsidise other services and said it was time the consumer demanded a fair deal — "particularly in this case where there is a complete monopoly".

Mr Goodall said: "Many people were unaware, until now, of the way the petrol price was determined for the Reef and that 6,4c is added to the coastal petrol price for transport costs.

"They didn't know that the pipeline was running at a considerable profit and that the inland motorist was being forced to subsidise other loss-making South African transport services.

"Their feeling is: 'Why just pick on the inland motorist?'

"People were also unaware the pipeline doesn't pump up much petrol — it is mainly diesel.

"We don't know what percentage of inland petrol comes from the Sasol plants because in terms of the Petroleum Products Act, this information is not fully available.

HIGH PERCENTAGE

"But we believe that a very high percentage of the petrol used inland actually comes from the Sasol plant in the Free State and the Transvaal and transport cost for this fuel would be relatively cheap.

"It is a fictitious levy.

"People see the oil price overseas coming down and are asking why we are paying more for petrol in South Africa."

January 86 244

Meat price set to stay high in '86

MEAT prices are likely to remain high throughout the year, says the manager of the SA Agricultural Union (SAAU) Meat Commodity Organisations, Jan van der Walt.

He says January's high prices should stay constant "for at least the rest of the year, and they may even rise".

Van der Walt says meat production generally goes in eight-year cycles, which are in turn bound to economic and climatic cycles.

He ascribes present high prices to diminished slaughterings coupled to festive season demand

He says supply will remain low for the rest of the year as farmers, inspired by high prices and good rains, invest in breeding stock and keep slaughtering to a minimum.

At 7,8-million animals, SA's cattle population is the lowest in 14 years.

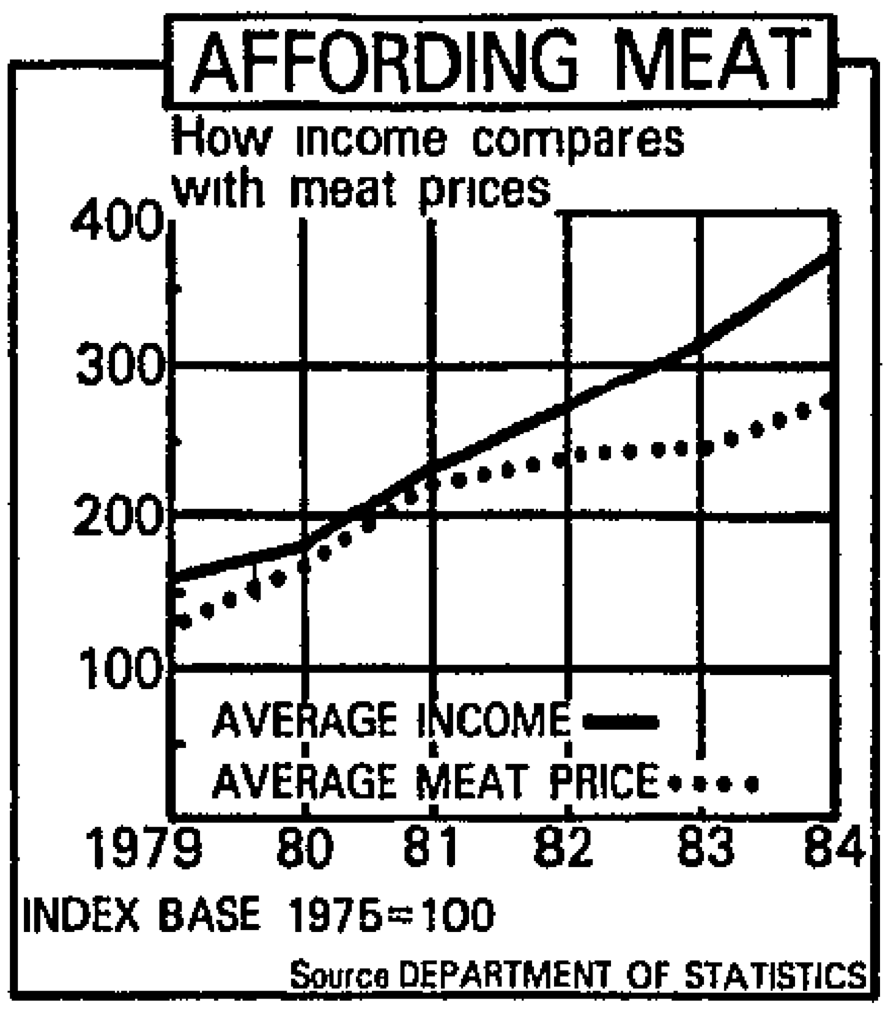
Forced slaughtering because of waning food supply has increased since the beginning of the drought in 1980, remaining more or less constant at around 2,2-million animals slaughtered each year

Economic growth fell from 7,3% in 1980 to 4,7% in 1981, 1,1% in 1982 and 3,1% in 1983 Coupled to over-supply from forced marketing, prices stagnated throughout 1981-1983.

Van der Walt says an example of a positive economic/climatic cycle were the good rain years of 1975-1977. These prompted increased production, the effect of which was seen over 1978-1979.

A flourishing economy resulted in high demand, and consequently high prices.

Meat supplies eventually dried up because of demand, and prices virtually



FRED STIGLINGH

doubled, from 103c/kg in 1979 to 212c/kg in 1981.

Beef accounts for 70% of red meat consumption in SA, mutton makes up 20% and pork 10%.

The sheep population is down to 26-million from 30-million, where it has stood for the past 10 years.

Sheep farmers have been switching to goats because of a boom in the mohair price. High demand for mutton at the same time has pushed up the price

Pork producers are likewise in the pound seats, because they are filling the gap created by the beef shortage

Despite high prices, consumers have not been badly off for the past 10 years, Van der Walt says.

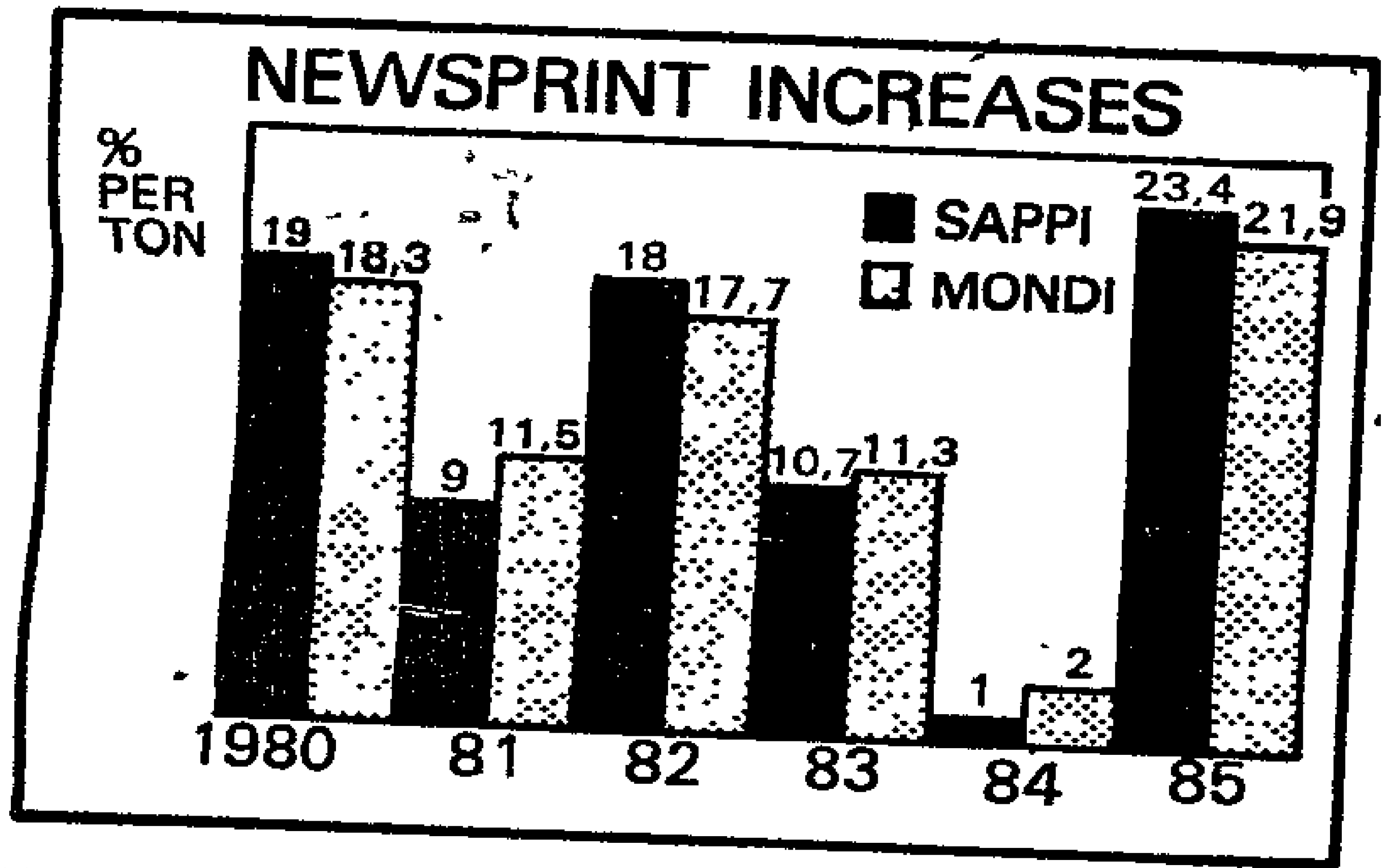
A table in the latest issue of *Red Meat*, official mouthpiece of the SAAU meat committee, shows that income for all population groups has more than kept pace with rising meat prices.

January 1986.

BUS DAY

Newsprint rise might trouble publications

244



LAWRENCE BEDFORD

SHARP increases in the price of newsprint could spell trouble for some publications.

Hal Miller, executive chairman of the Argus Printing Company and chairman of the Newspaper Press Union (NPU) industry committee that negotiates with papermills, confirmed yesterday that talks were going on with Sappi and Mondi.

However, he refused to comment on claims by industry sources that the mills were claiming increases of 17%. The sources added that an announcement on an increase for the first six months of 1986 was due shortly, possibly this week.

Describing the present talks as routine, Miller said. "To say more than that we are negotiating to keep the increase as low of possible would be counterproductive at this stage of discussion."

He added. "Behind the scenes, there is negotiation going on about the possibility of a new newsprint contract with the mills to replace the existing one. We're also talking about the current price of newsprint."

Sappi and Mondi officials refused to comment beyond saying they expected a price announcement to be made through the NPU this week.

However, Mondi newsprint marketing manager Sandy Blades said demand for newsprint last year — when several titles, including the *Rand Daily Mail* and *Sunday Express*, disappeared — fell more than 15%.

Demand for newsprint has almost halved since 1975, when suppliers were looking at sales of about 250 000 tons a year. The 1985 newsprint requirement was about 130 000 tons.

Newsprint prices were adjusted twice in 1985 to take into account the switch to thinner paper.

New fuel increase may be avoided

(344)

GERALD REILLY

IF THE rand continues to strengthen against the dollar, another petrol price rise could be avoided, Director-General of Mineral and Energy Affairs Louw Alberts said from Cape Town yesterday.

But Alberts added: "We will have to wait a few weeks to make certain the rand's strength persists before making final calculations and decisions."

Alberts said he had called for an urgent report from his department on the latest situation, mainly on the extent of under-recovery by oil companies.

When the price went up 6c/litre last November, Mineral and Energy Affairs Minister Danie Steyn said a 12c/litre increase could have been justified.

He warned of another 6c/litre rise early in the New Year. The Acquisition Fund compensated for the difference.

The 12c calculation was based on a rand/dollar rate of $0,38.

After the November increase the rand fell to between $0,36 and $0,37 for a time, Alberts said. This entailed a degree of under-recovery, the extent of which still had to be calculated.

The break-even exchange rate level, where a price rise would be unnecessary, is calculated at $0,43.

L/8/1986

Supporters of petrol discounting optimistic

BUS DAY (244) January 86

LINDA ENSOR

THOSE opposed to petrol price maintenance say they have been encouraged by officials' lack of bias.

After Thursday's symposium in Cape Town, Pick 'n Pay executive director Alan Gardiner said: "I think the attitude of the department, their open-minded approach, is most encouraging."

He said that at the meeting Department of Mineral and Energy Affairs Minister Danie Steyn had received representations from those opposed to petrol price regulation.

"We had a great deal of support from a number of organisations and we hope government is going to look at the price of petrol at the retail and the wholesale end," Gardiner said.

The department's investigation — promised last November when Pick 'n Pay was prevented from operating its self-service petrol discount schemes — is expected to be completed within the next four to six weeks.

The permission given to Pick 'n Pay by government in November to continue discounting petrol at its Boksburg hypermarket expires at the end of February.

The department's director-general Louw Alberts said the issue of petrol price regulation was being approached with an open mind.

The department's lack of bias, he said, was shown by the diversity of the groups it invited to the symposium.

Government has in the past been strongly opposed to a freely-determined petrol price:

- In 1985, the Petroleum Products Act gave the minister absolute power to ban petrol discounting, although this was not invoked;
- The Department of Mineral and Energy Affairs apparently instructed Trek not to offer Pick 'n Pay a renewal of the 10-year-old contract which, by omitting a clause, allowed the chain to discount petrol. The contract expired on November 17 last year and Pick 'n Pay, instead of discounting, offered a 4c rebate on self-service at all its outlets;
- Self-service petrol discount schemes were then outlawed by notice in the *Government Gazette* on November 27. The next day Pick 'n Pay was given permission to continue discounting petrol by 4c a litre at its Boksburg hypermarket until the end of February, when the department's investigation was expected to be near completion;
- The department has apparently already told the Competition Board that it would oppose any change to the present petrol retailing system.

Bread price rise of 20 pc forecast

7/1/86 STAR (244)

The price of bread is likely to rise by at least 20 percent this year.

Higher fuel costs, a 300 000-ton shortfall in the wheat crop and a call for the phasing out of the bread subsidy are the main factors which could contribute to a higher price.

The recent increases in petrol and in rail goods rates has hit both producers and the baking industry. Sources in the wheat industry say an overall increase of 20 percent is a conservative estimate.

Wheat Board general manager Mr Dennis van Aarde said today the Government's R200 million subsidy could not make up for higher transport costs.

"As the wheat industry is controlled, somebody will have to pay for these costs. Either the Government will have to increase the subsidy, which is unlikely, or the increase will have to be passed on to consumers."

A further increase in the bread price is likely if the Government accepts the findings of the Davin Commission of Inquiry which has recommended that the bread subsidy be phased out over the next few years.

The price of bread rose twice last year — 5c in July and another 5c in October.

Dearer fuel blamed for rising pressure

Bus Day

Bread is in line for a price rise

7/1/86 (244)

LINDA ENSOR and GERALD REILLY

DEARER bread is likely to follow the milk price rise announced at the weekend.

Fuel price increases will effect the cost of bread and its price will have to be increased because no provision has been made for higher petrol and diesel costs in the already-stretched bread subsidy.

The entire cost structure of the milling and baking industries will be affected by the petrol price increase, according to industry sources.

In November petrol increased by 5,9c/l and last week by 2c for 93 octane on the Reef. Rail tariffs also increased by 15% from January 1.

"Since it is a controlled industry, government has no option but to compensate for increases in input costs," says Wheat Board GM Dennis van Aarde. "It is very unlikely that government will increase the subsidy out of its own funds."

Pressure for an increase in the producer price of fresh milk is growing, say Pretoria sources.

A demand by the dairy committee of the SA Agricultural Union in October was rejected by the Dairy Board because of the big skim milk powder surplus.

A new demand is expected before the middle of the year.

This will not be the only bread price increase this year; the Davin Commission recommended to Minister of Agriculture Greyling Wentzel last year the bread subsidy should be phased out altogether.

First indication of whether the minister has accepted the recommendation will be in Finance Minister Barend du Plessis' Budget speech in March.

The 1984 budget, which made R200m available for the bread subsidy, fell short by an estimated R83m.

It provided for one price increase of 5c, introduced on July 1.

Increased input costs made a further 5c increase (representing R38m of the subsidy) necessary and at the beginning of October producers, and the milling and baking industries each contributed R5m to increase the subsidy fund.

In addition the Wheat Board paid in a further R10m out of its reserve fund.

At the end of October, despite this additional R63m in the fund, there was still an estimated shortfall of R20m and no account had been taken of the petrol price increases.

Another aggravating factor is the anticipated 300 000-ton shortfall in the 1985/86 wheat crop which will necessitate importing wheat at a cost, at current exchange rates, of about R120m.

Fresh milk producers were last granted an increase in July of 3,5c/l.

Towards the end of last year Wentzel authorised an industrial milk price rise.

At the same time he imposed an additional levy of 0,5c/l on both fresh and industrial milk farmers.

This effectively reduced the July price hike to fresh milk producers to 3c/l.

Yesterday the chairman of the SAAU's dairy committee, Dr Vos Grey, said since July production costs had increased by between 12% and 15%.

The justification for a price hike was therefore clear.

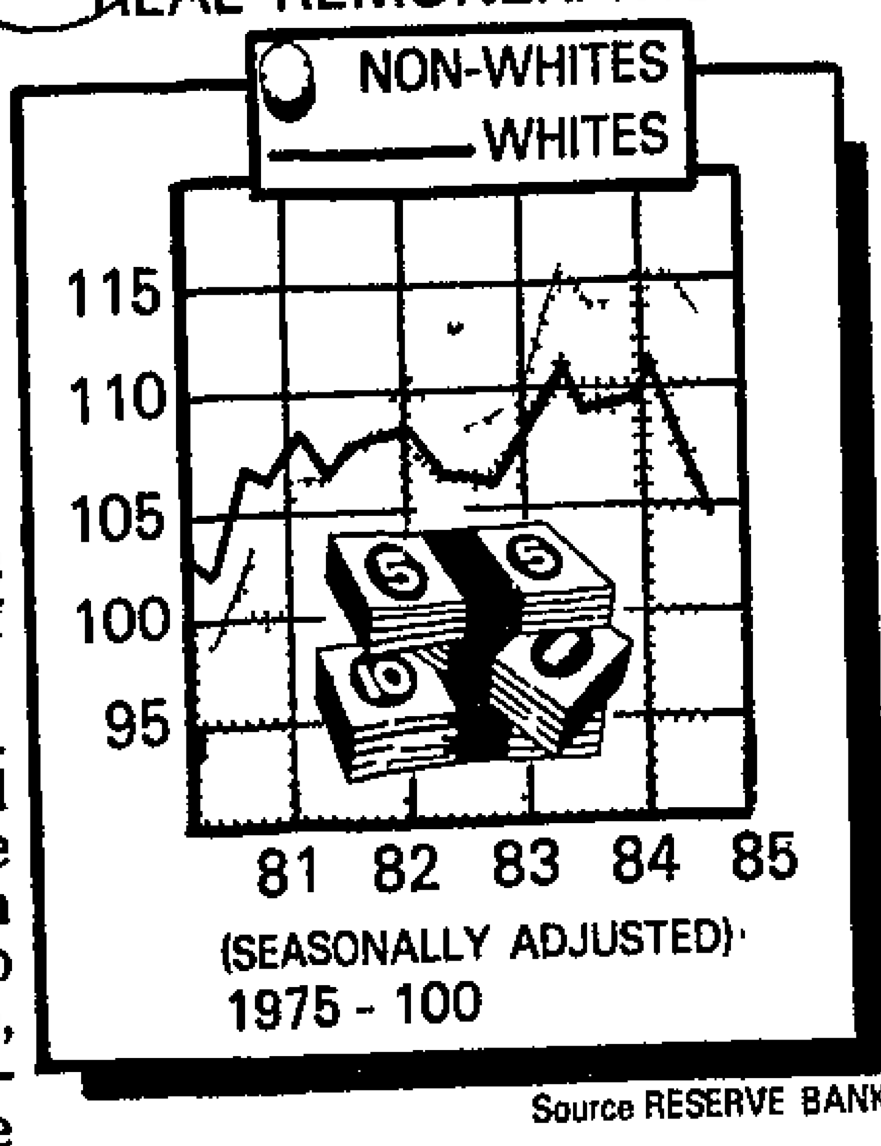
On this week's announcement by distributors that they were raising their prices — from 77c/l to 83c/l — Grey said the distributers justified the increase on grounds of imported inflation and fuel price hikes.

"Imported inflation and higher fuel prices are also cutting into the shrinking profitability of milk producers."

BUS DAY 7/1/86

Gap between pay and prices widens

STEPHEN CRANSTON



Source RESERVE BANK

THERE is an ever-increasing gap between the consumer price index and pay, according to Cees Bruggemans, Barclays Bank chief economist.

He said. "If we read the Reserve Bank graph that goes up to mid-1985, we can extrapolate that the decline since late 1984 has not been reversed but has continued.

"It is now uncomfortably large and inflation seems to be carrying its own momentum."

A Standard Bank economist said that gross domestic product was unlikely to keep pace with the population growth, while there would be increasing demand for social and infrastructural services.

The extent to which different groups would suffer, he said, depended on the political situation: "If there was a right-wing backlash, then the whites would be protected.

"On the other hand, if we continued to muddle through, unionised blacks would benefit, as would skilled whites, while there would be severe unemployment among unskilled whites and unorganised blacks.

"If the brain drain continued, good managers might receive greater remuneration because of their scarcity value, but it would have to be much more severe."

Petition fuelled by petrol price rise

STAR 7/1/86

244

By Jackie Unwin

A pensioner and a young housewife who are fuming about the latest petrol price increase say "We've had enough"

They are to petition the Government to drop the price of petrol and are calling for other consumers to join their protest

Mr Jack Huber (65) of Benoni and Parkhurst mother Mrs Jill Purkiss — "just call us Jack and Jill" — are drawing up the petition and Mr Huber says he is prepared to go to jail over the issue

"I am damned angry If a person like Mr Hendrik Schoeman, Minister of Transport Affairs, says he doesn't know why the petrol price has gone up as much as it has, who does?" Mr Huber said

"The Department of Mineral and Energy Affairs cannot explain why the price of fuel is going up at an alarming rate now the rand is getting stronger and there is a glut of fuel"

"I understand a very large percentage of fuel comes from Sasol So why must the Reef motorist get clobbered?

"I am a poor pensioner If they want to put me in jail they can The farmers had a big enough protest — maybe motorists should get together and have a protest meeting"

Mrs Purkiss said "We normally all just sit back and accept things, but I am absolutely furious I am starting a petition and will send it to the Ministers of Mineral and Energy Affairs and Transport

"The Government should help us stop inflation If it is making a profit from its pipelines — as I understand it is — it should decrease the price of petrol

"The petrol price affects everybody in this country It has a ripple effect on the prices of all products such as bread and milk, which especially affects the poor"

Mrs Purkiss is asking anybody interested in the petition to contact her at (011) 447-2765 Mr Huber's phone number is 849-5371

The petition reads "We, the undersigned, object in the strongest terms possible to the fact that Reef motorists have to pay more for their petrol because of transport costs when the oil pipeline generates a massive profit The Government should help to combat inflation by using these profits to reduce the cost of petrol to inland motorists"

● Picture on Page 3

Cape Times 8/1/86

20pc increase in bread price likely

Own Correspondent

JOHANNESBURG. — The cost of bread may rise by at least 20 percent this year following the increase in the price of fuel and the shortfall in the wheatcrop.

The general manager of the Wheat Board, Mr Dennis van Aarde, yesterday said the government's R200-million subsidy could not make up for the increase in the cost of transport

Sources in the wheat industry say an overall increase of 20 percent is a conservative estimate

Mr Van Aarde said it was unlikely the government would be able to increase the subsidy so the increase would be passed on to the consumer

"Further increases in the cost of bread are also likely if the government accepts the finding of the Davin Commission of Inquiry which recommends that the bread subsidy be phased out"

There were two bread price increases last year, each of 5c a loaf

Move to soften rice price blow

8/1/86 (244) Evening Post

By RAYMOND HILL

MOST leading stores in Port Elizabeth are going to try and keep the rice price on ice

They will continue selling present rice stocks at the old price despite the 13% increase announced by suppliers yesterday

An official of the PE Consumers' Association, Mrs Jean Brittain, said "The increase is a terrible shock for everybody, especially for those in the lower income group There is even talk of a bread price increase"

A spokesman for Grand Bazaars, Mr N Bernstein, said the price would remain the same for at least a month at all of the company's outlets

Pick 'n Pay Hypermarket's Food Chief, Mr P Connellan, said he had heard about the increase three months ago The store would definitely keep the price down for at least a month

Mr L le Roux, divisional director for Checkers, said the price would be kept down, depending on how much old stock was available

Mr Graham Claasens, Pick 'n Pay Supermarkets' regional buyer, said he would try to keep the price down for three to four weeks

"We are obviously going to ask those concerned not to put up the price I am still waiting for an official announcement," he said.

Mr I K Ramjee, owner of Bigway Bargains, Korsten, said the price went up twice in 1985, although no general sales tax was charged He, too, would keep the price down for about a month.

There were about eight different brands of rice

The cheapest price was 59 cents for 500 grams and R2,79 for two kilogram packets.

Another dealer, Mr Shun Pillay, of Pilbro supermarket, Korsten, described the increase as "terrible", considering that rice was a staple food

He would continue selling the product at the old price for as long as he could

● The marketers of Tastic and Surprise Rice, S Wainstain, decided to put up the price because of the weak rand-dollar rate and the increase in transport costs

Ford prices to rise by an average 7pc

MCW 9/1/86

(266)

The Argus Correspondent

PRETORIA — Ford's entire range of cars and light commercials is to rise by an average seven percent with immediate effect

The increase is in line with the rest of the motor industry, most of whom have announced increases during the past few weeks.

Ford's cheapest model — the Escort 1300L — now costs R12 065, an increase of R1 515 — without GST

Ford's popular Escort 1600 Sport now costs R14 035, while the Sierra 2,0GL, a favourite with fleet-buyers, is R18 280, an increase of R2 255.

The most expensive model in the Ford range is the luxurious 3,0ℓ Granada Ghia automatic, which will now cost R37 245, an increase of R4 710

The increases are blamed on inflation, the rising cost of raw materials and the continued poor performance of the rand against the dollar

Ford car prices increased by 7 pc

10/1/86 STAR

The price of the entire range of Ford cars and light commercials is to rise by an average 7 percent with immediate effect.

The increase is in line with the rest of the motor industry, most of which announced similar increases during the past few weeks.

Ford's cheapest model — the Escort 1 300L — now costs R12 065 without GST, an increase of R1 515

Ford's popular Escort 1 600 Sport now costs R14 035, while the Sierra 2,0Gl, a favourite with fleet buyers, is now R18 280, an increase of R2 255.

This latest increase is blamed on inflation, the rising cost of raw materials and the poor performance of the rand against the dollar. — Pretoria Correspondent.

Retailers score in the Christmas rush

Appliance sales 50% up as buyers beat 1986 prices

Bus Day 10/1/86 (244)

CHERILYN IRETON

RETAILERS, who shopped early with manufacturers to beat looming price increases, hit the jackpot in pre-Christmas appliance sales.

Sales of large-ticket imported items marked at old prices were up between 40% and 50% on 1984.

Those manufacturers able to meet the demand for white (big appliances) and brown (small appliances) goods at unadjusted prices also had a merry Christmas

However, old stocks have since diminished and manufacturers report that stocks showing the new year price rises of up to 50% are selling sluggishly.

Consumer awareness of the increases seems to have encouraged sales of imported items, particularly microwave ovens, video recorders and dishwashers.

According to Dion merchandising manager Steve Kirland, sales of these items improved by between 20% and 50% on last year.

"People were definitely taking advantage of the good prices on offer. Trading could be stiff in the next few months when our stocks start running out," he told *Business Day*.

Barlows manufacturing director Peter Dupin said Christmas sales had gone exceptionally well, but warned that many manufacturers were now out of stock and prices would jump in line with the forecasts of up to 50%.

Official sales figures for white goods, television sets and radios are expected later this month.

"January sales do not look too marvellous," according to Tek marketing director Richard Ferrer. "Once retailers had stocked up for Christmas, things switched off, and as a result we had a disappointing December."

Ferrer attributes the slowdown in spending to waning consumer confidence and lack of disposable income. As a result, manufacturers are expecting January sales to fall by at least 20% on last year.

However, judging from retail advertising, there are still manufacturers who have stocks at old prices. These stocks could be the key to survival for the first few months of this year, which otherwise should be a testing time for both retailers and manufacturers.

The overall retail sector claims trading over Christmas was slack, although turnover was on a par with 1984.

The general economic situation and the consumer boycotts are cited as the causes, although retailers are unable to separate the two.

Most believe recovery of this sector is heavily dependent on political moves by the government.

"If the government reflates the economy with energy and enthusiasm and creates more work opportunities, things may improve," says OK director Alan Fabic

Leap in production price index heralds inflation boost

10/11/86 BUS DAY

(244)

GERALD REILLY

HOPES of even a moderate decline in the rate of inflation this year were dashed yesterday by the release of the November production price index, which increased by a year-on-year 20,4%.

This has effectively guaranteed that price increases to be faced by consumers — as measured by the Consumer Price Index — will jump to over 20% later this year.

Increased prices faced by producers will ultimately be passed on to consumers.

The All-Commodities Index — incorporating both imported and domestic goods and services — rose by a year-on-year figure of 20,4%, with an increase in November over October of 4,2%.

On an annualised basis, the monthly increase represents a staggering rate of inflation of 64%.

If such a rate were sustained, South Africa's economy would rapidly sink into a vicious hyper-inflationary cycle.

The decline in the external value of the rand and the import surcharge have badly affected the rate of price increases, but even the year-on-year figure for locally produced commodities rose by 18,1%, with a 2,8% jump during November.

Imported commodities increased by 28,5% November-on-November, and by a huge 8,8% (which annualises to well over 100%) in November.

Volkskas economist Adam Jacobs said the 8,8% rise was due mainly to the first effects of the 10% import surcharge.

"The index indicates there are many more shocks for consumers in the months ahead".

Against a background of the November figure he now expects the average inflation rate for 1986 will be between 17% and 18%. "And it will not surprise me if the CPI goes above 20% at some stage during the year".

Aggravating the CPI level would be the tendency for food prices to continue to rise — particularly meat prices.

The services segment of the CPI could also be expected to rise sharply, including medical costs and short-term insurance rates.

Other economists agreed the outlook for 1986 was grim. They agreed, too, that the CPI would hit 20% during the year, and that this might not be the ceiling.

The Star Saturday January 11 1986

sunrise news

But the petrol price is no joke!

"Stop clowning around with the petrol price," says the much-loved clown, Francesco He has given the "Jack and Jill" petrol price petition his full backing and says he will have to give up his touring shows because the cost of pulling his caravan is too expensive. He was one of 700 people who have telephoned Mr Jack Huber and Mrs Jill Purkiss over the past four days. Franceso teams up here with Mrs Purkiss and her baby Daniel

'Jack and Jill' project snowballs

Black consumer body supports fuel petition

STAR 11/1/86 (30) 244

By Jackie Unwin

The Black Consumer Association has given its support to the "Jack and Jill" move to petition the Government to drop the petrol price increase

The petition project is snowballing with more than 400 telephone callers offering to help since *The Star* published the story of the launch on Tuesday

The executive director of the association, Mr Eldridge Mathebula, said "Most of the black consumers do not have cars as they are a luxury, but when petrol rises it affects bread, milk, and margarine which the poor consumers are highly dependent on

"We feel very strongly about this and must take some action"

The petition was started by a Benoni pensioner, Mr Jack Huber, and a 24-year-old Parkhurst housewife, Mrs Jill Purkiss, who decided to take a stand when the inland motorist was hit by the latest petrol price increase

"We have had numerous calls from furious consumers all over the country, not only the inland areas, so we have decided to change the wording of the petition to include consumers in the whole of South Africa and not just the inland areas," said Mrs Purkiss

New wording

The petition now reads "We, the undersigned, object in the strongest terms possible to continual increases in the fuel price The Government should help to combat inflation by using the massive profits of the oil pipelines to reduce the cost of petrol"

Mr Huber said "The phone rings from 6am to midnight non-stop The people feel we must stand up at last and stopped being pushed about.

"There is a lot of despair and people are finding it so difficult to make ends meet and get to work.

"Jill and I take down their names and addresses, send them one copy of the petition and ask them to photostat and circulate it to cut down printing costs."

He said some paper and envelopes had been given to help with expenses But he said buying postage stamps might prove a problem.

Anybody who would like to help with the petition should telephone Mrs Purkiss at (011) 447 2765 or Mr Huber at 849 5371

General price freeze urged

Consumer Reporter

A Johannesburg man feels the petrol price petition is "a wa of time" Instead, the government should be petitioned to imp an immediate price freeze, says Mr Harry Friedgut

Mr Friedgut said "I think simply organising a petition in reg to the cent petrol price rise is a waste of time. We are actu being faced by an economy getting completely out of hand

"We have had three classic examples in the past few weeks - 10 percent increase in the price of cement, which was totally justified, the milk price rise and the petrol situation

DISCOUNT PETROL

"In reverse, when Pick 'n Pay wanted do something for benefit of the consumer and discount petrol, the governm moved with haste to stop it.

"If the increase in our rand value should remain constan will take months and months before we get the benefit — if eve

"Assuming the petrol petition succeeds, which is highly unlik all that is going to happen is the price will revert to R1 petition should be for a general price freeze Israel had a 400 p cent inflation, imposed a price and wage freeze, and brought do inflation to 200 percent

"The petition on the government should be for an imr diate imposition of a price freeze otherwise the country is hea in one direction It is far more serious than a purely econor problem In my view the man in the street, the black man, is concerned with a vote, which is a concept, a nebulous thing when those who are employed can no longer feed their child then there will be trouble," he said

Price controls 'could help'

W/E ARGUS 11/12/86 DAIRY 244

Weekend Argus Correspondent

JOHANNESBURG — South Africa's milk industry was caught in a vicious cycle of price rises which price controls could help curb, said Dairy Board chairman Mr Jan van Vuuren

He denied reports that he had called for an investigation into the milk pricing structure

He said milk producers were eager to see price controls re-introduced and if enough of them made representations to the Dairy Board, he would see an inquiry was held.

Justified

However, he said the latest 6c a litre increase in the Transvaal by milk distributors was, on the figures, justified. Milk distributors had seen transport and packaging costs soar in the last year.

Two major Cape Town distributors have increased their prices by 2c a litre.

Mr van Vuuren said he was aware of a number of producers who were worried that the latest round of increases would harm the industry. These farmers would welcome the reintroduction of price controls

The South African National Consumer Union today urged consumers to boycott fresh milk and use powdered milk.

Chairman Mrs Betty Hirzel said if all South Africans did this for only one week distributors would have to think again about the exhorbitant price increase.

"Following the abolition of price control on milk at retail level and of GST, this increase makes consumers lose faith in the free-market system," she said.

Powdered milk was cheaper, she said, and manufacturers had promised to reduce its price by 65c a kg.

GRAPHIC BY PNINA FENSTER

Cost of living: up, up and away

244 13/1/86

LESLEY LAMBERT

RAMPANT price hikes are widely expected to turn 1986 into one of the worst years people have known. (See graph)

Not all economists agree, however, that inflation is set to top 20% despite the massive increase in November's production price index.

Old Mutual economist Rob Lee agrees that (annualised) inflation will exceed 17% for the next few months, as the effect of the weak rand continues to filter through the economy, but says it will settle at 16% to 17%.

This assumes the external value of the rand will average US$0,40, he adds

Hard-pressed consumers can draw some solace from this forecast but, as the figures show, increases in a wide range of goods and services have already eroded spending power.

Lee says it should also be borne in mind that measuring inflation is an exercise in statistics.

The CPI increases recorded in the first half of 1985 will not be as substantial during the same period in 1986.

GST is not expected to feature in this year's Budget and, although higher electricity tariffs will fuel inflation, increases in the petrol price are not expected to emulate last year's 45% leap.

The economy is showing signs of turning but the initial pick-up in domestic demand will be slow and the price increases, that normally accompany a healthier economy, will probably be sluggish, Lee says.

Consumers have good reason to remain cynical, however, as the price of essential items continues to soar (see graph).

New consumer resistance to higher prices could [illegible] the progress of runaway inflation.

Consumer bodies have strongly motivated public resistance, and the usually shy South African consumer has reached the stage where buyers are forced to take on the challenge

Lee says one aspect with disturbing, long-term implications for inflation is the authorities' shift in monetary policy — from curbing inflation to encouraging growth.

The dangerous after-effects of this shift — including the increase in government spending — will lag, striking the economy in 1987 rather than this year, according to Lee.

Although November's 4,2% production price index figure was the highest since 1953, this was due to the accumulative effect of the weak rand and the surcharge on imported goods on items not accounted for each month, he adds.

ally lags at least a year behind other sectors of the economy. But

some money around, especially if it creates employment."

BUS DAY 13/2/87 244

Airlines resolve to increase travel

THE Regional Airlines Association of Southern Africa has taken steps to increase international and inter-regional air travel.

The decision was taken at a recent general meeting at Mbabane, Swaziland.

Two sub-committees — one to look at fares and rates, the other to draw up an inventory of equipment and service resources — have been formed to carry out the resolution.

The first will consist of a representative from the national carriers of the member countries — South Africa, Angola, Zambia, Malawi and Mozambique.

The other will consist of one representative from each of South African Airways, Safair, Royal Swazi National Airways and Magnum Airlines.

The sub-committees are expected to report back in April 1987.

Expert expects sharp CPI drop

29/2/86

Economics Reporter

THERE should be a sharp drop in the consumer price index (CPI), when the February figures come out, and the average rate for 1986 will be 16,5-17%, according to Rudolf Gouws, new group economist at Rand Merchant Bank.

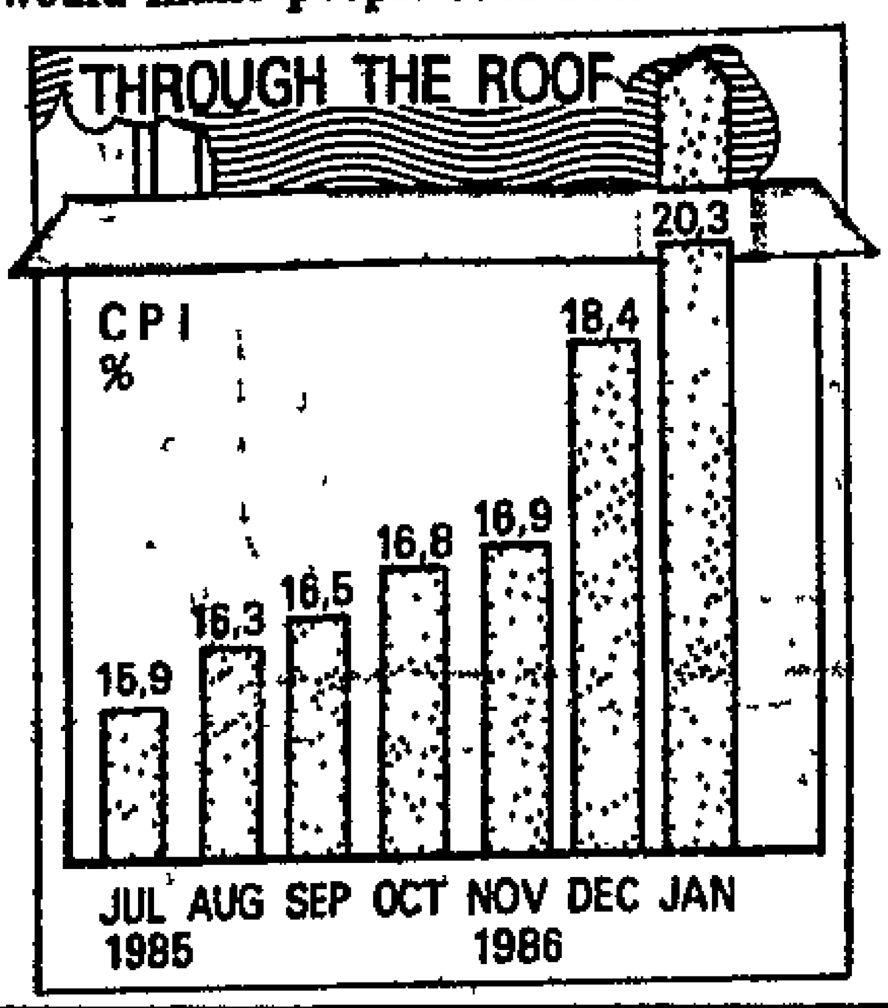
All economists have been surprised by the January rate of inflation, which at 20,7% was at least 1% higher than expected, Gouws adds.

He believes that there is little that government can do as there is not much scope for tax cuts, although lower rates of personal tax are possible.

Assocom chief executive Raymond Parsons believes that there is a possibility that the strengthening of the rand will mean a stabilisation, and eventual reduction, of inflation, but it may not be wise to let it strengthen too much, in view of its impact on foreign debt.

"If inflation is not managed," Parsons says, "we could see the next economic upturn last not for three years as before, but for 18 months. The inflationary expectations could lead to wage inflation."

He says the next budget will be crucial, as the right tax cuts could defuse expectations as greater take-home pay would make people feel better off.



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Red meat prices expected to rise

STAR 11/2/86 ·24

Pretoria Bureau

"Moderate increases" in the cost of red meat can be expected this year, according to the assistant general manager of the Meat Board, Mr Freek Tomlinson.

Delivering an overview of the meat industry in the past year at the Agrocon conference in Pretoria yesterday, Mr Tomlinson said the consumer price of red meat had risen little in 1985. He said this indicated that rising costs were absorbed by traders.

"It goes without saying that this situation cannot go on indefinitely and retail trade price increases were already brought in during the last quarter of 1985 when the auction price also increased."

Mr Tomlinson said the supply of red meat to the various markets was expected to decline during 1986 and 1987.

However, total demand would show a moderate increase.

Consumers would, therefore, find that red meat was less available and came at a higher price.

He said stock farmers, like their other farming colleagues, had just battled through a difficult period and their debt burden and the climate would continue to have a significant effect of production and marketing decisions.

Cigarette prices go up today

244

6/8/86

The price of cigarettes has risen by about 4c for a packet of 20, local cigarette manufacturers confirmed today.

The spokesman for Rembrandt said the price had risen by 4,6 percent or 3,6c for a packet of 20. Although the retail price was not controlled, a packet of 20 was expected to cost 4c more in shops.

He said the price rise had been made necessary by the rise in the cost of imported materials and transport costs.

United Tobacco Company prices have risen by 2c for 10, 4c for 20 and 6c for 30.

Both companies said they felt it was not necessary to announce the increase before it came into effect today.

The Rembrandt spokesman said there had been no agreement between the two companies to increase prices. The United Tobacco Company spokesman said that, as the smaller company, they followed the price rises of Rembrandt.

Bread price could rise by 20 percent

Mercury 8/1/86 ~~3 Bread~~ 044

Mercury Correspondent

JOHANNESBURG—The cost of bread is expected to rise by at least 20 percent this year as a result of the increase in the price of fuel and the shortfall in the wheat crop

Wheat Board general manager Mr Dennis van Aarde said yesterday that the Government's R200 million subsidy could not make up for the higher cost of transport

'It is unlikely the Government will be able to increase the subsidy and the increase will have to be passed on to the consumer,' Mr van Aarde said

Further increases in the cost of bread are also likely if the Government accepts the finding of the Davin Commission of Inquiry which recommends the bread subsidy be phased out in the next few years

Last year the price of bread increased twice by 10 c over the year last year and was apparently so impressed that he initiated the tie-up. was probably the most innovative commercial banker the country has seen.

Price shocks for consumers in 1986

9/1/86 BUS DAY (1986) (244)

GERALD REILLY

SHOCKS galore await consumers during the course of 1986. And motorists in particular can expect their costs to escalate at an even greater rate then last year.

The year ended for them with a 6c/l petrol price increase in November.

They were hit with another shock increase of two cents from January 1, and unless there is a swift and dramatic improvement in the exchange value of the rand, another increase of between 4c and 6c can be expected within the next six weeks

Department of Mineral and Energy Affairs has put the "break even" exchange rate level at 43 US cents to the rand.

And although the rand has slipped through the 40c barrier it is still a long way from 43c under current market conditions, say economists.

Director-General of Mineral and Energy Affairs Louw Alberts told *Business Day* if the rand continued to strengthen a reduction in the expected further price hike might be feasible — or it might even be possible to avoid an increase altogether.

The department was watching the performance of the rand closely, together with the international oil market where a price reduction seemed to be in the offing.

Another factor which had to be taken into account when determining the next price rise was that oil companies were still under-recovering.

However, if the rand continued to improve against the dollar, and oil prices continued to sag, the under-recovery could disappear, Alberts added.

And from May 1 the petrol price is expected to be loaded with another 2c a litre when the third party fuel levy system is introduced.

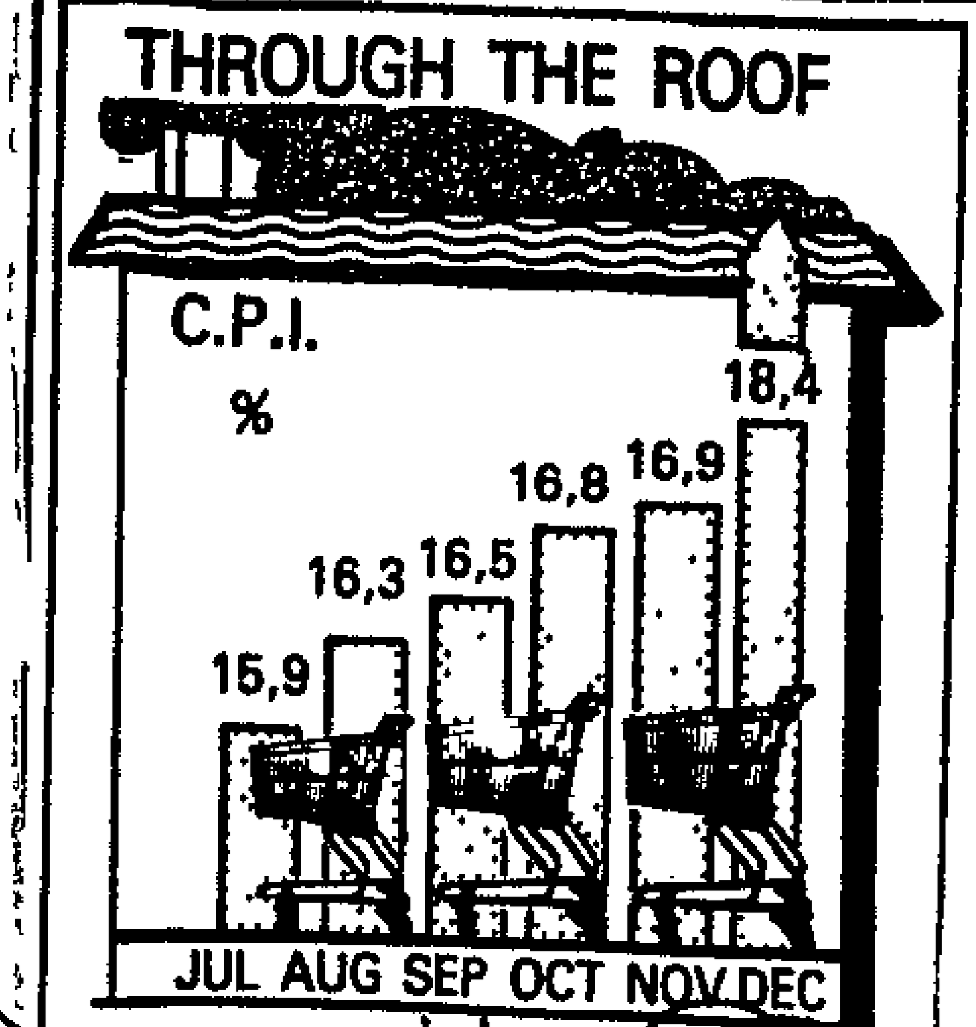
Yesterday Deputy Director of Transport Ronnie Meyer said a plan for the handling of claims in terms of the proposed new scheme had been submitted to Transport Minister Hendrik Schoeman.

Economists expected pressure on all consumer goods prices to continue unabated.

Still to affect prices were the higher fuel price, the 15% hike in rail tariffs and the effects of the battered rand on imports, as well as the 10% surcharge on certain imports.

They expected, too, that the inflation rate as measured by the CPI would rise above 17% for December.

It reached a record level of 16,9% in November.



CPI spiral will hit consumer

22/1/86 244 Bus Day

GERALD REILLY

THE inflation rate as measured by the Consumer Price Index (CPI) spiralled to a year-on-year peak of 18,4% in December, according to figures released in Pretoria yesterday by Central Statistical Services.

Sharp rises in food and fuel prices pushed the CPI to its highest level since the 1920s.

The December CPI is 1,5% up on the November-on-November increase of 16,9%. It rose by 2% (an annualised increase of 24%) with a sharp surge in the food-only index of 3,5% (annualised 42%).

Meat prices rose sharply by 6% in December, fruit by 5,4% and vegetables by 5,2%. During December, too, the running costs of vehicles increased by 4,7% (annualised 56,4%), mainly because of the November increase in the fuel price.

Economists warned that the country was on its way to 20% inflation unless drastic moves were made by government.

During December the rate for lower

● To Page 2

Soaring inflation hits consumers

244

● From page 1

Bus Day 22/1/86

income groups rose by 2,2% to a year-on-year 16,3%, that for middle income groups by 2,2% to 18,8%, and the higher income group by 1,8% to 18,9%.

Volkskas economist Adam Jacobs said the increase would have a shock impact on consumers. It would also be a further blow to confidence in the economy.

He said there was a danger that inflationary expectations would become an entrenched feature of the economy and consumers would spend today in the belief that prices of goods and services would continue to rise and the purchasing power of their money would continue to shrink.

"Inflation feeds on itself and to control it is becoming more difficult by the day."

Like other economists, he warned of new inflationary pressures just ahead.

These include the threat of further tariff increases in the Sats budget on Febuary 19; higher postal tariffs from April; the probability of two bread price hikes before mid-year; and a maize price rise from the start of the new season in May.

Moves by government to stimulate the economy could add to the pressures.

United Building Society economist Hans Falkena forecast an easing of the CPI in the first two quarters, for purely technical reasons, followed by an accleration in the last two quarters. The position would be greatly aggravated if the government failed to keep a tight rein on administered prices and on the money supply, he added.

E. Post 21/1/88

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Bread price rise 'pure speculation'

Political Correspondent

CAPE TOWN — Hints of a bread price rise were "pure speculation", a senior spokesman for the Minister of Agricultural Economics and Water Affairs, Mr Greyling Wentzel, said today

The Davin Commission report on the bread subsidy had still to be considered by the Cabinet, he said

In the event of an end to the subsidy, a formula would probably be worked out to protect the poorer sections of the community

It was reported in Business Day yesterday that the Cabinet was expected to approve an increase before the main Budget in March It speculated that the rise could be 5c a loaf

The spokesman said [illegible] issue a statement later today or tomorrow to "clarify the speculation".

Costs killing wine farmers — KWV

STAR 13/1/86

244

The existence of the wine farmer in South Africa is being threatened by excessive increases in production costs, according to KWV chairman Mr Pietman Hugo

Production costs rose sharply in 1985, he said, giving as examples increases of 26,5 percent for chemicals, 17 percent for mechanisation, 23 percent for electricity and 38 percent for irrigation.

These rises overshadowed the "modest increase" of 9,9 percent in the good wine price granted to the wine producer in January 1985

Mr Hugo said KWV's policy of introducing "only modest price increases" in recent years, and wine producers' attempts to absorb part of their production costs themselves to boost wine sales, was nullified by suppliers of production items who passed full price increases on to wine farmers

The wine industry was under even more pressure regarding packaging costs where it was also "losing the battle of keeping the price to the consumer under control"

The price of glass bottles rose by an average of 14,7 percent a year from 1983 to 1985

The wine farmer believed he was not selling wine to the consumer, but rather bottles, corks, cartons and labels, Mr Hugo said Alternative packaging materials should be found.

Alternatives did exist and development in this field should be accelerated to enable the consumer to continue receiving wine at a reasonable price.

Rand rise may mean a smaller petrol rise

Star 14/11/86

By Jackie Unwin

The strengthening rand has raised hopes there may be no — or only a small — increase in the price of petrol in February. A price hike of six cents per litre was feared.

The rand reached 42,35 US cents in trading this morning.

Mr Lourens van den Bergh, directer of Energy Acquisition and Distribution for the Department of Mineral and Energy Affairs, said.

"I believe we can be optimistic I hope that the rand is strengthening and stabilises at a higher level to the extent where there will be no or a smaller increase than was expected when calculations were made last November."

The calculations then had been based on an rate of 38 US cents to the rand

"It was announced then that if there was no improvement in the exchange rate we would have to reconsider in early 1986. If the exchange rate remained at 38 American cents the increase would have been roughly six cents a litre"

He emphasised the rand would have to stabilise at the higher level for a period. "We normally calculate our figures on an average for the month. It depends what the exchange rate is going to do in January."

Mr van den Bergh said a reduction in the crude oil price resulted in lower import parities which filtered through to the consumer

"Certain crude oils on the open market have dropped, but not all of them. A meeting of Opec ministers is scheduled for January when they will determine whether there will be a general price reduction.

"I hope we will be able sometime to give some good news to the public."

Mr Robin Scholtz, road traffic affairs controller of the Automobile Association, said it was "a bit presumptious to hope there will be no increase but if the exchange rate holds its own we can possibly look to an increase of less than six cents"

Surcharge on books slated

14/1/86 STAR

Municipal Reporter 244

The 10 percent import surcharge on printed works could price many books out of the reach of Johannesburg readers

This is the opinion of the Johannesburg City Council's Library Consultative Committee, which maintains that the exemption from the surcharge granted to State and provincial institutions should be extended to local authorities

Combined with the unfavourable exchange rate, the surcharge placed a heavy burden on libraries, which would seriously affect the city's cultural and educational amenities, said the committee

Only books valued at less than R20 and received by post were exempt from the surcharge

Private sector pay increases lag 5pc behind inflation

15/1/86 STAR

Pretoria Bureau

Most private sector pay increases in 1986 are expected to continue to lag about five points behind the inflation rate, a management consultants' study has found.

It found that for the year from July 1984 to July 1985, average overall increases were 10,8 percent. The inflation rate for that time was 16,4 percent

Blacks got the largest percentage increases, 12,3 percent, followed by Asians (10,7 percent) and whites (9,9 percent).

The highest increases among whites was in the data processing field, where pay rises averaged 13,2 percent. The highest rise for blacks was in the clerical and secretarial sector (13,3 percent), for Asians and coloureds in administration, 12 and 12,9 percent respectively.

Among all population groups, the lowest wage hikes were in the manufacturing sectors which saw an increase of 8,3 percent for whites, 9,4 percent for blacks, 8 percent for coloureds and 7,5 percent for Asians.

The latest Reserve Bank bulletin says the total renumeration of employees increased by 13,5 percent in the last six months of 1984 But as the economy continued on its downward slump, salaries only showed an increase of 8,5 percent in the first half of last year and 3,5 percent for the third quarter of 1985.

Wine price set to rise by 13 pc

STAR 15/1/86

244

PAARL — Wine prices are expected to increase by at least 13,6 percent this year.

A statement issued by KWV yesterday announced an increase of 13,6 percent in the minimum price to be paid by wholesalers to wine farmers during 1986.

"This is for both good and distilling wine," the statement said.

The minimum price for good wine is now R48,26 a hectolitre Last year's price was R42,48. This represents an increase of 4,3c a 750 ml bottle.

About 50,5 percent of the total wine harvest can be sold on the South African market as good wine, the statement said

The minimum price of flavoured wine remains unchanged

The minimum price for distilling wine is now R31,24 a hectolitre compared to R27,50 last year.

This is an increase of 3,7c a litre.

BRANDY

Thirty percent of the total crop will be required for the production of brandy and other distilled products for the South African market.

The surplus has been estimated at 19,4 percent of the total vintage and is earmarked for the export market.

The wine farmers' share in the final price of his product remains small, the statement said.

"In view of this sacrifice it is hoped that the wholesalers and retailers will also adjust their prices in a moderate manner.

"This year's wine crop surplus will be sold on the highly competitive overseas commodity market as the KWV had succeeded in doing in the past few years." — Sapa.

League to seek return of milk price control

15/1/86 STAR

244

By Jackie Unwin

The Housewives' League is to ask the Minister of Agriculture to reintroduce price control on milk as a temporary measure because of the poor economic climate.

Reacting to the recent 6c a litre increase in the price of fresh milk, the vice-president of the league, Mrs Jean Tatham, said: "There is a general misconception that the lifting of price control has brought about competition in the milk price. The distributors agreed to the opening up of registration of dairies if price control were lifted.

"The Dairy Board thought this would create enough competition but, with our economic times, there just hasn't been the money to encourage the opening of new dairies.

"Where new dairies have appeared and there is competition we find a variation in price.

"Price control does not mean rigid pricing. Any retailer can undercut the controlled price. It still leaves room for fluctuation but should cut out the exorbitant increases with which we are being confronted."

Mrs Betty Hirzel, chairman of the Consumer Union, does not support the call for milk price control to be reimposed.

"I have sympathy with the suggestion but I know that, if we want to get into a free economy, we cannot be retrogressive and go back to control. We have to put our energies into ensuring that there is competition and just not buy the product if it is too expensive."

KWV to pay wine farmers 13,6% more

BUS DAY 15/1/86 244

CHRIS CAIRNCROSS

THE minimum producer price for both good wine and distilling product has been raised by 13,6% for 1986, says KWV.

The increase is marginally below the inflation rate, but substantially higher than in previous years.

The minimum price of good wine has been fixed at R48,26 h/l, compared with R42,48 h/l last year.

The minimum price for distilling wine has been set at R31,24 h/l where the alcohol content is 10% by volume, compared with R27,50 h/l last year.

The prices were subject to approval of the deputy Minister of Agricultural Economics and Water Affairs, KWV said in Paarl yesterday.

Based on these increases, KWV projects gross income for the wine industry of almost R294m this year, compared with R256,6m last year.

The estimated average net return on investment for the industry this year, on the basis of this projection, is expected to be about 7,8%.

Crop estimates for this year are 8,341-million h/l, a marginal increase of 0,4% on last year's total production of 8,309-million h/l.

About 60% of the total crop is expected to be available for good wine, of which about 90% will be sold on the SA market.

Oil prices on downward trend

STAR 16/1/86 (244)

NEW YORK — New cuts in US oil prices were announced yesterday, and analysts said signs of continued over-production by Opec were adding to a downward spiral in oil prices.

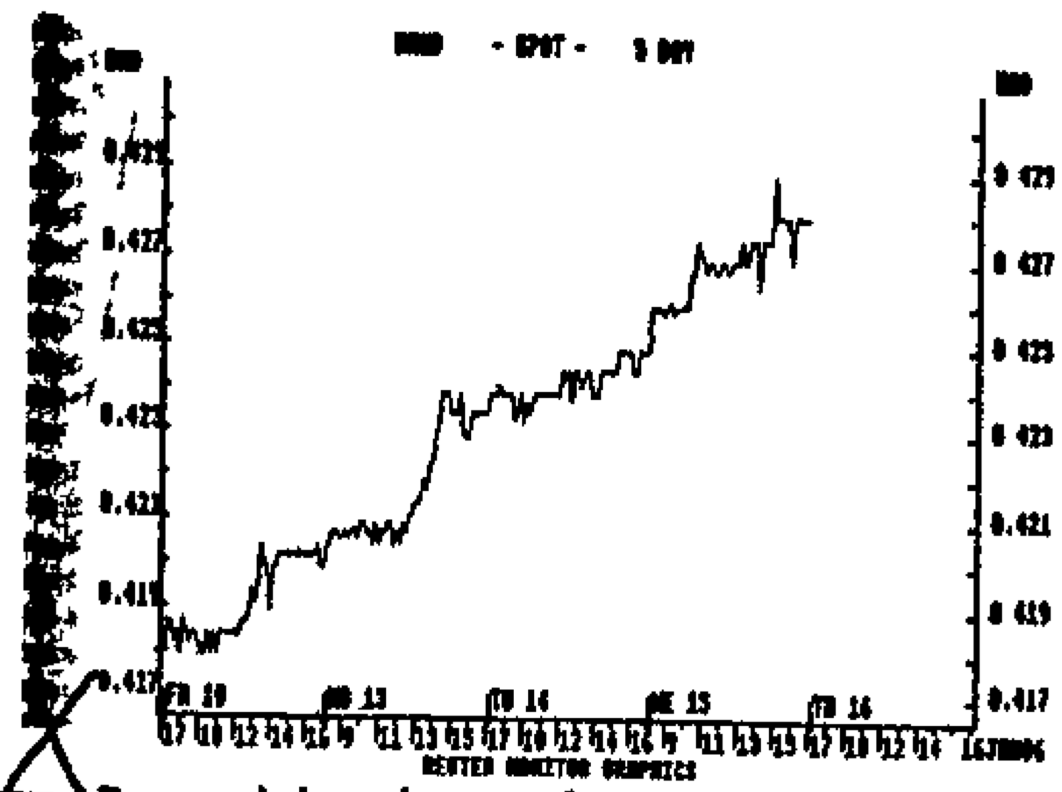
Saudi Arabia's oil production soared to an average of nearly six million barrels per day (bpd) during the first week of January, industry analysts said, and Saudi output may have reached as much as seven million bpd for at least one or two days at the beginning of the year.

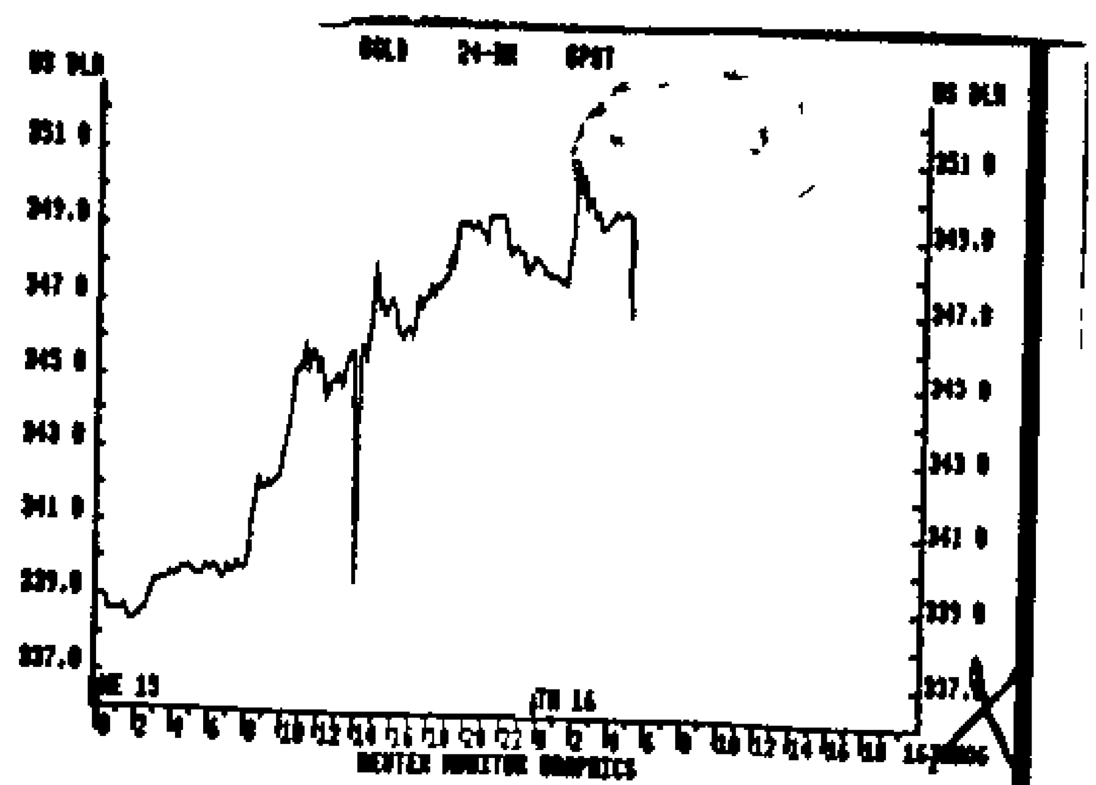
Opec (Organisation of Petroleum Exporting Countries) output for January has averaged above 17 million bpd after 18 million bpd last month, they said. Current world demand for OPEC oil is estimated at best at 16,9 million bpd.

Under Opec's current production agreement, Saudi Arabia acts as a "swing" producer, raising or lowering its output in an attempt to maintain the producer group's overall production at 17-19 million bpd.

Saudi Arabia has been producing about 4,35 million bpd, its allotment under an Opec ceiling agreement, in recent months. Last July its output fell as low as 2,2 million bpd while at its peak in 1980 Saudi output averaged 9,9 million.

Rising Saudi output, the desire of other Opec nations to hold on to their market share, and higher output from non-Opec nations has removed any fears of a supply squeeze this winter. — Reuter.





Buoyed by the performance of gold on bullion markets and helped by Reserve Bank smoothing operations, the rand has continued to gain ground.

The local unit closed yesterday at 42,75 US cents after having touched 43c at one stage.

Dealers feel there is a new tone of confidence surrounding the rand as beliefs that the debt rescheduling negotiations will be satisfactorily concluded gain strength.

After dipping initially yesterday heavy buying of gold throughout the day in Europe and overnight in the US sent the metal soaring on world bullion markets.

At one time the metal traded over the $350 mark but is currently quoted at around $346,43 as some profit-taking pared yesterday's strong gains

Fears over the US/Libya confrontation combined with a weaker dollar pushed the metal ahead.

16/1/86 STAR

Gold price surges $9,80

244

NEW YORK — Gold prices surged in busy US and European trading yesteray, reaching the highest levels in about 14 months, amid anxieties over the tension between the United States and Libya.

The dollar declined as currency traders awaited the outcome of the upcoming G-5 meeting

Renewed speculation that the officials from the five countries may favour concerted action to force interest rates down helped push the dollar lower, currency dealers said.

In New York, gold jumped $9,80, closing at $349,50

Mr Jeffrey Nichols, president of American Precious Metals Advisors Inc, said gold buying has been heavy partly because of the US-Libya confrontation over the December airport attacks in Vienna and Rome

Mr Nichols said Middle Eastern citizens, among others, have been purchasing gold in recent days, which has helped send the precious metal's price higher.

Mr Bernard Savaiko, a senior precious metals analyst with Paine Webber Inc, said some of the resurgence in investors' appetite for gold stems from last week's sharp sell-off in the stock and bond market

After opening lower in London and Zurich, heavy buying lifted gold to its highest price since November 1984 and it then remained high throughout the day

Meanwhile, the dollar finished lower against most major currencies, except the Canadian dollar

Dealers linked some of the dollar selling to a report quoting West Germanan Economics Minister Martin Bangemann which suggested that the finance authorities will discuss strategies to bring interest rates lower worldwide when they meet in London on Saturday.

"Speculation is heating up about the chances for lower rates," said William Orsini, senior commercial trader at the Bank of Montreal in New York

The economic leaders are scheduled to meet in London, but they are not expected to reach any dramatic agreements like the September 22 accord to reduce the dollar's value in a bid to cool protectionist fervor.

In US trading, the dollar fell to 2,4545 West German marks from 2,47275 on Tuesday

Other late dollar rates in New York as of 16h00 EST (21h00 GMT), compared with levels late Tuesday included·

- 202,42 Japanese yen, down from 202,85;
- 2,07775 Swiss francs, down from 2,0935,
- 1,4089 Canadian dollars, up from 1,4055;
- 7,5475 French francs, down from 7,5750.

The British pound stood at $1,4460 late in New York compared with $1,43765 on Tuesday. — AP

Wine price increase

STAR 17/1/86

(182) (244)

Transvaal wine-drinkers are likely to be hit by a price increase of between 11,5 and 14 percent.

This is despite the fact that the Cape Wine and Spirit Institute has recommended that its members increase the wholesale selling price of wines and spirits by less than 10 percent

The recommended wholesale prices in the Western Cape of local spirits will be increased by an average of 7,4 percent and the prices of natural wines by less than 10 percent.

Newsprint decision

BUS DAY 17/1/86 (244)

FRED STIGLINGH

AN ANNOUNCEMENT on an increase in the price of newsprint is expected from the Newspaper Press Union (NPU) today.

This follows talks between paper producers Sappi and Mondi and the NPU earlier this month.

The increase will affect the first six months of this year.

Industry sources say mills are claiming increases of 17%, but the NPU says it is negotiating to keep the increase as low as possible.

Hal Miller, NPU chairman and executive chairman of the Argus Printing Company, said earlier behind-the-scenes talks were taking place about the possibility of a newsprint contract with the mills to replace the existing one.

According to Mondi, demand for newsprint last year — when several newspapers, including the *Rand Daily Mail* and *Sunday Express*, disappeared — fell more than 15%.

Newsprint prices were adjusted twice in 1985 to take into account the switch to thinner paper.

Bottleneck squeezes Lesotho into talks

BUS DAY 17/1/86

PETER HONEY

AS LESOTHO and SA prepared for joint security talks in Pretoria, either today or on Monday, speculation mounted in the face of official denials from Maseru that Prime Minister Leabua Jonathan's 20-year tenure of power was sliding into the hands of the military.

SA's border bottleneck of crossing to Lesotho completed its 16th day yesterday with reports that the the tiny mountain kingdom was in dire economic straits.

Pretoria imposed a go-slow on supplies of fresh food, fuel and medical supplies on New Year's Day, to drive home its demands for Lesotho to crack down on ANC insurgents it said had been operating from that territory.

Lesotho Information Minister Desmond Sixishe ordered the expulsion of an SABC TV crew after *Netwerk* presenter Colie van Coller asked him about an alleged ANC training centre in Maseru, the SABC said yesterday.

Meanwhile, Botswana disclosed it had arrested 18 illegal immigrants in and around Gaborone since last week. Although there was no official confirmation, most of these were believed to be members of the ANC.

One man — 45-year-old South African Nelson Selepe — had already appeared in court charged with illegal possession of Kalashnikov assault rifles and ammunition.

Lesotho Premier Jonathan had made no public statements by late yesterday and was said to be in his office.

His Press secretary Tsoeu Ntsane told *Business Day* yesterday there was no truth in reports that the an extraordinary cabinet meeting on Wednesday had decided to transfer the Prime Minister's functions to King Moshesh 2 and that Jonathan had been placed under virtual house arrest.

"Everything is very calm. It's business as usual," he quipped.

Foreign Minister Pik Botha said yesterday that senior officials of his department, the Defence Force, police and Home Affairs department were to meet Lesotho government officials on SA's proposal that a special sub-committee on security should be set up as part of the existing bilateral liaison committee.

"In view of the urgency of the matter it is suggested that a meeting be held as soon as possible, either tomorrow or Monday at Union Buildings in Pretoria," he said.

● See Page 2

Good chance of holding fuel price

BUS DAY 17/1/86

244

Business Day Reporter

PROSPECTS improved yesterday for a cut in the fuel price as the rand rose to $0,4325/35.

But a Department of Mineral and Energy Affairs spokesman said Third Party insurance could become part of a levy on fuel this year.

He added that Mineral and Energy Minister Danie Steyn had said in November — when the petrol price had been increased by 6c/l — that if the rand improved to $0,42, a price increase could be avoided.

"All the increases in the past year were a result mainly of the deteriorating exchange rate. Should it improve dramatically, say to $0,45 and above, the increases could be reversed," he said.

Cape Times 18/1/86

Bakery's cut may mean 'war'

Staff Reporter

A BREAD price-war may be about to break in Cape Town after a bakery set the price of its new "crushed wheat government loaf" at 47c — three cents less than brown loaves sold elsewhere

Bakoven launched the loaf, which will be sold only in the Cape, on Tuesday, and expected a "big" response, the owner of the bakery, Mr Des Fisher, said yesterday

Mr Fisher predicted that the loaf would sell "very well" but was not sure that other bakeries would cut their prices.

"This is not a sales gimmick and we did this purely for the sake of our customers," he said

The administrative manager of Duens Bread and the Cadora Bakery, which carries the Bokomo range, Mr F J Versveld, said his company had no immediate intention of cutting prices

"Our products have their own advantages," he said.

'We will do likewise'

But he said Bakoven had dropped its price only recently and that the situation would be monitored

A spokesman for Milly's Mister Crusty said his company would have to consider "all aspects" of the new loaf before making any decisions

"If possible, we will do likewise and cut our prices, but production costs are going up"

Spokesmen for other bakeries in the Peninsula said price cuts would be difficult as the price of flour was soon to rise and labour was increasingly expensive

They all said that, despite this, if large bakeries lowered their prices, they may be forced to do the same.

Senior buyer for Pick 'n Pay, Mr A Baxter, said that supermarkets would not be able to lower their bread prices in response to the latest cut.

"Supermarket bakeries do not have a licence to bake government bread," he said "Other bakeries with this licence are free to alter the cost of government loaves."

Mail piles up as STAR postal rate rise is forgotten

20/1/86

344

Mail destined for overseas has been piling up at South African post offices because people appear to have forgotten that local and international postage tariffs were increased at the beginning of the year

The problem seems to be uniquely South African as the Post Office reports that most incoming overseas mail is adequately stamped.

A Post Office spokesman in the Transvaal said last week that the main sorting office in Johannesburg had about 10 000 items that were inadequately franked

1 000 A DAY

A spokesman for the Durban Post Office said that, two weeks ago, staff were processing up to 1 000 letters a day that did not have sufficient postage

"Insufficiently franked mail is subject to a considerable delay as these items have to be held back for the various procedures involved in recovering the shortfall in postage," he said

"If airmail letters bear the sender's address, the Post Office affixes the missing postage, forwards the letter by air, and politely asks senders, on a special card mailed to them, to pay the shortfall.

COLLECTED

"Airmail letters that do not bear the sender's address are surcharged using an internationally accepted formula which, on receipt at destinations, is converted to their currency and collected from addressees on delivery."

International postage tariffs were increased by an average of 30 percent at the beginning of the year

Examples of the new airmail charges, for each 10 g, are: an increase of five cents on mail to Britain — from 25 c to 30 c; an increase from 15 c to 20 c on airmail to nearby African countries; an increase from 30 c to 40 c on mail to America, and an increase from 35 c to 40 c on mail to Australia.

● GOODALL ● DIVARIS

BUS DAY 244

Bread price shock looms

20/1/86

GERALD REILLY

THE cabinet is expected to approve another bread price rise — it could be 5c a loaf — before the Budget in March.

Informed sources in Pretoria said at the weekend the adjustment could be made early next month

The increase would be made to to compensate the baking and milling industries for added costs caused by the 8c/l rise in the petrol price since November.

The cabinet's dilemma is whether or not to provide enough cash in the Budget to avoid yet another big price rise at the start of the financial year in April.

The decision will have to be taken against the background of the Davin Commission recommendation that the bread susbidy should be phased out.

The cabinet will also have to sanction the import of 300 000 tons of wheat to supplement SA's crop

7 killed, 45 injured in fighting on mine

BUS DAY 20/1/86

CLAIRE PICKARD-CAMBRIDGE

SEVEN workers died and 45 were hospitalised after fierce fighting broke out between Zulus and Pondos at the Gold Fields' administered Kloof Mine near Westonaria early yesterday

A management spokesman said fighting around the mine hostels started just after midnight and involved about 2 000 of the 14 000-strong workforce. The SA Police had been called in and peace was restored by 6.30am.

He said management met with delegations from Zulu and Pondo factions yesterday and it emerged that a Zulu gang, the Soul Brothers, had been harassing and attacking lone Pondos

Cubans arrive in Maseru

STAR 20/1/86

PETER HONEY

CUBAN foreign minister Isidoro Malmierca, his wife and five Cuban officials flew into troubled Maseru on an official visit on Friday.

Meanwhile military commanders loyal to Lesotho Prime Minister Leabua Jonathan undertook a bloody purge of dissidents within the paramilitary force.

By midnight on Friday, two dissidents and two loyalist soldiers had died in the clashes, which apparently erupted when 35 paramilitary force members, including a colonel and a major, were ordered to hand in their weapons.

Information Minister Desmond Sixishe told *Business Day* yesterday the Prime Minister's position was secure, adding it had not been at stake when paramilitary troops surrounded Jonathan's offices on Wednesday.

Sixishe said the Cuban delegation's visit reciprocated a visit to Cuba by Lesotho Foreign Minister Vincent Makhele in October.

Cuba and Lesotho had formal diplomatic relations, he said, but the two chose not to exchange diplomatic missions because Lesotho feared it would aggravate its shaky relations with SA.

Sixishe yesterday rejected suggestions that Lesotho might try to garner Cuban military aid in retaliation for SA's constriction of supplies to the landlocked

● To Page 2

● GOODALL ● DIVARIS

BUS DAY 244

Bread price shock looms

SPAR 183

20/11/86

GERALD REILLY

THE cabinet is expected to approve another bread price rise — it could be 5c a loaf — before the Budget in March.

Informed sources in Pretoria said at the weekend the adjustment could be made early next month.

The increase would be made to to compensate the baking and milling industries for added costs caused by the 8c/l rise in the petrol price since November.

The cabinet's dilemma is whether or not to provide enough cash in the Budget to avoid yet another big price rise at the start of the financial year in April.

The decision will have to be taken against the background of the Davin Commission recommendation that the bread susbidy should be phased out

The cabinet will also have to sanction the import of 300 000 tons of wheat to supplement SA's crop.

7 killed, 45 injured in fighting on mine

BUS DAY 20/11/86 298 273

CLAIRE PICKARD-CAMBRIDGE

SEVEN workers died and 45 were hospitalised after fierce fighting broke out between Zulus and Pondos at the Gold Fields' administered Kloof Mine near Westonaria early yesterday

A management spokesman said fighting around the mine hostels started just after midnight and involved about 2 000 of the 14 000-strong workforce. The SA Police had been called in and peace was restored by 6.30am.

He said management met with delegations from Zulu and Pondo factions yesterday and it emerged that a Zulu gang, the Soul Brothers, had been harassing and attacking lone Pondos

Cubans arrive in Maseru

STAR 1/12/86 157

PETER HONEY

CUBAN foreign minister Isidoro Malmierca, his wife and five Cuban officials flew into troubled Maseru on an official visit on Friday.

Meanwhile, military commanders loyal to Lesotho Prime Minister Leabua Jonathan undertook a bloody purge of dissidents within the paramilitary force.

By midnight on Friday, two dissidents and two loyalist soldiers had died in the clashes, which apparently erupted when 35 paramilitary force members, including a colonel and a major, were ordered to hand in their weapons.

Information Minister Desmond Sixishe told *Business Day* yesterday the Prime Minister's position was secure, adding it had not been at stake when paramilitary troops surrounded Jonathan's offices on Wednesday.

Sixishe said the Cuban delegation's visit reciprocated a visit to Cuba by Lesotho Foreign Minister Vincent Makhele in October.

Cuba and Lesotho had formal diplomatic relations, he said, but the two chose not to exchange diplomatic missions because Lesotho feared it would aggravate its shaky relations with SA.

Sixishe yesterday rejected suggestions that Lesotho might try to garner Cuban military aid in retaliation for SA's constriction of supplies to the landlocked

● To Page 2

Newsprint cost to rise 16,5%

BUS DAY 244
20/1/86

Industrial Staff

NEWSPRINT prices for the first half of the year are to rise by up to 16,5%.

Newspaper Press Union members have received notification that ex-mill prices have increased by 14,25% (Mondi) and 16,5% (Sappi).

Industry sources estimate the effective price for NPU members will be about R1 060 a ton, an increase of 17,7%.

Sappi's ex-mill price is up from R788 a ton to R918 and Mondi's from R877 to R1 002. The ex-mill price for higher quality off-set newsprint will be R1 094,72 a ton.

The last price increase — in the second half of 1985 — was 1%. January to June last year saw an effective increase of 14,98%.

BUS DAY. 21/1/86 (244)

Fuel levy helps civil engineers

JANE STRACHAN

THE 5c/l fuel levy increase last year for the National Road Fund enabled the National Transport Commission to award civil engineering contracts worth R315m.

The industry as a whole, however, took a battering last year with a likely further decline still to come.

The 30 NTC contracts recorded by the SA Federation of Civil Engineering Contractors (Safcec) were more than in previous years, but other big clients, notably Sats and Escom, awarded much less work last year than in 1984

In money terms the 1985 total was about 6% below that of the year before.

Severity of the prolonged downswing is illustrated by the drop in the industry's workforce which, according to Safcec, fell from 125 000 in 1981 to 89 000 in November 1985

This loss of 36 000 jobs represents nearly 30% of the 1981 labour force.

Safcec adds that the continuing highly-competitive conditions point to more hard times this year.

SOWETAN

244

23/11/86

Shopping Basket

PRODUCT	BLACKCHAIN			MAPONYA		
RICE	2 kg	5 kg	10 kg	2 kg	5 kg	10 kg
Tastic	R3,95	R9,76	R19,23	R3,75	R8,69	R17,99
Surprise	R2,99	R7,39	R14,51	—	—	—
Harris	R2,82	R6,99	R13 98	—	—	—
Sugar	2,5 kg		12,5 kg	2,5 kg		12,5 kg
Huletts	R2,15		R10,42	R2,15		R10,79
Oil	750 ml	2,5 ml	5 ml	750 ml	2,5 ml	5 ml
Solo	R2,73	—	—	—	—	—
Sunol	R2,55	R8,39	—	—	—	—
Cotona	—	—	—	R2,39	R7,99	R15,69
Peanut Butter						
Black Cat	—	—	—	R2,49	—	R15,99
Excella	—	—	—	R2,49	R7,99	R15,69
Flour	2,5 kg	5 kg	12,5 kg	2,5 kg	5 kg	12,5 kg
Sasko	R2,26	R4,29	—	—	R4,49	R10,89
Snowflake	R2,26	R4,29	—	—	—	—
Mealie Meal	2,5 kg	5 kg	12,5 kg	2,5 kg	5 kg	12,5 kg
Iwisa	R1,59	R3,16	R7,89	R1,45	R2,89	R7,19
Ace	R1,59	R3,16	—	R1,45	R2,89	R7,19
Induna	R1,39	R2,55	R6,99	R1,29	R2,49	R6,69
A-1	R1,36	R2,68	—	—	—	—
Impala	R1,33	R2,75	R6,99	R1,29	R2,49	R6,39
Super Meal	—	—	—	R1,45	R2,89	R7,19
Candles		81c			85c	
Sunlight		51c			49c	
Condensed Milk						
Nestlé		R1,09			R1,05	
Gold Cross		R1,09			R1,05	
Tea	250 g		500 g	250 g		500 g
Pitco	R3,48		R6,83	R3,59		—
Joko	—		R6,63	R3,45		—
Five Roses	—		R7,48	R3,39		—
Teaspoon Tips	—		R5,55	R2,59		—
Coffee		750 g			750 g	
Ricoffy		—			R4,89	
Frisco		—			R6,35	
Koffiehuis		—			R6,29	
Soap						
Palmolive		64c			62c	
Lux		62c			62c	
Sunlight		—			55c	
Deo 24		58c			—	
Lifebuoy		—			46c	
Shield		57c			55c	
Nordika		59c			59c	
Tooth Paste						
Macleans		R1,52			—	
Aquafresh		—			R1,49	
Close Up		—			R1,49	
Mentadent		R1,53			R1,49	
Colgate		R1,59			R1,35	
Detergent	1 kg		2 kg	1 kg		2 kg
Omo	R2,59		R5,05	R3,09		R6,09
Punch	R3,19		R5,18	R3,15		R6,09
Surf	R2,69		—	R3,09		—
Good, Clean & Fresh	—		—	R2,49		R4,85
Skip	R2,57		R5,04	R2,59		—
Extra	R3,19		R5,18	—		—
	750 ml		750 ml	750 ml		2l
Stasoft	R1,46		R2,59	R1,69		R2,99
Pride	R1,74		R3,07	—		—
Javel	—		—	75c		R1,08
Jik	81c		R2,45	—		—

Power to cost 8 p c more

244

Mercury 28/1/86.

Municipal Reporter

THE cost of electricty in Durban will increase by 8 percent from Saturday.

The tariff increase was approved yesterday at a special city council meeting.

Councillor Patrick O'Connor said the increase would create a R10,6 million surplus, but he could get no seconder for his suggestion referring the matter back to the Management Committee.

Mr Peter Mansfield said restricting the increase would have short-term benefits but long-term disadvantages.

Mr Denis Fraser, City Electrical Engineer, said the price increase was neccessary because of the 10 percent increase in Escom tariffs, which came into effect on January 1.

Substantial rise likely in world sugar price

STAR 24/1/86 244

Own Correspondent

DURBAN — A substantial increase in the world world sugar price to about eight US cents a pound (from the present 5,4 cents) is being forecast by traders and experts.

These predictions are being taken into account in South Africa's export programme, and no South African sugar is on offer for forward sale at the moment, says SA Sugar Association export manager David Hardy

Commenting on latest projections from leading sugar statistician FO Licht, Mr Hardy said they were backed up by other experts who foresaw production drops and consumption increases

These forecasts come despite a price slide of about 20 percent since December In the light of this, the projected increase from 5,4 to eight cents a pound is substantial, says Mr Hardy

"We have taken account of this in our marketing. No sugar is available for forward sale at present," he said. However, sales have been normal and stocks also are not unduly high.

The Licht report sees world sugar production falling to 97,18 million tons in the 1985/86 crop years from a revised 101,02 million tons the previous year.

At the same time world sugar consumption will continue to grow, assuming no major run-up in prices, which should cause a significant draw-down in world stocks in 1986/87

The joker in the pack is that producers — foreseeing an increase later this year — could reverse cut-back plans and again increase supply, says Mr Hardy Major producers such as Brazil, Australia and South Africa are all reflecting lower supply figures

SA Sugar Association chairman Dr Kees van der Pol says in an article just published in the Tongaat Group's magazine *Condenser* that changes in the industry (the pool system and transportation cost allocations) are likely to result in a reduction in the export surplus

"Only high export prices can restore the profitability of the industry to more reasonable levels."

The latest Licht production figure compares with an estimate of a 97,68 million ton output made in early October and includes a reduction to 6,9 million tons in the Cuban crop from an October estimate of 7,2 million tons prior to the damage caused by hurricane Kate and compared to last year's 8,87 million tons

Board and trade unable to explain increase

Housewives furious about meat prices

30/1/86 STAR

244

By Jackie Unwin

The price of meat traditionally shoots up at Christmas, but in December it rose to such an extent — and has not come down — that housewives have never been angrier than they are now, says Mrs Joy Hurwitz, president of the Housewives' League

Addressing the Red Meat and Livestock Forum meeting this week, she said the general manager of the Meat Board, Dr P H Coetzee, had assured her the market was well supplied and the board was buying in.

"So I fail to see why our meat prices rose to such a degree," she said.

"The price of lamb went so high that I got a rocket from the board for telling people not to buy. And over Christmas the chicken industry benefited.

"Who is able to answer why the meat prices are so high?"

She said she had asked the South African Agricultural Union, the Meat Board and supermarkets and had received no explanation for the "economic fiasco"

WORRIED

Mr Frans Pieterse, the new deputy manager of the Meat Board, said. "The trade and the authorities are worried about the situation"

He said the meat industry was suffering the most and it was difficult to understand why the prices were so high

"The trade is walking away from the market and the next day coming back and buying at higher prices.

"It is something we cannot solve here. We need to sit together with the trade and the agents We need a much bigger forum to address this problem"

Mr Bill Slater of the Organisation of Livestock Producers said that because of the favourable wool price and the rand-dollar exchange rate, many farmers were holding their sheep for wool production rather than putting them on the slaughter market.

"But the beef section is in total confusion. We don't know what is going on."

Mr Michael Barrett of Renown said that traditionally in December there was "crazy purchasing when people buy what they want at whatever price"

He said the only factor that differed from previous years was that the prices had not come down in January

"We believe there is a lack of cattle coming to the market."

⌣onsumers angered by high cost of living

Petrol decision could be crucial

STAR 23/1/86 (244)

By Jackie Unwin

Consumer bodies, angry and alarmed at the runaway inflation rate announced yesterday — at 18,4 percent, the worst in 66 years — are appealing to the Government to help the man in the street.

The Government's decision on an increase in the price of petrol in February could have a crucial effect on whether the inflation rate will drop or go even higher.

The Government is coming under mounting pressure to decrease rather than increase the petrol price.

President of the Housewives' League, Mrs Joy Hurwitz, said "We are expecting the price of petrol to drop now the rand is in a better position

"Tax on petrol is about 20 percent of the price. We feel it is unfair to tax us on such an important commodity when it costs so much."

The league plans to ask the Government to remove the 12 percent GST from all food

Mrs Hurwitz said she planned to arrange a meeting with the Minister of Agriculture to discuss

● The increase in the price of milk

● Statements that meat prices will remain high

● The maize price rise which is in the offing

● A possible increase in the price of bread related to petrol costs

Mismanagement

"It has been a crisis situation for a number of years and yet our inflation rate continues to escalate," said Mrs Hurwitz

PFP MP Mr Brian Goodall said "We now begin to pay the price for political and economic mismanagement.

"The Government has not taken its exhortations to the public about inflation seriously and has allowed administered prices to rise at very rapid rates

"We are beginning to find ourselves in a vicious inflationary cycle If our inflation rate is 18 per cent while that of our major trading partners is between 2 and 4 per cent, the rand will depreciate even further in value in the long term

"This makes the cost of imported goods more expensive which, in turn, leads to even higher inflation in South Africa

"I think it is vital the petrol price does not rise The Government should use the massive surplus on the pipeline to help contain the petrol price

"Unless the Government sets an example by restricting its own expenditure we will end up with a considerably lower standard of living than we enjoy now," he said

Meeting on petrol discounts

Abolition of price control discussed

24/11/86 STAR (244)

By Jackie Unwin

The Government is to consider representations for the abolition of retail price maintenance of petrol, according to an announcement by the Minister of Mineral and Energy Affairs, Mr Danie Steyn

The matter was discussed at a symposium in Cape Town yesterday under Mr Steyn's chairmanship.

Bodies present were the Competitions Board, the Department of Manpower, the oil companies, the Consumer Council, the Housewives' League, the Afrikaanse Handelsinstituut, Assocom, the Federated Chamber of Industries, Pick 'n Pay, the Automobile Association, the Motor Industries Federation, the Motor Industry Combined Workers' Union and Nafcoc.

Mr Steyn said that, with the present high prices resulting from the exchange rate, consumers were naturally sensitive to the potential advantages of price decontrol.

Other aspects considered yesterday were the petrol price structure, employment, the long-term and strategic implications for South Africa of changes in the present system

All suggestions would be evaluated before proposals were submitted to the Cabinet.

Organisations represented at the symposium were asked not to comment on the discussions until Dr Steyn had considered the proposals.

However, the Motor Industry Federation (MIF) chose yesterday to put forward its case in opposition to self-service petrol.

Mr S Druckman, chairman of the Southern Transvaal division of the federation said its position was important because of the threat to employees and the creation of new job opportunities.

"We believe in the long run that the consumer is getting a fair deal," Mr Druckman said

"Unemployment, particularly in respect of those population groups from whose ranks petrol driveway attendants are traditionally recruited, is a serious problem and the Government spends millions to create new job opportunities.

"We therefore believe that it is extremely irresponsible for any sector of our economy to destroy employment opportunities," said Mr Druckman.

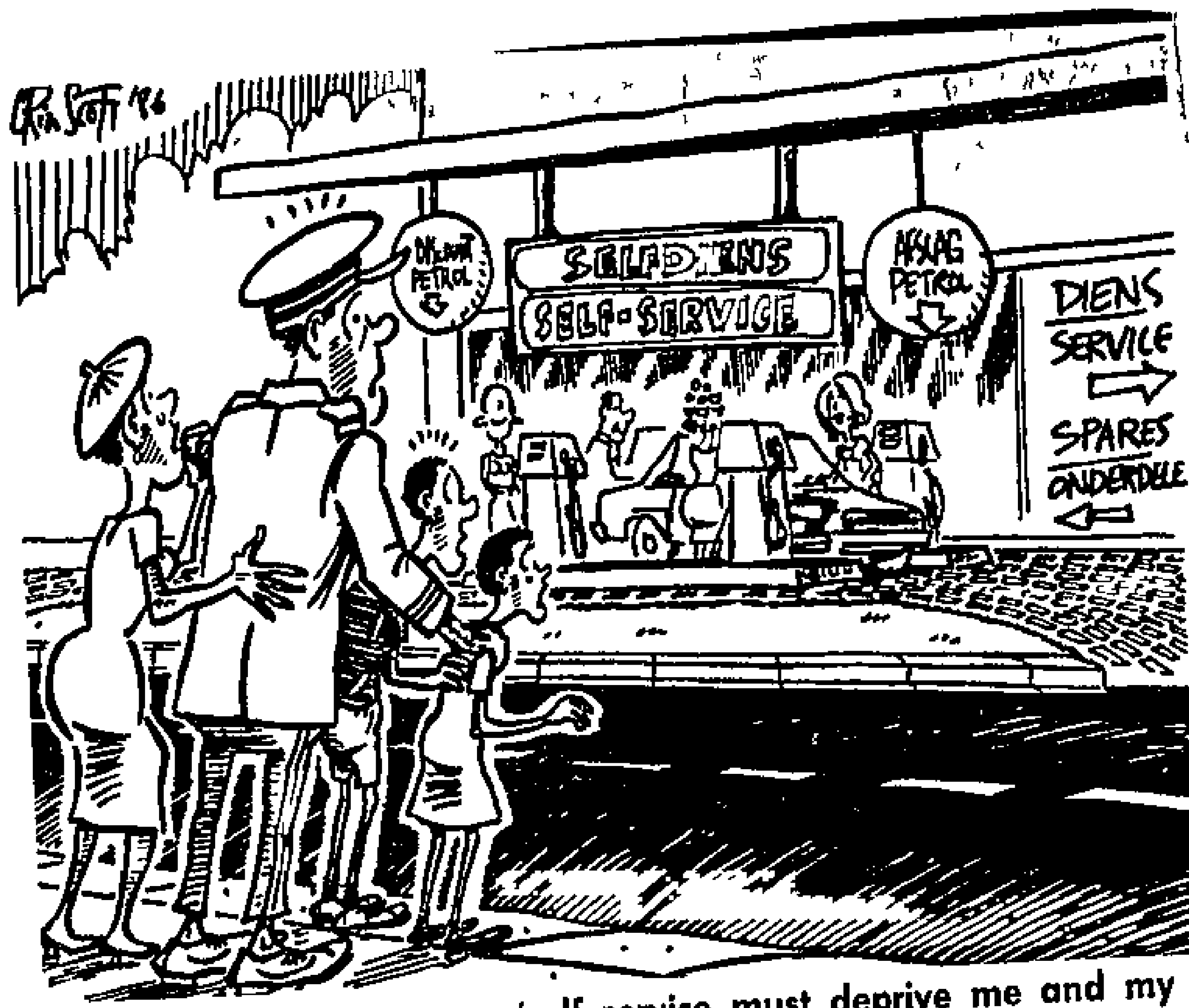
"This will be the result, if self-service is in the retail trade," he said.

The matter was highlighted late last year when Pick 'n Pay ran into trouble with the authorities after amendments to Petroleum Products Act which forbade retailers to sell petrol below the prescribed price

By allowing customers to serve themselves, Pick 'n Pay's Boksburg store was able to offer a four cents a litre discount on petrol.

Pick 'n Pay was given a few months' grace to continue the scheme in Boksburg, and the authorities said they would discuss the matter.

After yesterday's meeting, Dr Steyn, said the government had received representations from various groups calling for the abolition of the exemption granted to the oil industry on the retail price maintenance of petrol.



'Is it fair that price cutting/self service must deprive me and my dependants of a living for as little as 2c per litre?

SA petrol price set to drop

STAR

244

24/1/86

By Sue Leeman, Pretoria Bureau

Plummeting world crude oil prices coupled with the strengthening rand could lead to a lowering of the petrol price, according to informed sources.

At the least, it seems the Government may be able to stave off the 6c a litre increase it had planned to implement, probably early next month.

It is understood there will be a meeting of the department's pricing committee on Monday when crucial decisions are expected to be made.

A spokesman for the Department of Mineral and Energy Affairs, Mr Theuns Burger, said the department was "very optimistic" about the situation.

"Both the exchange rate and the crude price — which is now less than $18 a barrel — seem to be working in our favour.

"The department is doing its sums and we are very hopeful."

If the price of crude dropped to $15 a barrel, as was being predicted, this would be "a very good sign", he said.

However, Mr Burger pointed out that the department would want to make sure the current situation was not temporary before it made any far-reaching decisions.

It would be a while before the effects of the slump in the crude price would filter through to the consumer, he said.

● Oil prices went into a tail-spin yesterday after the Saudi Arabian Oil Minister, Mr Ahmed Zaki Yamani, warned that prices could fall below $15 a barrel and bring dire economic consequences to the w...

● See Page 1...

24/1/86

8 pc rise in cost of electricity

Mercury

Municipal Reporter

DURBAN consumers will probably pay an extra 8 percent for electricity from February 1.

The City Council will hold a special meeting on Monday to discuss the possible tariff increase

Mr Denis Fraser, City Electrical Engineer, said the price increase was necessary because of the 10 percent increase in Escom tariffs which came into effect on January 1

The difference between the Escom increase and that proposed by the council was because the cost of buying electricity from Escom made up 60 percent of the council's total electricity bill and the balance of the council's costs had not been as high as 10 percent.

'The one-month delay in implementing our increase has been taken into account in the proposed increase,' Mr Fraser said

City power 'among world's cheapest'

By Shirley Woodgate, Municipal Reporter

STAR 24/1/86

Johannesburg's electricity tariffs are among the lowest in the world, according to the City Electrical Engineer, Mr Wessel Barnard

In a paper presented last night to the South African Institute of Electrical Engineers, Mr Barnard traced the history of 80 years of electricity supply to the city

He said. "Johannesburg boasts one of the largest and most sophisticated municipal electrical undertakings in the world, with a maximum demand approaching 1 300 MW and income exceeding R300 million administered by a staff of 3 500"

This was a far cry from 1888, when the first concession was granted for the production and delivery of gas for lighting, heating and power for a population of little more than 3 000.

Mr Barnard told the SAIEE's historical group that the official view of the Newtown cooling towers was that they were unsafe and "had to go"

He continued "This contrasts with two of the Kelvin power station towers which were underdesigned and developed cracks. They are being repaired at considerable cost, using a method that has not been employed elsewhere in the world

"Today, nearly 60 years after people came from all over the country to wonder at the magic of I W Schlesinger's first traffic controller, erected at the intersection of Rissik and President streets, the city boasts 800 traffic lights.

Govt challenged to cut fuel price

STAR 25/2/86

244

Political Correspondent

CAPE TOWN — Opposition finance spokesman Mr Harry Schwarz called on the Government today to reduce the petrol price immediately as a contribution to bringing down the rate of inflation.

"The most important step the Government can take now in its fight against inflation is to reduce the petrol price," Mr Schwarz said

"This will demonstrate to the public that prices can go down and it will have a ripple effect throughout the economy I believe it could account for an immediate reduction of about 1 percent in the inflation rate"

Reacting to yesterday's additional budget in which Finance Minister Mr Barend du Plessis asked Parliament for an extra R1 500 million in funds for the Government in the current year, Mr Schwarz said it was clear inflation had affected the Government

"Once again, promises to keep control on government expenditure have not been kept," said Mr Schwarz. "To blame the need for relief of the poor and the unemployed is not valid because we warned the Government at the time that the budget did not adequately provide for this

"In any case, the amount of money devoted to these issues has been a relatively small proportion of the overall extra spending"

● See Page 8.

'Profit on old stocks'

Garages 'got R368-m from petrol price increases'

27/1/86 STAR

244

By Jackie Unwin

Every time the petrol price rises, garages can get a windfall and could have profited by R368 million from the price increases of the past 15 years, a Johannesburg businessman has claimed.

He says the bonanza comes from the increased value of their stocks in hand.

But Mr Jannie van Huyssteen, executive director of the Motor Industries Federation, dismissed the allegation, saying the businessman "must be living in a fool's paradise".

And Mr Bernard Lafitte, managing director of Total SA, said the extra profit made was impossible to assess and the businessman's calculation had been based on estimated stockholdings which were "way out and far too high".

The businessman, who does not wish to be identified as he works in the petrol industry, said that, over the past 15 years, the price of petrol had increased from 9,9 c to R1,02.

"With every increase, the filling stations have had the benefit of the increase on their stock on hand — that is 92,1 c a litre over the period. On an average stock of 100 000 l, this amounts to R92 100. With at least 4 000 filling stations across the country this amounts to R368 million

PAID BY HARD-HIT MOTORIST

"The average filling station has thus pocketed an extra R6 000 a year, paid by the already hard-hit motorist.

"Surely the authorities should have imposed a special levy (equal to the relative increase from time to time) and compelled the garage owners to pay this to the department concerned? This money could then have been credited to the equalisation fund or road levy and the benefits shared by all motorists."

Mr Lafitte said "It is impossible to make even a vague approximation of the profit made because we don't know the stocks held by the various stations at the time of the price increase.

"Every time the price of petrol increases the dealers do make a stock profit because part of the stock which has not been sold is sold at the new price Vice versa, when we had a price decrease there was a stock loss In 1986, with the rand appreciating and the price of crude oil, down we may have another price decrease, resulting in a stock loss for the dealer.

ESTIMATE FAR TOO HIGH

"It all depends on the capacity of the tanks they have.

"But the stock holding of 100 000 l capacity used in the businessman's calculation is far too high The average station has between 20 000 l and 30 000 l capacity.

"Petrol station owners cannot make enormous stock profits because of limited capacity. They are not allowed to refuse to sell the day before the price increase and are not allowed to close the station."

Mr van Huyssteen said "Petrol increases are announced well in advance, so the public is expecting them and fill their tanks — the newspapers see to it"

Mr Alan Gardiner, executive director of Pick 'n Pay, said "Since we started selling petrol in 1975 we have had a very clear policy on price increases We will not sell a litre of petrol that we buy at the old price at an increased price and I think we have made a lot of extra money because the customers have been loyal to us because of that one honest action

GRABBING THE PROFIT

"Very few petrol station owners do that. They take a short-term view and grab the profit while it is there for the making.

"I am sure that the extra profits being made by garages run into many millions of rands"

But he also felt the 100 000 l estimate of the average stock a petrol station carried was too high

"An average of 30 000 l would closer," said Mr Gardiner.

"A far more accurate estimate of extra profits made would be something in excess of R100 million

"If the Government wants to regulate the price of petrol would it not be wise to regulate the way the petrol is sold at the time of price increases and stop

Oil price rises — and so does rand

STAR 24/11/86

Oil prices turned sharply upward yesterday in New York, halting a decline that cut crude prices by about 23 percent in less than two weeks.

Analysts suggested several reasons for the reversal, including announcements of production cutbacks by Iran and Egypt, delays in European shipments by the Soviet Union, and technical factors in the market.

In the bullion markets, gold initially firmed yesterday before falling sharply in late trading and the metal is now trading nearly $10 below yesterday's peak, fetching $354,48 in Hong Kong this morning.

The rand, however, continued to rise on the local foreign exchange despite the gyrations of the gold price.

It came in for some good buying support and approached the 45 US cent mark against the dollar before closing at 44,88c — over half a cent up on Friday's close.

● See Pages 15 and 16

CTC: We may talk on bus fares

DISPATCH 28 JAN '86 244

Dispatch Reporter

EAST LONDON — Bus fare increases were subject to discussion with commuter and civic bodies before they were announced, the managing director of the CTC Bus Company, Mr Hans Kaiser, said yesterday.

He was asked to comment on possible CTC fare increases following those of major bus companies elsewhere in the country after recent increases in the price of petrol and diesel.

In order to offset these rising costs, the CTC had applied to the various local road transportation boards for an increase in bus fares, Mr Kaiser said. The boards were still considering the applications.

He said since July last year, when bus fares were increased to offset rising fuel prices, the CTC continued to face steeply rising costs in all essential commodities such as fuel, spares, and tyres.

The company had bought 52 new buses this year, costing R125 000 each.

The price of diesel increased in September and again in November last year, he said. These two fuel hikes alone had added R100 000 to the company's monthly fuel bill.

Mr Kaiser said the company faced the prospect of a R3 million nett loss for the 1985-86 financial year.

How falling oil price could change our lives

STAR 20/1/86 244

By Ramsay Milne, The Star Bureau

NEW YORK — Lower oil prices suggest that the world may be crossing a threshold, marking the emergence from a dozen painful years in which costly petroleum wrecked economies, geopolitics and national and individual priorities.

If sustained, the drop in prices would affect everything from the world's economy to Sunday driving habits and solar energy projects.

In the last few months alone, crude oil prices have fallen by one-third, to less than $20 (about R45) for a 190 l barrel.

Today's prices are roughly half what they were at their peak five years ago, and now some American analysts are talking about $15 oil.

"We went from economic slavery to economic freedom," says Mr Pierre Rinfret, a New York economic consultant

"The decline in the price of oil is one of the most bullish things for the future of the industrial world that I've seen in 35 years of forecasting"

"Twenty percent of world commerce involves oil," said Miss Rosemary T McFadden, president of the New York Mercantile Exchange, where oil futures contracts are traded "There'll be ripple effects everywhere"

Oil experts say that with Opec crumbling, oil prices will be set largely by the free market for the first time since the 1930s, when oil fell as low as 5c a barrel.

The decline in oil prices — particularly in the past two weeks — was sparked in part by a decision Opec made in December to try to protect its share of the market by reducing the prices its members charge to secure sales.

OUTPUT

As part of this policy Saudi Arabia, Opec's largest producer, decided to increase its output, saying it could no longer afford to be the organisation's "swing producer," varying its output to balance the world market and support the official Opec price of $28 a barrel

The consequences could be manifold.

Car trips and plane journeys should become less expensive.

Inflation and interest rates should drop, as should prices of products made with petroleum

These include plastics, synthetic fabrics and fertilisers.

While many countries, including South Africa, will relish the drop in petroleum prices, many others do not.

Oil exporters such as Mexico, Venezuela, Nigeria and Saudi Arabia will face serious economic strains and maybe political unrest as well.

Their bankers, and perhaps the entire global financial system, will feel the pressures

Oil prices and Opec's marketing discipline have been crumbling since early 1980 and 1981, when oil officially sold for $36 a barrel under long-term contracts and reached $42 a barrel in the day-to-day spot market.

Cheaper oil has implications for all kinds of lifestyles

No longer would it seem so important for people to live near work, and in the oil-heated houses of the northern hemisphere it will no longer be necessary to keep the thermostat down or install solar panels on a roof for renewable energy.

Consumer prices for petrol, air travel or petroleum-based products may not, of course, drop as much as expected if manufacturers and retailers retain some of the savings.

But whether they do or not, say experts, the impact of the oil price cuts is certain to affect the everyday life of every citizen in every country in the world in the next few years.

Bus. Day 28/1/86

244

Fuel price cut hinges on rand's strength

GERALD REILLY

AN ANNOUNCMENT on the fuel price is unlikley within the next two weeks, Mineral and Energy Affairs Director-General Louw Alberts told *Business Day* yesterday.

However, he said, if the rand continued to strengthen — it went through the $0,44 barrier on Friday and stayed there yesterday — then the possibility of a price cut could be considered.

"We have to be sure the rand's strengthening trend is not just a flash in the pan. When we are reasonably certain of stability at the higher level then decisions can be made."

Meanwhile any overrecovery, because of the plunging costs of crude and the stronger rand, would be channelled into the Slate Fund, and the motorists would eventually benefit.

Yesterday PFP energy spokesman Ruben Sive said conditions were right for a petrol price reduction or at least a standstill on any further price hike.

The rand was holding steady at above $0,43 — a level at which a Mineral and Energy Affairs Department spokesman had claimed was the breakeven point — and prices of crude on world markets had plunged.

Sive said he would press Mineral and Energy Affairs Minister Danie Steyn for a statement before the opening of the parliamentary session on Friday.

"With the inflation rate at a record 18,4%, and the threat of 20% plus inflation staring us in the face, it is of the greatest importance that a postponement or cut in the fuel price be announced immediately."

Murdoch launches p

Good case for petrol price drop

244

BUS DAY 28/1/86

ALAN SENDZUL

IF THE exchange rate and price for Saudi Arabian light crude oil stabilise at last week's levels, government will be reaping an extra 10c on every litre of petrol sold.

The calculation, made by an analyst, is based on a conservative spot oil price of $26 a barrel and an exchange rate of $0,44. It suggests consumers might have a case for a reduction in the pump price.

If the price were lowered, the oil companies would still receive their fixed mark-up on sales and government margins would not be squeezed unduly.

From a technical viewpoint it could be argued that the changed market conditions might be temporary, although the rand's price has shown it can hold steady above $0,40 and a solution to the oil crisis looks far off.

It is not known, however, if the balance on the Slate account, administered by the Department of Mineral and Energy Affairs to compensate for shortfalls, is in deficit or not.

The account could need topping up, and the current pump price might have to be maintained until the balance is in healthy surplus again.

There are other compelling reasons for a cut in fuel prices once a trend has been established in the oil and currency markets: President P W Botha has been searching for effective ways to rekindle economic activity and curb the rising consumer price index, and consumers are especially sensitive to changes in the petrol price as it has an immediate impact on disposable incomes, buying sentiment and transport costs.

it," Hurd added

European consortium backed by Heseltine

● THATCHER

Low oil prices 'will boost SA exports'

30/1/86. BUS DAY (244)

Business Day Reporter

LOW oil prices will boost SA exports as the economies of the country's major trading partners improve.

This will happen unless anti-SA sanctions intensify, says Southern Life economist Mike Daly.

But he cautions that, given the difficulties facing the SA economy, it is vital that the gold price stays above the $300 level in the medium term.

Any protracted decline will prevent improvement in the rand's exchange rate, and the stimulatory monetary and fiscal policies being pursued by the authorities will be in jeopardy.

Daly says consumers undertook what was probably their last major buying spree in the last quarter of 1985.

Spending was motivated by expectations that imported durable goods would be about 30% more expensive when old stocks run out.

The pre-emptive spending, aided by the repayment of the 1979 loan levy, will almost certainly dissipate during the first quarter of this year.

Real disposable income is still negative. The sharp improvement in the personal savings ratio to 11,2% in the third quarter of 1985, from 4,3% a year earlier, indicates that a reduction in existing levels of consumer credit is still a priority.

Daly says consumer spending will only increase in the latter half of 1986, when civil servants have received their pay increases, agricultural incomes have improved because of a better agricultural season and interest rates have dropped to a turning point.

Sumita sets new pace

TOKYO — The Bank of Japan under the governorship of Satoshi Sumita is being transformed into a much more aggressive and independent instrument to create a new force in world monetary affairs.

"In the past, the bank tended to be a puppet of the Ministry of Finance. It's going out more on a limb under Sumita," said a manager at a US bank in Tokyo.

The bank's new confidence is creating a more open forum to see the politics behind Japan's economic policies as Sumita fences with powerful Finance Minister Noboru Takeshita.

The result has been a certain friction between the bank and the finance ministry, highlighted by the fight over cutting Japan's discount rate.

The bankers believe Takeshita, tipped as the next prime minister, is playing domestic politics by pushing for lower rates to help the many export firms hit by a rising yen.

But Sumita refused to cut rates until the yen was high enough to absorb a cut. He also warned that monetary policy was relaxed enough.

Takeshita responded over the last week by talking down the dollar from 201-202 yen to around 193-195, the bankers say.

The bank yesterday announced a discount rate cut to 4,5% from 5%, having made clear the decision was a central bank responsibility, government pressure apart, they note — AP-DJ.

danger of breakaway unions ... ing to set up a rebel TUC.

BP hits at Ackerman over 'oil protectionism'

244

February 86

Petrol giant clamps down on Pick'n Pay

Bus Day

A MAJOR oil company has told Pick 'n Pay it will no longer supply the rebel discounter with petrol.

There is also an indication other oil companies might follow suit.

It could not be determined last night which oil company had cut off supplies

This dramatic move brings to a head a long-running dispute, between Pick 'n Pay on the one hand and government and oil companies on the other, in the group's battle to discount petrol at its 12 filling stations

It also comes on the day Pick 'n Pay defied government and dropped its petrol price by 8c/l and 10c/l, four days before the scheduled date

Earlier, a spokesman for the Department of Mineral and Energy Affairs (DMEA) said the department was monitoring the situation and was in "the process of determining our best course of action"

Pick 'n Pay executive director Alan Gardiner had told *Business Day* the Boksburg hypermarket site would continue to discount petrol tomorrow despite a government order to stop at midnight tonight

This means petrol at Boksburg hypermarket will be sold 12c/l and 14c/l cheaper than other filling stations until they drop their prices on Monday.

Gardiner said if all oil companies refused to supply Pick 'n Pay filling stations with petrol he doubted they would still be in business next week.

He said Pick 'n Pay would attempt to

E HAFFEJEE takes down the "double price" sign at the Boksburg hypermarket.

PETER WALLINGTON

continue negotiations with the DMEA and the oil companies

Government told Pick 'n Pay earlier this week proposals for deregulating the petrol price had been rejected, as had any form of petrol discounting

Gardiner said Pick 'n Pay filling stations around the country had been jam-packed yesterday and this indicated a consumer demand for cheaper petrol.

In other developments yesterday·

□ PFP energy spokesman Brian Goodall said it appeared the oil industry was doing the DMEA's dirty work for it.

He added it was time organisations that tried to reduce the cost of items to the consumer were encouraged instead of having obstacles put in their way;

□ DMEA director-general Louw Alberts said last night his department did not exert pressure on oil companies

He said he did not want to discuss the matter further at present because the department was in the middle of dealing with retail regulations,

□ BP Southern Africa has rejected Pick 'n Pay chairman Raymond Ackerman's criticism of government that it was continuing to protect oil companies by not reducing petrol prices further.

BP chairman Ian Sims said petrol prices and oil company margins were controlled by government

Petrol price controls operated against a *slate* balancing "over and under recoveries" stemming from fluctuations in international market prices, he said

Sims said it was puzzling that Ackerman did not seem to understand that the slate was a balancing mechanism, not a source of extra profit for the oil companies that had, until now, actually been funding a slate deficit of substantial proportions

He said the recent appreciation of the rand against the dollar had brought the slate into equilibrium, and controlled prices had been reduced.

Should the rand continue to appreciate and international oil market prices weaken, further reductions in the prices of products controlled by government — beyond those now announced — would be feasible, Sims added.

"From this it should be quite clear that Ackerman's allegation is totally unfounded" Sims said.

KWAZULU TRANSPORT (PTY) LTD.
trading as
ILANGA TRANSPORT

57 NORTH COAST ROAD, BRIARDENE
P.O BOX 40229, REDHILL 4071
TELEPHONE. 839701. TELEX: 6-22371
CO REG No 75/02852/07

NOTICE TO PASSENGERS

In 1985 Ilanga Transport was obliged to increase its fares as follows
1 FEBRUARY — Fuel Price Increase,
1 SEPTEMBER — Third and Final Phase of the Fares Rationalisation Programme with other major operators (5% increase in cash fares only);
25 NOVEMBER — Fuel Price Increase
It will be noted from the above that no attempt was made to recover increases in other cost factors affecting the operation of public transport such as wages, tyres, spares, etc
Ilanga Transport has taken every step to effect savings but unfortunately the time has arrived where it is compelled to pass these additional costs on to the commuter as from 03 February 1986
Examples for new fares are shown overleaf
The advertisement reflecting new fares, which appeared in our issue on the 27 1 86, appeared incorrectly due to a technical error Below is the correct table

TABLE REFLECTING NEW FARES

ZONE	DESTINATION	TYPE OF TICKET	OLD FARE	NEW FARE
3	AMAOTANA — KWAMASHU NGOQOKAZI — KWAMASHU	SINGLE 10 TRIP 12 TRIP 44 TRIP 52 TRIP	,40 R3 00 R3 60 R13,20 R15 60	,45 R3 45 R4,15 R15 20 R17 95
6	GOBA STORE — LORNE STREET SEMES — LORNE STREET NGOQOKAZI — LORNE STREET AMAOTANA — LORNE STREET	SINGLE 10 TRIP 12 TRIP 44 TRIP 52 TRIP	90 R4,80 R5,75 R21 10 R24 95	R1,00 R5 50 R6,60 R24,20 R28,60
9	UMGENI DRIFT — LORNE STREET UMZINYATHI — LORNE STREET	SINGLE 10 TRIP 12 TRIP 44 TRIP 52 TRIP	,95 R5 35 R6,40 R23,55 R27,80	R1,05 R6 15 R7 40 R27 05 R32 00
10	MAMPENGANE — LORNE STREET	SINGLE 10 TRIP 12 TRIP 44 TRIP 52 TRIP	R1 00 R5,70 R6 80 R25 10 R29 65	R1 10 R6 55 R7 85 R28 80 R34,05
11	NGOMNWENI — LORNE STREET MPOMPINI — LORNE STREET	SINGLE 10 TRIP 12 TRIP 44 TRIP 52 TRIP	R1,05 R6,15 R7,40 R27 05 R32 00	R1,20 R7 05 R8 45 R31 00 R36 65
12	STOP 5 — LORNE STREET WUSHINI — LORNE STREET NDABA STOPE — LORNE STREET NBEJE — LORNE STREET GALILE — LORNE STREET AMATATA — LORNE STREET	SINGLE 10 TRIP 12 TRIP 44 TRIP 52 TRIP	R1,10 R6 35 R7 60 R27,95 R33 00	R1 25 R7,30 R8 75 R32 10 R37,95
13	MADLINYOKA — LORNE STREET KWANYUSWA — LORNE STREET	SINGLE 10 TRIP 12 TRIP 44 TRIP 52 TRIP	R1,30 R7 65 R9,20 R33 65 R39 80	R1 50 R8 50 R10 20 R37,40 R44 20
14	THAFAMASI — LORNE STREET MKHUKUZE — LORNE STREET	SINGLE 10 TRIP 12 TRIP 44 TRIP 52 TRIP	R1 50 R9 20 R11 00 R40 50 R47,85	R1,70 R10,00 R12 00 R44 00 R52 00
15	NEW LOOK STORE — LORNE STREET EZIMPONDWENI — LORNE STREET SIMAMANE — LORNE STREET NJOBOYINYE — LORNE STREET NDWEDWE — LORNE STREET MQEKU — LORNE STREET SILAMBILE — LORNE STRET MENYANE — LORNE STREET NGOZA — LORNE STREET	SINGLE 10 TRIP 12 TRIP 44 TRIP 52 TRIP	R1,70 R10 80 R12,95 R47,50 R56 15	R1 95 R11 00 R13 20 R48 40 R57 20
	MONA RIVER — LORNE STREET ONTEGWA — LORNE STREET SIMAMANE STORE — LORNE STREET NHLANGAKAZI — LORNE STREET GOQO STORE — LORNE STREET MONTOBELLO — LORNE STREET OGONOTHINI — LORNE STREET KWAVILLE — LORNE STREET OZWATINI — LORNE STREET KINGSCLIFF — LORNE STREET NOODSBERG — LORNE STREET NGCONGANGCONGA — LORNE STREET	SINGLE SINGLE SINGLE SINGLE SINGLE SINGLE SINGLE SINGLE SINGLE SINGLE SINGLE SINGLE	R2 25 R2,35 R2 40 R2,55 R2 55 R2,75 R2 75 R2 85 R3 00 R3 20 R3,40 R3 90	R2,60 R2 70 R2 75 R2 95 R2 95 R3,15 R3 15 R3,25 R3 45 R3 70 R3,90 R4 50
	INYONITHWALENYE — UMHLANGA ROCKS	SINGLE 10 TRIP 12 TRIP 44 TRIP 52 TRIP	R1 10 R6 50 R7 80 R28 60 R33,80	R1 15 R6 95 R8,35 R30,60 R36 15
	GOBA STORE — UMHLANGA ROCKS	SINGLE 10 TRIP 12 TRIP 44 TRIP 52 TRIP	R1 05 R6 20 R7,45 R27 33 R32 25	R1,10 R6,70 R8,05 R29 50 R34 85
10 11 12	AMAOTANA — NEW GERMANY AMAOTANA — PINETOWN AMAOTANA — WESTMEAD	SINGLE SINGLE SINGLE	R1 00 R1 05 R1 10	R1 10 R1 20 R1 25
15	MBHEJE STORE — NEW GERMANY MBHEJE STORE — PINETOWN MBHEJE STORE — WESTMEAD	SINGLE SINGLE SINGLE	— R1 70 R1 75	R1 30 R1 70 R1 95
	MKHUKHUZE — NEW GERMANY MKHUKHUZE — PINETOWN MKHUKHUZE — WESTMEAD	SINGLE SINGLE SINGLE	R2 45 R2 50 R2 55	R2 80 R2 90 R2 95

SCHOLAR FARES

Valid only for scholars in full uniform on the prescribed route — between 05h30 and 17h30 — Monday to Friday

	NEW FARE	OLD FARE
Cash fares — Single Journey	40	,35
Cash fares — Single Journey — Inanda — Durban	,45	,40
Weekly fare	R2,10	R1 80
Weekly fare — Inanda — Durban	R2 90	R2 50

MPUMALANGA TRANSPORT

TELEPHONE 61043. P.O BOX 286, HAMMARSDALE 3700

NOTICE TO PASSENGERS

FARE INCREASE AS FROM 3 FEBRUARY

Mpumalanga Transport was authorised to increase fares in September 1985 in order to offset considerable increases in general operating costs
Because of the economic climate a decision was made to delay the introduction of this general increase until February 1986
However, because of the fuel price increases which were imposed in September and November 1985 it was necessary to implement an extraordinary fare increase in November 1985 The general increase in fares which was postponed from September 1985 will now be effective on 3 February 1986 as previously advised

CASH FARES

MPUMALANGA — HAMMARSDALE

MPUMALANGA
25 COURT HOUSE
50 25 HAMMARSDALE
MPUMALANGA INCLUDES GEORGEDALE

MINIMUM FARE — 25

IMALI YOKUGIBELA
MTANONTENGAYO — HAMMARSDALE

MTANONTENGAYO
50 BREDASFONTEIN
90 50 EMOPHELA STORE
100 65 2 SANKONTSHE
130 65 2 25 MAHESE
C 8 50 30 30 COURT HOUSE
65 110 50 1 HAMMARSDALE

IMALI ELINCANE ELIHOKUKHOKHWA — 25

MPUMALANGA — PINETOWN/WESTMEAD/NEW GERMANY

MPULALANGA
50 COURT HOUSE
HAMMARSDALE
70 25 N3 TURN-OFF
15 80 60 HILLCREST/WINSTON PARK TURN-OFF
130 95 40 35 GILLITTS
145 110 90 40 25 KLOOF
165 130 110 55 40 30 PINETOWN
190 140 20 6 50 35 WESTMEAD
195 65 135 60 60 40 NEW GERMANY

MINIMUM FARE — 25

BREDASFONTEIN — UMLAAS RIVER

BREDASFONTEIN
50 MTANONTENGAYO
70 25 CLIFTON HEIGHTS
80 40 2 MKHIZE STORE
115 70 5 35 UMLAAS RIVER

IMALI ELINCANE ELIHOKUKHOKHWA — 25

MPUMALANGA — CAMPERDOWN/CATO RIDGE INDUSTRIES

MPUMALANGA
40 GEORGEDALE TURN-OFF
60 25 GEORGEDALE STATION TURN-OFF
90 45 30 CATO RIDGE
110 70 60 25 CAMPERDOWN
110 65 50 25 45 NAGLE DAM TURN-OFF
125 75 60 35 60 25 FERALLOYS
130 95 80 50 75 40 2 ABATTOIR

MINIMUM FARE — 25

CATO RIDGE INDUSTRIES — PINETOWN

ABATTOIR
25 NAGLE DAM TURN-OFF
60 45 N3 TURN-OF
105 85 60 HILLCREST/WINSTON PARK TURN-OFF
125 110 80 35 GILLITS
145 130 90 40 2 KLOOF
150 14 10 55 45 2 PINETOWN

IMALI ELINCANE ELIHOKUKHOKHWA — 25

NTSHONGWENI — HAMMARSDALE

NTSHONGWENI (KWAMBIZA)
25 SOLOMON STORE
40 25 UNIT 6 (KWANDENI)
60 40 25 COURT HOUSE
75 50 40 25 HAMMARSDALE

MINIMUM FARE — 25

MPUMALANGA — PIETERMARITZBURG

MPUMALANGA (UNIT 4)
30 MAHESHE
65 4 ESTON TURN-OFF
4 THORNVILLE TURN-OFF (P117)
20 1 15 HOPEWELL
2 0 145 6 FOXHILL
195 5 6 PIETERMARITZBURG

IMALI ELINCANE ELIHOKUKHOKHWA — 30

NTEMBENI/HOPEWELL — PIETERMARITZBURG

NTEMBENI
60 BAYNESFIELD
MANDIZA STORE
35 65 HOPEWELL
5 47 MANDERSTONE
80 35 80 3 4 THORNVILLE
85 65 85 65 70 40 FOXHILL
90 80 90 86 80 65 6 PIETERMARITZBURG

MINIMUM FARE — 35

NTSHONGWENI — PINETOWN/NEW GERMANY

LUTHULI
30 KWAMBIZA
35 35 NTSHONGWENI STATION
50 45 30 SUMMERVELD TURN-OFF
70 65 45 30 ASSEGAI TURN-OFF
80 80 65 45 30 HILLCREST/WINSTON PARK TURN-OFF
90 90 75 55 40 35 GILLITTS
95 100 80 70 50 40 2 KLOOF
115 115 95 75 70 5 40 30 PINETOWN
135 135 115 90 80 75 65 45 30 NEW GERMANY

MINIMUM FARE — 25

DELVILLE WOOD — PINETOWN/NEW GERMANY

DELVILLE WOOD
40 SUMMERVELD
40 30 ASSEGAI TURN-OFF
5 45 10 HILLCREST/WINSTON PARK TURN-OFF
70 45 40 35 GILLITTS
70 0 50 40 25 KLOOF
75 5 0 55 40 0 PINETOWN
9 95 8 75 65 45 30 NEW GERMANY

IMALI ELINCANE ELIHOKUKHOKHWA — 25

WORKER WEEKLY TICKET/AMAKHUPONI ESONTO

MPUMALANGA — HAMMARSDALE
10 Trip 3 15
12 Trip 3 60

MPUMALANGA — PINETOWN
10 Trip 6 75
12 Trip 8 10
44 Trip 29 70

MPUMALANGA — WESTMEAD/NEW GERMANY
10 Trip 7 20
12 Trip 8 65
44 Trip 29 70

BREDASFONTEIN — HAMMARSDALE
10 Trip 6 85
12 Trip 8.20

MAHESHE — HAMMARSDALE
10 Trip 3 75
12 Trip 4 50

NTSHONGWENI — PINETOWN
10 Trip 5 55
12 Trip 6 65
44 Trip 24 40

HAMMARSDALE — SOLOMON STORE
10 Trip 3.20
12 Trip 3 85

MPUMALANGA — CATO RIDGE
10 Trip 7 00
12 Trip 8 40

NTSHONGWENI — HAMMARSDALE
10 Trip 5 65
12 Trip 6 70

MTANONTENGAYO — HAMMARSDALE
10 Trip 9 65
12 Trip 11 60

EMOPHELA — HAMMARSDALE
10 Trip 4 55
12 Trip 5 45

DELVILLE WOOD — PINETOWN
10 Trip 4 40
12 Trip 5 30

NTSHONGWENI — WESTMEAD
10 Trip 7 10
12 Trip 8 50

NOTE
Worker weekly tickets will be on sale at the normal selling points as from Monday 3 February 1986

QAPHELA
Amakhuphoni azodayiselwa ezindaweni ezijwayelekile kusukela ngomhlaka 3 February 1986 ngoMsombuluko

MANAGER/UMPHATHI
Mpumalanga Transport

IZINGANE
Izingane zizokhokhiswa imali eyisigamu semali ekhokhiswa abantu abadala ngozukwa osedize ukuya phezulu

CHILDREN S FARES
Children will be charged half the price of adult fares to the nearest 5 cents upwards

February 1986

244

Price increases: views differ

By Jackie Unwin

Consumer bodies are in disagreement over the rate of supermarket price increases. The Consumer Council claims it has slowed while the Housewives' League says this is an oversimplification

Consumer Council surveys conducted between last September and January showed that there were only slight price increases on 101 items in 30 stores in the Pretoria area.

Housewives' League vice-president Mrs Jean Tatham said that while the overall total of the surveys showed that prices appeared to be stabilising, prices of individual items swung up and down Prices were inconsistent, indicating possibly more deals being negotiated by supermarkets.

Mrs Miemie Viviers, in charge of the council's research department, said the survey list had been in existence for two years and was not now representative enough of what was on offer. The list had not been treated as confidential and it would have been possible for supermarkets to maintain prices of items known to be on it.

So the council is in the process of drawing up a new list of survey items to make it more representative It will be confidential.

The council's survey of 101 consumer items showed Pick 'n Pay prices decrease by 0,08 percent during the period.

The research figures showed Pick 'n Pay to be the cheapest supermarket — 3,6 percent cheaper than OK Bazaars, 3,7 percent cheaper than Checkers and 9,7 percent cheaper than Spar.

OK Bazaars was 0,1 percent cheaper than Checkers and 5,9 percent cheaper than Spar. Checkers was 5,8 percent cheaper than Spar.

OK Bazaars' prices increased by an average of 2,5 percent, Checkers's by 1,3 percent, Spar's by 3,1 percent, Pick 'n Pay Hypermarket's by 4,1 percent and Hyperama's by 3,3 percent.

The average price increase of the 101 articles was 2,3 percent. Groceries increased by an average of 2,1 percent, cleaning agents by 5,8 percent and toiletries by 3,4 percent.

Miss Vita Palestrant, consumer affairs manager of Checkers, said. "The fact that the list was not representative and the council is in the process of drawing up a new list and wishes to keep it from now on as confidential, speaks for itself.

"The results of the council's survey do not tally with the results we are getting from the price surveys of the internationally-respected market research company, Nielsen."

Mr Richard Cohen, director of Pick 'n Pay, said "We would not purposely get hold of a list and keep prices down but there is a lag between what generally happens in supermarkets and what happens at Pick 'n Pay Faced with price increases in September to November, we moved heaven and earth to postpone them until after Christmas."

Mrs Joy Hurwitz, president of the Housewives' League, said "Prices have never ever increased at such a tempo as during the past few months That is why consumers are so desperate.

"One has only to be a housewife to know the catastrophe that has hit us with the rand/dollar exchange I find the council's statement extremely odd You have only to think of the astronomical increase in the price of meat in the last three months"

Mrs Hurwitz said over the 10-year period during which the Housewives' League had conducted surveys, Pick 'n Pay was the cheapest throughout.

Supermarkets keep cheese and butter prices low

STAR 3/2/86 244

By Maud Motanyane

Large supermarket chains have stockpiled on cheese and butter and will not be passing on recently announced price increases to the consumer, spokesmen for three chains said today.

The wholesale price of butter went up by eight percent and cheese by three percent from last Saturday

Checkers, Pick 'n Pay and Spar bought large stocks of both commodities soon after a price increase was announced by the Dairy Board at the end of last year.

A spokesman for the board, Mr Fanie Gericke, said the wholesale price of choice butter had gone up to R5,45 per kg - cheddar cheese had increased to R5,30 and Gouda cheese to R5,35.

"We will hold the prices down as long as our stocks last," supermarket chains said. Most chains are already selling butter and cheese at reduced prices.

Spar's director, Mr Mike Dobson, said it was a common practice among supermarkets to sell such basic items as cheese, milk, butter and bread at cost or close to cost "We recognise that these are basic items on which most of our customers depend and we try and keep them down as much as we can"

nflation is too high but unlikely
o reach 20%, says Santamtrust

Stan 5/2/86

By Stan Kennedy

tamtrust says in its latest *rket Opinion* that it is diffi- to be optimistic that there be any sharp decline in the ation rate in the near future.

his is because of the recent p increases in the import com- ent of the producer price x, certain administered prices some key consumer goods.

he only positive aspect, in its , is that there is a reasonable lihood that by mid-year the r-on-year rate will not reach 20 percent level and will be und 17,5 percent.

Market Opinion says that al- ugh there is currently a greater erest in gold, it cannot, sum- rily, be expected to continue to ge strongly. As such, any opti- sm is on the "cautious" side, al- ugh less so than a few months o Reasons for the underlying imism are

The dollar will probably remain atively weak and could even come under further downward pressure;

- The possibility of an accelera- tion in the US inflation rate;
- The extent to which the oil price is under pressure should result in sustained uncertainty regarding the stability of the international fi- nancial system,
- The probability of a sustained strong interest in the metal from the Far and Middle East.

"These and other factors could result in the demand for gold ex- periencing enough momentum to carry the price to even higher levels, even if Russia enters the market as a seller," it says.

Although there is still great un- certainty on the foreign loan posi- tion and the local political situa- tion, *Market Opinion* says the rand could maintain its recent stronger levels and that it may even tend to improve further.

As for a realistic level for the rand today, it says that given the surplus on the current account of the balance of payments a value of R1 equals $0,60 would not be too far off the mark.

"If, however, the longer term fu- ture of the rand is viewed, it ap- pears as though this is less promis- ing

"If it is assumed that South Afri- ca and the US experience average inflation rates of 15 percent and five percent respectively during the next five years, the rand could, purely as a result of the weaken- ing of its relative purchasing power, depreciate by 37 percent against the dollar during that period.

"This means that the rand, even in the absence of negative political influences, could be worth only $0,38 in early 1991."

"This exercise is highly artifi- cial but still serves to illustrate what our high inflation rate can do to the exchange rate of the rand. The conclusion is clear. something will have to be done to reduce our inflation rate," it says.

How long must you work to earn a litre of milk?

(244) STAR 5/2/86.

By Jackie Unwin

Despite the recent rises in the price of milk, butter and cheese, dairy products have become less expensive in relation to income patterns, compared with 10 years ago, says Mr Eddie Roux, general manager of the Dairy Board.

The wholesale price of butter went up by 8 percent and cheese by 3 percent on Saturday. Distributors raised the price of milk by 6c a litre last month.

Mr Roux said that in 1975 the average person would have had to work about 14,6 minutes to earn the cash to buy a litre of milk.

"To earn that same litre of milk, even now after the recent distributors' price increase, he would have had to work only 13 minutes. So, in fact, milk has become cheaper," said Mr Roux.

It was calculated in 1975 that the average worker worked 93,9 minutes to earn 1 kg of cheese. Last year he would have had to have worked only 89,5 minutes.

"This is just an indication," said Mr Roux. "I know the saying that if a man is lying with his head in the oven and his feet in the refrigerator he is, on average, comfortable. But one should not be carried along with the feeling that these dairy products are expensive and cannot be afforded."

The Housewives' League has called for price control to be reintroduced on milk, but Mr Roux said: "We believe that once we have started on the road to no price control and freer enterprise, it should carry on. Although that option is open, I don't think there is sufficient evidence to bring back price control.

"I also feel the cry that price control be brought back on dairy products is not based on fact but emotion."

Mrs Jean Tatham, vice-president of the Housewives League, said: "Regrettably butter is now a complete luxury. Cheese has gone up so much in the last few years that although people would like to swop to cheese as a source of protein, I don't think they think about it any more."

Commenting on the calculations of how long an average worker would have to work to earn a litre of milk or kilogram of cheese, she said: "In South Africa, in particular, there is no such thing as an average worker. While I appreciate these facts, they do not really tally with reality."

Domestic sugar price hike looms

Bus Day 5/2/86

244

ALAN PEAT

A DOMESTIC sugar price rise is expected soon.

The South African Sugar Association (Sasa) is likely to apply for the industry price rise in the next few days, say sources.

Sasa GM Peter Sale declined to confirm this.

"We keep the Department of Trade and Industry informed on a regular monthly basis of the fluctuating factors in the sugar industry," he said.

"The price rises we ask for once a year are to keep the domestic sugar price in line with our production cost, including a return on capital on the local market portion."

The last sugar price increase at industry level — this is still controlled, although the retail price is not — was on March 15.

Sources say cost increases in the past year have thrown the domestic price out of line with formula costs.

The expected application for a price rise was "not a minute too soon", said one source.

The industry has a R327m debt and sources said interest payments were "crippling".

A senior executive of a sugar company said: "Despite the end of the drought, we are still faced with the low international sugar price over which we have no control."

Wholesale liquor price rises will hit public soon

Mercury Reporter

THE wholesale price of liquor and wine went up between 6 percent and 12 percent on Saturday but it will be a couple of weeks before the consumer feels the pinch

Sources in the industry warned that the price of beer would be increased later this month

According to spokesmen for several major retail chains, most of their spirit and wine prices would not change before the middle of the month and some brands possibly not until the end of the month

One said that when prices were raised they would move by more than 20 percent as retailers had been holding prices down

An example cited by one retailer was the price of a 750 ml bottle of proprietary cane spirits which would increase from about R7 to R7,50

Wine prices would also be increased A Nederberg Stein which sells for R2,98 would increase by 10,8 percent to about R3,30 while Nederberg Cabernet would go up 12,8 percent.

'The higher-priced wines have gone up by higher amounts,' said the spokesman

A spokesman for another major retailer said he had yet to see a new price-list and prices on his shelves would not go up before the middle of the month

Butter and cheese at old prices

44

3/2/86 SOWETAN

THE recent price hike on butter and cheese has sparked a price war between the country's largest supermarket chains — all to the benefit of the consumer.

By LEN MASEKO

The chain stores — Pick 'n Pay, Checkers and OK — have either reduced or held down the prices on these dairy products.

The price of butter and cheese recently went up by 7,4 and 2,1 percent respectively.

A survey conducted by The SOWETAN yesterday showed that the three supermarket groups were selling butter and cheese at the same price — butter at R2,59 per 500 grams and, gouda and chedder cheese at R5,49 per kilogram.

"We hope to hold our prices for as long as possible," said Checkers public relations officer, Mrs Adele Gouws.

Mr Jeff Kahn of Pick 'n Pay said the chain store had bought stock in advance "so as to avoid increasing the price of these commodities."

Meanwhile, OK has announced that the price of butter and cheese will be reduced at its outlets as from February 1 The supermarket is now selling butter at R2,59 per 500 g and, gouda and cheddar cheese at R5,49 per kg.

This step brings OK's butter and cheese price on par with those of its two main competitors, Checkers and Pick 'n Pay.

"We are one of the largest retailers of butter and cheese in the country," said Mr Ralph Horwitz, OK's general manager, "so subsidising the price of these basic commodities is meaningful to South African consumers who are feeling the impact of punitive price hikes."

Fuel to be levied from May 1

BUS DAY 6/2/85

Govt unveils new-look third party

244

THE current system of third party insurance will be replaced by a levy on fuel with effect from May 1, Transport Minister Hendrik Schoeman announced yesterday.

The move, which follows months of debate between government officials and the insurance industry, was wel-

CHRIS CAIRNCROSS
and LESLEY LAMBERT

comed by some, including Opposition spokesman on Transport Affairs and MP for Port Elizabeth Central, John Malcomess — provided it did not lead to a further increase in the petrol price.

Although it was not yet clear whether the levy would be added to or absorbed in the current petrol price, Schoeman gave an assurance that it would not be used by government as a means for raising additional revenue.

According to oil industry sources, the strengthening of the exchange rate of the rand, accompanied by the declining dollar price of oil, provided good reasons for reducing the petrol price.

Legislation was urgently being drafted to give effect to the fuel levy, Schoeman said in a statement.

Commenting on the announcement, Malcomess said he had no objection to the move, provided it was not accompanied by an increase in the price of fuel.

He said he would "object strongly" if there was an increase as the price of petrol was based on a rand/dollar ex-

● To Page 2

UK water firms to be privatised

THE UK government has unveiled plans to sell off England's and Wales' water companies, in the biggest and most controversial step so far in its drive to put State-owned industries in private ownership.

The first of the 10 water authorities could go on the stock market by 1988, in a project which could earn government more than £6bn.

The plan, even bigger than the proposed £5bn sale of the national gas indus-

Third party overhaul

BUS DAY 6/2/85 244

● From Page 1

change rate of $0,4200 and currently the rand stood at about $0,4500.

Malcomess said he felt the new system was "far more equitable", as those who used the roads more frequently would pay more. However, he expressed the hope that the fund would be properly audited by the private sector.

He said the claim procedure would have to be judged by the results, but he hoped that the system would not result in excessive delays.

The change to a fuel levy was first recommended in a minority report of the Grosskopf Commission of Inquiry into the Motor Vehicle Assurance (MVA) Fund. It meant that from May, when third party tokens would normally be renewed, drivers would no longer pay third party insurance premiums. This cover would be automatically replaced by the levy.

As in the past, insurance companies, acting as agents, would continue to administer claims arising from motor vehicle accidents.

According to Santam MD and chairman of the South African Insurance Association's PR panel Oosie Oosthuizen, the insurance companies would be paid a nominal fee for each claim handled. They would issue the tokens free of charge.

The number of companies handling the claims was expected to be reduced by government. The insurers would not disapprove of such a move as remuneration would be miminal and insurers did not expect to profit from it, Oosthuizen said.

The industry was relieved that government had agreed to leave administration in their hands, rather than transfer it to the central MVA Fund, he said.

Petrol price: No rise

E. Post 6/2/86

244

By DIRK VAN ZYL
Political Correspondent

CAPE TOWN — The Government announced today that there would be no fuel price increase now

This confirms all indications over past weeks as the rand/dollar exchange rate entered an improved position for South Africa

The Director-General of the Department of Mineral and Energy Affairs, Dr Louw Alberts, announcing the good news today, pointed out that when the fuel price rise was announced last November, a similar increase was envisaged for early this year if there was no improvement in the rand/dollar exchange rate

"Since then the exchange rate has improved to such an extent that it is possible to avoid this price increase so prices will remain unchanged for the present time," Dr Alberts said

Investigations were proceeding on the following matters which could result in later price adjustments

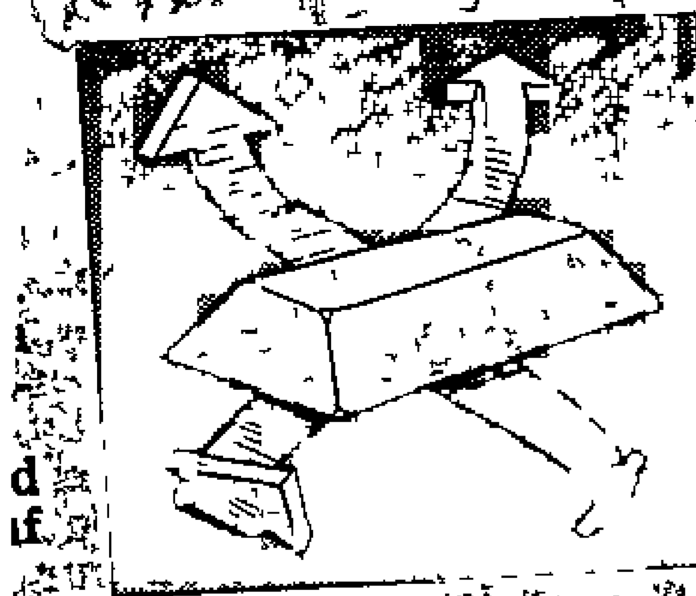
- The effect of the further course and stability of the rand/dollar exchange rate
- The effect of crude oil cost on this
- The composition of fuel prices, especially in the light of the financing of third party insurance from May 1 by a levy
- The lowering of lead levels in fuel and the accompanying cost
- The issue of whether to have retail price control
- The effect of stopping rounding-off of prices at petrol pumps if they are able to handle fractions of a cent

Dr Alberts said the Ministers of Government departments with responsibility regarding specific components of fuel prices had decided that all announcements on fuel price adjustments, for whatever reason, would be made by the Minister of Mineral and Energy Affairs, Mr Danie Steyn

The giving of information about such adjustments and the resultant adjustment at pumps would remain the responsibility of the various private sector institutions

Bullion men insist: Oil still the influence on gold

244 BUS DAY 6/2/86



Own Correspondent

LONDON — The sharp fall in gold prices after the break-up of the latest meeting of Opec oil ministers in Vienna came as a shock to enthusiasts who watched the jump in gold last month and took it as proof that the long-awaited bull market had begun. Fortunately there are signs that Tuesday's setback was largely the result of profit-taking and a recovery in the dollar.

The dollar has rallied under a combination of influences, including encouraging US economic figures, the diminishing possibility of a cut in the US discount rate, and the growing possibility of a serious effort to cut the Federal budget deficit. But the future course of oil prices seems to be the most important influence on the gold market for the next few months at least, say bullion dealers.

Ten years ago, when oil prices were pausing between the two great leaps of 1973-74 and 1979-80, the relative weakness of oil prices coincided with weak gold prices because the surplus oil revenues were not available to swell the demand for gold. Many investors have taken the same view of the fall in oil prices since Opec decided in December to abandon efforts to hold prices up and, instead, to go for increased output and a bigger share of the market.

Petrol price: Government announcement expected today

6/2/86

244

Political Staff

THE Government is expected in the next few hours to make an announcement on the petrol price

The drop in the overseas price of crude oil and the recent improvement in the exchange rate of the rand has cut the cost of importing oil by about 60 percent since the last petrol price increase in November. Then oil was costing South Africa about R81 a barrel Today's price is R33 a barrel.

The Deputy Director-General of Energy and Mineral Affairs, Mr Theuns Burger, said today "The signals are positive and further clarification on the petrol price is imminent."

THIRD-PARTY

However, it was considered unlikely that today's announcement would mean a reduction of the petrol price, as it is believed the Government might hold off any fuel price change while it considers restructuring the components of the petrol price in order to transfer more money to the National Road Fund and provide for the new third-party levy on petrol

From May 1 direct payments by motorists to insurance companies for third-party insurance cover will end. Instead, the costs of third-party insurance will be borne by a levy on the petrol price.

A spokesman for the Department of Mineral and Energy Affairs said it was still too early to say whether the change in the third-party structure would push up the petrol price or whether the additional cost would be absorbed.

Minister of Transport Mr Hendrik Schoeman said yesterday the levy could be 2c a litre.

Professor Brian Kantor of the Department of Economics at the University of Cape Town said today that he hoped the Government would not delay too long in reducing the petrol price.

The reduction in the cost of imported oil would save South African motorists about R3 000-million in a full year. If this were passed on to the public it would reduce the inflation rate by two percentage points and result in greatly increased confidence. The lower oil price would lead to a major advance for the economy, he said.

Meanwhile, the inclusion of third-party payments in the petrol price was today welcomed by the the consumer industry But farmers came out in strong opposition to the plan.

FARMERS

A spokesman for the South African Agricultural Union (SAAU) said farmers opposed it because it would increase their premium costs The majority of energy used by farmers was for stationary machines such as generators, pumps and even lawnmowers

The executive director of the Motor Industries Federation, Mr Jannie van Huysteen, welcomed the new system, as an estimated R12-million a year was lost by motorists circumventing the third-party insurance system.

The director-general of the Automobile Association, Mr Peter Elliott, said the Minister of Transport had satisfied the requirements of the vested interests represented by the insurance companies and the legal profession, while providing a simple and less expensive method of compulsory insurance for the motorist.

Star 7/2/86

Only farmers remain totally opposed

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By Kym Hamilton, Pretoria Bureau

The new fuel-linked third party insurance dispensation has been hailed by some as a courageous step forward, but lambasted by others who fear it will impose an even greater burden on the South African economy.

Major companies, particularly those who have a reasonable fuel bill, will be hard hit by the levy. But individual motorists stand to score, particularly in the light of speculation in recent months that the present premium of around R19 would more than double to R45.

Hailed as a more equitable system of insurance, only South Africa's farmers remain totally opposed to the plan unless some form of protection from higher costs can be worked out.

Business spokesmen and consumer bodies conditionally welcomed the proposal and reservations centred on the actual cost increase at the pumps.

It is not clear if the introduction of the levy — expected to be around 2c/litre — will also mean a petrol price hike.

For the moment the price of petrol will remain the same with the rand steadying around US 45c as the Government considers a major restructuring which will bail out the National Road Fund, the Motor Vehicle Assurance Fund and build up reserves.

A substantial increase is needed to rescue the Motor Vehicle Assurance Fund, which according to the latest Auditor-General's report has a R353 million excess of expenditure over income.

Those who favour the plan say it will substantially reduce administrative costs — which in 1982/83 amounted to R17 million.

However, insurance companies stand to loose millions of rand in commission.

Another aspect was the number of people who had circumvented the present system and used South Africa's roads without insurance. It was believed revenue totalling about R12 million a year was being lost in this way.

The levy system is due to come into effect on May 1, after nearly a year of deliberations which followed the release of the Grosskopf commission of inquiry's report rejecting by a majority of 6 to 1, the proposal to impose the levy as an alternative to the present Motor Vehicle Assurance system.

In a minority report favouring the levy, Mr Johannes Keyser attacked the present scheme for not being cost effective and for failing to provide motorists with the greatest benefit.

REALISTIC

In the past 20 years, 37,5 percent of the income of the MVA fund had been spent on administration and commission to agents. If the fuel levy system was introduced, administration costs could be reduced from the R17 million spent in 1982/3 to R4 million, he said.

The third party system may have been necessary when it was introduced in 1965, but it contained inherent weaknesses and was not cost-effective.

He said commission to insurance companies and their agents amounted to about R202 million in 20 years, compared to R539 million paid out to claimants.

The proposed levy would benefit the motorist, the claimants and the State.

The advantages of introducing a fuel levy for collecting third party premiums was that funds collected would be used for their intended purpose, he said.

Mr Jack Webster, executive director of the Public Carriers Association, which represents about 60 percent of the public hauliers on South Africa's roads, yesterday welcomed the new scheme as realistic and fair.

He said those who exposed themselves to greater risks, such as transport firms, should be paying more for insurance. But he dismissed speculation that the financial implications of the levy would hit major road users, such as trucking companies, hardest.

Speculation on the increased cost of fuel was premature, as the levy was expected to be absorbed in the petrol price.

The fuel bill was the biggest single cost factor for cartage firms, accounting for about 28 to 35 percent of road transport costs, Mr Webster said.

Director-General of the Department of Mineral and Energy Affairs Dr Louw Alberts announced yesterday that since the November increase in the petrol price, the rand/dollar exchange rate had improved to such an extent that it was possible to avoid a further price increase.

However, an increase later in the year has not been ruled out as investigations into the structuring of the fuel price, especially in the light of the financing of the third party system by means of a levy, continue.

Other factors to be considered are the stability and further improvement in the exchange rate, the effect of the cost of crude oil, the lowering of lead levels in fuel and its cost, the questions concerning retail price control and the effect of the termination of rounding-off at petrol pumps when they are able to handle fractions of a cent.

Cut in fuel price looms

Business Day (244)

7/2/86 GERALD REILLY
and Sapa

PETROL prices could fall in March or April, the Automobile Association said after government announced yesterday that there would be no immediate increase in fuel prices.

According to Mineral and Energy Affairs Director-General Louw Alberts the stronger rand had eliminated the need to adjust the price upward for the present.

But dashing hopes of a fall in price, Alberts said a later adjustment in prices could result from investigations now under way.

The investigations included:

☐ The effect of the further stability of the rand/dollar exchange rate on fuel prices;

☐ The effect of the cost of crude oil on fuel prices;

☐ The composition of fuel prices.

However, AA director-general Peter Elliott said the outlook for a reduction was promising, providing the comparatively favourable exchange rate and the lower crude oil prices continued, and depending on the outcome of the review of the petrol price structure.

Fuel director of the Motor Industry's Federation Jannie Van Huysteen welcomed the standstill on the petrol price issue and the investigation into the price structure.

He said it was imperative the huge profits being made on the fuel pipeline should be reduced and that the motorist stop being forced to subsidise urban commuter rail fares.

Hopes for lower fuel price soon

7/2/86 DISPATCH

Dispatch Correspondent

PRETORIA — Petrol prices could fall in March or April, the Automobile Association said yesterday after the government announced that there would be no immediate increase in fuel prices.

The energy sub-committee of the Federated Chamber of Industries said it hoped there would soon be a reduction in the fuel price

According to the Director General for Mineral and Energy Affairs Mr Louw Alberts the stronger rand had eliminated the need to adjust the price upward for the present.

The rand continued its strong performance yesterday when it moved up almost one cent to close at 0,46 US cents

But almost dashing hopes of a fall in price, Mr Alberts said a later adjustment in prices could result from investigations now under way

The investigations included

● The effect of the further stability of the rand—dollar exchange rate on fuel prices,

● The effect of the cost of crude oil on fuel prices

● The composition of fuel prices especially in the light of financing third party insurance by means of a levy,

● the lowering of lead levels in fuel and the concomitant cost,

● The problem of whether or not to have retail price control, and the effect of the termination of rounding-off at petrol pumps when they are able to handle fractions of a cent

However, the AA director-general, Mr Peter Elliott said the outlook for a reduction was promising, providing the comparatively favourable exchange rate and the lower crude oil prices continued, and depending on the outcome of the review of the petrol price structure

The fuel director of the Motor Industry's Federation, Mr Jannie Van Huyssteen welcomed the standstill on the petrol price issue and the investigation into the price structure

"Because there is no doubt there is ample scope for reducing it

He said it was imperative the huge profits being made on the fuel pipeline should be reduced and that the motorist stop being forced to subsidise urban commuter rail fares

In a statement yesterday, the chairman of the FCI's energy sub-committee, Dr R A P Fockema, said the dropping of the fuel price would be an important factor to counter the current excessive rate of inflation

"The FCI feels strongly that the cost of liquid fuels could further be reduced by removing excise duty and bringing down General Sales Tax and the pipeline charges which particularly affect the inland consumers," Dr Fockema said

Energy to cost more in July

E Post 7/2/86

344

Municipal Reporter

PORT ELIZABETH residents will not pay more for electricity until July

This was decided at yesterday's Works and Traffic Committee meeting when certain recommendations by the City Electrical Engineer, Mr Charles Adams, and the City Treasurer, Mr Amandus Strydom, were accepted

Recommendations include that the balance of the State subsidy will continue to be paid at a rate of 14% to the end of April and all electricity consumers will receive a discount for May and June

These recommendations follow the announcement of Escom's tariff increases and the adoption of a standard national tariff The immediate effect of this is that there will be a 14% reduction in tariff in the Eastern Cape area effective from January

The matter will now go to the Policy and resources Committee

- It was also decided to amend the 1985-86 operating budget for the maintenance of PE's main roads, which are badly cracked.
- The committee also decided that the Town Clerk would conclude an agreement between the Government and the council for the supply of water to the council from the Gamtoos River Government Water Scheme and the Kromme River Government Water Scheme

(244) ~~Maize~~ FM 7/2/86

MAIZE PRICE

More storm clouds

As battle lines are drawn in the perennial maize price negotiations, the growers are watching developments in the corridors of power as anxiously as they're watching the skies for vital follow-up rains.

The outcome of a major power struggle between producer body Nampo, the Maize Board (MB) and Agriculture Minister Greyling Wentzel will determine the future of the industry.

At stake is Nampo's future representation on the MB, whether government will allow any maize price increase this year and whether there will be major changes to the current fixed-price, one-channel maize marketing system, already under investigation by the National Marketing Council (NMC)

The maize price issue will be decided by March/April, when the MB sends its recommendation to the NMC and government.

Central to the NMC investigation is government's watershed decision to sanction a separate Grain Sorghum Board (GSB), to be administered in conjunction with the Potato and Dry Beans boards Sorghum was previously administered by the Nampo-controlled MB

Maize will now face direct competition from sorghum in the feed grain market, with price a major determinant of market share The new GSB has just announced that it will administer a surplus removal scheme, freeing sorghum growers to compete on price in the market.

Drought-resistant sorghum has made major inroads into the yellow maize feed grain market Marketing Council chairman Roelf Kotze says total maize sales in the period May-August 1985 dropped by 740 000 t — or 37% — against the same period in 1982 Yellow maize sales alone dropped 497 000 t, or 52,3%

Kotze ascribes this drop in lucrative local sales to the 25,3% increase — in real terms — in maize prices in the period 1976-1984 This compares with a 10,5% price fall in all other agricultural products over the same period

First shots in the war between Nampo and government were fired when Nampo recently terminated the MB membership of five of its members, including MB chairman Hendrik van Zyl, who had been appointed to the board by Wentzel last year after Nampo members had resigned *en masse.* This followed government's refusal to meet Nampo's request for a R50/t maize price increase above the current R220/t

Last November's "peace of Bothaville," when Wentzel and Nampo mended fences after last year's price fiasco, has now been broken Wentzel says he is "disappointed" at

Maize ... industry at the crossroads

Nampo's action because this was against the spirit of the November discussions.

Maize farmers' massive debts complicate the problems, but it is doubtful whether government will allow any major increase in the maize price this year

"A lot will depend on the size of the current crop If good rains fall until March, a 10 Mt crop is not impossible At current Gulf prices of $110/t fob — or some R244/t — this *could* mean foreign exchange earnings of some R700m," Nampo CE Piet Gous tells the *FM.*

Also militating against a big price increase this year is the farmers' reduction on input costs

And further savings are possible

Pretoria University's agronomics professor, Willem Folscher, says maize farmers could cut fertiliser inputs by an average of 60%, while chief engineer of the Directorate of Agricultural Engineering, Burrie Boshoff, tells the *FM* that farmers could save at least 50% of their spending on implements and fuel by applying conservation tillage techniques. ■

ENTRY FOR CAs

Not accountable

South African chartered accountants who responded to a recent press release may think they have found an open-sesame to practise in the UK If so, they have been misled, says the UK's Department of Trade and Industry

The release claimed that membership of the UK Association of Authorised Public Accountants (AAPA) would "entitle" South Africans "to work in the UK or in EEC countries without going through the formalities of further examinations "

However, inquiries have established that, to join the association, an accountant must *already* have individual authorisation from the Secretary of State for Trade and Industry to do statutory company audits So membership of the AAPA could be looked on as an optional extra

An official of the DTI refuted a claim by Stanley Coxhead, executive secretary of the AAPA, that membership would facilitate the authorisation.

"Authorisation depends solely on the Secretary of State being satisfied that the necessary conditions have been met," he said

Put out by Johannesburg auditor Ernest Last, "on behalf of" the AAPA, the release implies that the AAPA is a statutory recognised body

However, according to Ray Norman of the Institute of Chartered Accountants (ICA) of England and Wales, the AAPA is not a statutory recognised body "And membership of AAPA confers no special entitlement to work as an accountant in the UK "

Norman says there are no legal restrictions to practising as an accountant But only those qualified by virtue of their membership of one of the three Institutes or the Chartered Association of Certified Accountants or as a result of individual authorisation by the DTI, may audit companies.

"We would normally expect individual authorisation to be given by virtue of the SA Chartered Accountants' qualification."

The DTI spokesman who described the release as highly misleading is writing to the SA Institute of Chartered Accountants (Saica) to "clarify the situation "

Approached for comment, Saica executive director Ken Mockler said· "I intend placing the matter before the investigations committees of Saica and the Public Accountants and Auditors Board."

When the *FM* suggested to Ernest Last, some weeks ago, that the press release was misleading, he would not concede the point Attempts to contact him this week to put the views of the English ICA and the DTI failed

His secretary said he would not be available until after the *FM* went to press. A draft of the story left with his secretary some hours before the deadline elicited no response ■

DAIMLER-BENZ

100 not out

"A century ago there was only one car in the world For some people there still is." So reads a double-page display advertisement in the *Financial Times* of January 29, the 100th anniversary of the day Karl Benz "set free the horse and changed the course of history."

Cut cost of books urgently, say university chiefs

STAR 11/2/85 244

Education Reporter

Urgent steps to reduce the cost of books and periodicals for university libraries and for students and staff at universities have been urged by the Committee of University Principals (CUP).

The high price of books could result in lowering of standards at university libraries, said the CUP at a recent committee meeting at Stellenbosch University.

As a direct result of the sliding rand and the Government's decision to charge 10 percent import surcharge on books, the price of reading material has soared over the past year Many students pay more than R100 for just one textbook

"The committee said it was very important that steps be taken to reduce the cost of books and periodicals for students and staff at university," said the vice-chancellor of the University of Cape Town and the chairman of the CUP, Dr Stuart Saunders

He added that the CUP had set up a "high-level" committee to investigate the rationalisation and co-ordination of several university activities

"For some time steps have been taken to ensure that there is maximum co-operation between the various university libraries," he said

At the meeting the CUP also expressed concern about the Government's decision to cut university subsidies from 1986.

Cut fuel tax, pleads union

244

11/2/86. STAR

The National Consumer Union has appealed to the Margo Tax Commission to investigate ways of reducing petrol taxes because of "their ripple effect on prices of virtually every commodity and service"

"Not only this, but we think it is often used by certain sections of commerce and industry as an excuse to put up prices even beyond the impact of a rise in the price of petrol," said Mrs Betty Hirzel, union chairman, in a letter to the commission

"It was thus resolved at the November meeting of the SA National Consumer Union to request your commission to investigate if there is not an alternative form of taxation for the Government to acquire the funds that now come from the tax on petrol, which will not be so inflationary"

Fear of big rise in bread price

244. 11|2|86

DTAK

By Sue Leeman, Pretoria Bureau

If the total subsidy on bread is abolished from October 1 this year — in line with the Davin Commission's recommendations — the price of bread will rise considerably, with the cost of a brown loaf soaring by about 24 percent.

This prediction was made during the Wheat Board's presentation to Agrocon in Pretoria yesterday.

The board said it wanted to make its standpoint clear before the Davin Commission report was considered by the Government.

Some of the implications were:

- That permission may be given for bakers and millers to make certain adjustments in their prices.
- That retailers, who do not favour the fixed retail margin of 2c a loaf (2,9 percent on white bread and 4,2 percent on brown), may put up their prices considerably.
- It would be difficult to apply proper quality control without the subsidy.
- A considerable increase in the price of bread would have a detrimental effect on wheat consumption and on the spending of a large section of the population "in whose daily diet bread is an indispensable item".

Why does petrol price not drop?

STAR 11/2/86 (244)

PARLIAMENT — It was inexplicable, in the light of world oil prices, why the petrol price should remain unchanged, Mr S Pachai (NPP, Natal Midlands) said in the House of Delegates yesterday.

Speaking in the second-reading debate on the Part Appropriation Bill, he said much of the high inflation rate and cost of living was attributable to the price of petrol. With crude oil prices dropping and the rand exchange rate improving, why could the petrol price not be lowered?

He also appealed to the Government to exempt basic foods such as lentils and rice from GST. He added that Government sport subsidies were acceptable — provided the facilities were available to all. — Sapa.

y February 6 1986

Booksellers in hot water, many forced to close doors

Prices rise 120pc

(244)

6/2/86
STAR

By Susan Pleming

The era of the R100 hard-cover book has dawned and book lovers are having to dig even deeper into their pockets to afford to buy reading material.

The rand exchange rate, the 10 percent import surcharge and 12 percent general sales tax are mostly to blame for the high prices.

According to managing director of CNA Mr Jimmy Lomman, books cost about 120 percent more now than they did in 1982 — and most of this price leap occurred last year.

SALES DROP

No section of the book industry has been excluded from the price hike

Booksellers claim they are cutting their profit margins as consumers cut back on spending

Said one bookseller. "Booksellers are finding the water very hot and many are making a loss Some have been forced to close their doors"

Although more people are buying paperbacks instead of more expensive, durable hard-cover books, booksellers say they have noticed a significant drop in paperback sales

VOTE NO FOR TAX ON BOOKS
STEM TEEN BELASTING OP BOEKE

This logo appears on posters and petition forms distributed by the Book Traders Association The BTA is fighting to have the 10 percent import surcharge and GST on books scrapped.

Mr Lomman said a good paperback title would have sold about 60 000 copies several years ago, but book sellers would be lucky if they sold 40 000 in today's market

President of the Overseas Publishers Representatives Association (OPRA) Mr Paul Hardingham said his company was selling about 40 percent fewer books than last year

"Over the last year, book inflation has been at least 60 percent and the public simply cannot afford to pay these prices any more"

Hardcover books had risen in price by about 50 percent "Last year the average price of a hard-cover book was about R24,95 — this year it is about R37,95," he said

Price increases had not really affected the buying power of the committed South African reader, Mr Hardingham added

"The chain stores are not doing as well as they were. Buying books in these stores is based on impulse As the money gets tighter, people think twice before adding books to their shopping basket"

The shaving of book-buying budgets in South Africa's libraries had also affected the book industry.

MARKED DECREASE

Libraries were buying only about a quarter of the books they used to, leaving all branches understocked and some entirely without certain books Others were making do with one or two copies of each book and many had resorted to buying paperbacks, Mr Hardingham said

According to the managing director of Exclusive Books, Mr Jeremy Gordin, there has been a marked decrease in the amount of money parents spend on children's books

"Most parents are refusing to buy their children a R25 book The age of the good-quality hard-cover children's book is over," he said

Mr Gordin said there had also been a drop in the number of computer books sold

Although there had been a drop in magazine sales, Mr Gordin said he had not noticed a change in the type of magazines bought by people A person who bought an overseas fashion magazine would be unlikely to substitute it for a cheaper, South African version

Students break law by copying textbooks

By Susan Pleming

To avoid the exhorbitant price of books, many students photocopy their academic books.

But these students risk court action as photocopying entire books is an infringement of the Copyright Act.

At most universities, including Wits and the Rand Afrikaans University, bold signs are displayed at photocopying machines informing students they break the law by copying entire books.

Students and their parents have been hard hit by rising book prices. In the past year academic book prices have risen by 50 percent.

Many of the books prescribed by university lecturers are imported and a large number cost over R100 each.

The managing director of Literary Services, Mr Chris Wolf, said the photocopying of books would always be a problem for booksellers but it was unlikely that high prices would worsen the situation

"It is simply not viable for a student to photocopy a 2 000-page medical book," he said.

12/2/86 BUS DAY (244)

21% PPI jump fuels inflation fears

Economics Staff

INFLATION fears will not be soothed by the December production price index's year-on-year 21,3% increase, although the monthly increase is a little more positive.

Compared with the October to November PPI increase of 4,2%, prices increased 1,7% from November to December.

The all-commodities index — incorporating both imported and domestic goods and services — rose by a year-on-year 21,3%.

Increases in producer prices will filter through to the consumer price index (CPI) in the months ahead. The CPI increased by a record 18,45% in December, and the latest PPI figures suggest the CPI could breach the psychological 20% barrier early this year.

The decline in the external value of the rand and the 10% import surcharge dramatically affected the price increases of imported and locally produced commodities with an import content.

Imported goods, which represent about 23% of commodities used in the index, rose 30,7% in price over the year to December. The monthly increase was 2,5%, representing an annual rate of over 30%. Prices of locally-produced goods increased by an annual 18,7% and a monthly 1,6%.

Of the individual commodities food, machinery, electrical machinery and transport equipment were largely responsible for the increase in the producer prices of all commodities over the 12-month period.

There was 19,2% increase in producers' sales prices for total output.

PRICE MOVES AT A GLANCE

REUTERS

KEY MARKET MOVEMENTS — FEBRUARY 7 to FEBRUARY 10

Previous | Latest

Gold			JSE						Johannesburg Stock Exchange		
$/oz	$/oz	R/oz	Krugerrand	$/R Comm	$/R Fin	DM/$	£/R	3 months BA	All Gold BD Index	BD Indust Index	JSE Ov'all Index
339,80	340,15	742,68	755	0,4690	0,3385	2,4052	0,3500	12,25	1197,4	1186,6	1357,4
								NO MOVE			
336,75	337,20	718,01	735	0,4580	0,3350	2,3891	0,3344	12,25	1189,8	1183,6	1352,6
LONDON CLOSE	LONDON AFTERNOON FIX					FRANKFURT CLOSE	LONDON CLOSE				

Bread price control to go?

DISPATCH 12/2/86

PRETORIA — Price controls on flour and standard bread should be lifted from October 1 This is one of several recommendations contained in the report of the Davin Commission and made known in a Wheat Board document released at the Agrocon conference in Pretoria yesterday.

The commission also recommended

● Restrictive registration in the milling and baking industries should lapse from October 1,

● Subsidies on bread should also fall away from the same date; and

● Producers of wheat, and the milling and baking industries should contribute toward keeping the price of bread as low as possible from October 1 until the end of the financial year

The document said these recommendations had not yet been considered by the government and the Wheat Board had been asked for comments on the recommendations before they were submitted to the cabinet

According to the document, the government's acceptance of the Davin Commission's recommendations would bring about a substantial change in the entire wheat industry. — Sapa

 12/2/86. BUS DAY 244

Taxes on petrol come under fire for fuelling inflation

PETER WALLINGTON

GOVERNMENT taxes on petrol, which reap it nearly R3bn a year, have come under fire for fuelling inflation and depressing the motor industry.

The SA National Consumer Union has urged the Margo Tax Commission to investigate ways to reduce the high taxes on petrol because of the "ripple effect on prices of virtually every commodity and service".

The Progressive Federal Party has now come out in support of the Consumer Union's statement.

The statement will add impetus to the Automobile Association's campaign for a review of the taxes and levies that motorists pay to government each time they fill their tanks.

The AA has in the past recommended a number of steps, including:

- ☐ Abolishing or reducing the Equalisation Fund Levy of 1,3c/l;
- ☐ Reducing the National Road Fund Levy from 5c to 2c/l;
- ☐ Pegging customs and excise at 3c/l;
- ☐ Reducing general sales tax on petrol from 12% to 8%;
- ☐ Abolishing GST on pipeline charges;
- ☐ Reducing the wholesalers' margin by 2c/l.

Union chairman Betty Hirzel said in a letter to the tax commission that petrol price increases were often used by certain sections of commerce and industry as an excuse to put up prices beyond the actual impact of a rise in the price of petrol.

She said the union wanted the commission to investigate an alternate form of taxation which would not be so inflationary.

PFP energy and economics spokesman Brian Goodall said yesterday that when the petrol price was increased by 6c/l last year it ultimately boosted inflation by at least 2%.

"Transport costs have a great effect on the economy. Each time they go up, prices on almost everything else are also raised. If the price were to be reduced by 6c/l, we could expect a reduction in the inflation rate, which would certainly boost the economy."

Goodall said government got nearly R3bn from taxes on petrol sold each year, and this was R1bn more than government expected to get from the gold mines in the 1985/6 tax year.

AA director-general Peter Elliot said a reduced petrol price would breathe new life into the ailing motor industry, which has just experienced its worst year ever.

Losses in the vehicle and component-manufacturing industries were more than R1,6bn last year, he said.

Both the AA and the PFP have repeatedly called for a review of the system of charging tax on tax (charging GST and customs and excise) and a sharp reduction in the pipeline charges that inland motorists pay.

Petrol industry sources said changes were likely to result from last month's petrol price structure symposium in Cape Town.

Sats tariffs under strain

13/2/86 BUS DAY 244

GERALD REILLY

SOUTH AFRICAN Transport Services' clients might have to brace themselves for further shock tariff increases in Transport Minister Hendrik Schoeman's budget on Wednesday.

PFP transport spokesman John Malcomess agrees that the only way Schoeman can balance his budget is to rasie tariffs again.

During the 1985/86 financial year tariffs were raised four times — in April by an average of 6,1%, in October by 0,5%, in November passenger fares were raised by 10%, and in January freight charges were put up by 15%, with an average for all services of 6,9%.

Malcomes said although Schoeman had slashed staff by 40 000 in the past two years, and was committted to a further cut of 20 000 in the months ahead, this would not bring about an expenditure saving even close to compensating for

● To Page 2

Sats may up tariffs again

BUSDAY 13/2/86 244

● From Page 1

the huge accumulated deficit.

The recession, a steep fall in freight and passenger traffic and reduced tourism, are among major reason for the huge deficit.

The Minister himself has warned it could reach R400m.

"Not only has he to take this into account but he will also have to provide at least R200m for staff salary improvements.

Commenting on the drastic staff cuts, Malcomess said: "The fact that he could reduce staff by 40 000, with another 20 000 to come, indicates the horrific extent of overstaffing."

Meanwhile, chairman of the Federal Council of Sats Trade Unions Jimmy Zurich told *Business Day* yesterday that further tariff hikes appeared unavoidable.

However, he was afraid that if they were imposed the drain of traffic away from the Railways to the private sector would speed up.

Zurich will head a council mission due to meet Schoeman in Cape Town on Saturday to demand assurances about salary increases.

ebruary 13 1986

Over 50 000 have signed petrol petition

STAR. 13/2/86.

(244)

By Jackie Unwin

The "Jack and Jill" petrol petition has snowballed to more than 50 000 signatures and will be presented to the Chief Director of Energy, Dr D C Neethling, on March 3.

The petition was launched by pensioner Mr Jack Huber and housewife Mrs Jill Purkiss (24), who were angered by the January price increase.

It calls on the Government to help combat inflation by using the massive profits of the oil pipeline to reduce the cost of petrol.

Mrs Purkiss said the public had given tremendous support and encouragement.

"I have been receiving beautiful letters from people returning the petitions, but some are very sad. Some people have had to sell their cars because they cannot afford to drive them any more."

Mr George King of Queensburgh, Natal, wrote: "I have read of your wonderful stand against the petrol hike which is happening every month. I am an old ex-serviceman, in Flame Lily Park. I have an old car which often breaks down, but I manage with a struggle to keep it going for that little bit of independence that I have left.

"But with the R10 that I put in the tank getting less and less there is coming a time when it will not bring me back to the Park."

Anybody wanting a copy of the petition should phone Mrs Purkiss at (011) 447-2765 or Mr Huber at (011) 849-5371.

Shopping Basket

THE shopping basket this week visited Checkers and OK Bazaars in Southdale.

244

SOWETAN 13/2/86.

Product	Checkers		OK Bazaars	
Palmolive	55c		55c	
Lux	57c		55c	
Deo 24	—		57c	
Shield	53c		49c	
Nordika	52c		54c	
Lifebuoy	49c		—	
Sunlight	53c		—	
Breeze	53c		52c	
Toothpaste				
Macleans	1 32		1 29	
Colgate	1,32		1,35	
Close Up	1,32		1,39	
Mentadent	1 25		1 39	
Aquafresh	1,15		1,29	
Fluorogard	1 25		1 29	
Detergents	**500 g**	**1 Kg**	**500 g**	**1 Kg**
Omo	—	2 79	—	2 49
Surf	1 73	2,49	—	2,99
Punch	—	1 74	—	—
Good, Clean & Fresh	—	2,49	1 35	2,45
Extra	—	—	1 55	2 89
Skip	—	2 49	—	2 49
Sunlight	—	3 35	—	2 79
	2 Litres		**2 Litres**	
Stasoft	2 75		2,35	
Comfort	2,49		2 19	
Pride	—		—	
Jill's Softex	1,75		2 25	
Javel 750 ml	—		77c	
Jik	65c		69c	
Jill's	64c		65c	
Handy Andy	1 49		1 49	
Jill's Wipe All	—		—	
Tea	**100 Bags**	**200 Bags**	**100 Bags**	**200 Bags**
Pitco	3 29	6 53	—	7 19
Joko	2,99	6 69	—	6,85
Five Roses	2 89	—	—	—
Teaspoon Tips	2 29	4 95	2,25	4,99
Glen	1 95	4,65	1 95	5 29
Coffee	**750 g**		**750 g**	
Ricoffy	4,89		4,55	
Frisco	4,89		5 79	
Van Riebeeck	—		4 99	
Koffiehuis	4 89		4,49	
	1 Litre	**2,5 Litres**	**1 Litre**	**2,5 Litres**
DriBrite	2,65	7 99	3,29	7,79
One-Step	3,21	7 63	3 39	7 75
Cobra	3 39	9,60	—	—
Touch 250 g	2 09	—	1 99	—
Mr Min	1,69	—	1 99	—
Mealie Meal	**12,5 Kg**		**12,5 Kg**	
Iwisa	7,89		8,15	
Impala	—		8,15	
Ace	7,89		8,15	
Induna	—		8,15	
AI	7,89		8 15	
Flour	**5 Kg**	**12,5 Kg**	**5 Kg**	**12,5 Kg**
Sasko	4 49	10 87	4,54	10 93
Snowflake	4 49	—	4 54	—
Fattis & Monis	—	—	4 54	—
Rice	**1 Kg**	**2 Kg**	**1 Kg**	**2 Kg**
Tastic	1,69	3,15	2 09	3,19
Surprise	1,39	2,76	1 59	2,99
Sugar	**2,5 Kg**	**12,5 Kg**	**2,5 Kg**	**12,5 Kg**
Selati	2,05	10 35	2,07	10,32
Huletts	—	—	2,07	—
Cascade	—	—	—	10,32
Milk	**2 Kg**		**2 Kg**	
Carnation	9,99		8,49	
Elite	10,09		10,35	
Nu Mel	10,58		10,79	
Everyday	—		—	
Sungold	10,19		8,25	
MaLitre	9,92		9,79	

cent (1984: two cents).

14/2/86 DISPATCH 244

Wool prices drop

PORT ELIZABETH — Prices at the latest wool sale in Port Elizabeth decreased by 3,6 per cent compared to the previous sale, and the Wool Board's market indicator closed at 864 The market was also 3,5 per cent down compared to the opening sale of the season and only 17 per cent more than the increased voorskot

Since the middle of December, wool prices have dropped by 16 per cent, compared to the change in the exchange rate of 22 per cent

The main reason for the latest decrease in wool prices was the influence of the Australian dollar which weakened by 4,5 per cent during the past week, and resulted in South African wool becoming proportionately more expensive for foreign countries This also explains the downward trend in the sales percentage from 97 per cent last week to 92 per cent

Almost 21 000 bales of wool were offered

The following average greasy wool prices were obtained under headings — Type, Micron, Clean yield percentage, Price in c/kg

AM 21,5 66 629
AS 23,5 66 545.
BKS 22,5 58 510.
CBP 22,0 60 508.
CI 20,0 62 591

Next week about 15 000 bales of wool will be offered

CAH Times 15/2/86 244

Beer price up on Monday

Staff Reporter

THE price of beer is to rise by an average 8,7 percent on Monday, and consumers have been advised to buy beer before old stocks run out.

Mr Barry Smith, Western Cape general manager of South African Breweries (SAB) confirmed yesterday that his company, which provides most of South Africa's beer, was increasing prices from Monday.

The price of 750ml bottles, which comprised 65 percent of the beer market and was "the working man's choice", would increase from from 7,2 percent.

Prices on beer sold in non-returnable bottles and cans were to increase by an average 11 percent.

'Modest'

Mr Smith described the price increase as "modest" and said it had been brought about by rising costs, especially that of imported malt.

This was the ninth year in a row SAB had managed to keep the cost of beer below the current rate of inflation, which this year was running at 18 percent.

He said that SAB had no control over retailers' pricing policies

Mr Mike Kovensky, managing director of the Aroma group, Cape chairman of Fedhasa (Federated Hotel, Liquor and Catering Association of Southern Africa) and national chairman of Fedhasa's liquor affairs committee, said there was no question that most retailers would increase their prices by the same percentages as SAB.

He said that an example of the price increase could be a jump of R1,41 from R13,47 to R14,88 on a case of dumpies, or 5½ cents a dumpy.

Mr Sam Berk, executive chairman of the Drop Inn liquor group, said his group would not be increasing the costs of popular brands until Easter.

No drop in beef price expected soon

STAR By Jackie Unwin (244)
15/2/86

It will be 18 months before consumers see a significant drop in the price of beef, which will continue to be in short supply.

This is the view of Mr Frans Pieterse, deputy general manager of the Meat Board, who said the situation would stabilise "after we have had one or two decent agricultural years"

Farmers were forced to slaughter their animals because of the drought But with the recent rains farmers are now keeping back their animals to rebuild their stocks

"For the moment we are worried about the fluctuation in prices, especially as far as the consumer is concerned," Mr Pieterse said.

"The Meat Board is looking into this to find a solution to guarantee the producer a realistic price to keep him in business. But prices must also be acceptable to the consumer to increase meat consumption "

Supplies were erratic as farmers often did not make use of the slaughter permits they had applied for

"The board would like to even up the supply so that the consumer knows exactly where she stands with meat prices "

Mr Pieterse said there was also an under-supply of sheep to the market and the pig supply was also worrying

Turmoil after Methven's death

244

Vicious price war looms over chickens

BUSDAY 17/2/86 ~~POULTRY~~

● METHVEN

THE death of Rainbow Chicken's chairman Stan Methven could throw the R1,2bn frozen chicken industry into turmoil and spark a vicious price war.

Speculation in the R23m-a-week industry is that there will now be aggressive control bids from South Africa's major food groups for Rainbow.

These include Premier Milling, which has 19% of the market, Tiger Oats, which has a 50% stake in County Fair which in turn has 12% of the chicken market, Sanlam's Fedfood and Anglovaal's I & J.

Rainbow chickens are distributed through I & J.

Methven, 57, died in a motorcycle accident in Monte Carlo on Sunday night.

He was MD and chairman of Rainbow Chicken Farms, estimated to own 38% of the frozen and chilled chicken market.

Pick 'n Pay's Raymond Ackerman said

FRED STIGLINGH

Methven was the founder of the frozen chicken industry and "a real free marketeer who often caused chicken prices to go down".

Ackerman said that control of Rainbow by companies with chicken interests such as Tiger Oats or Premier Milling could have serious consequences for consumers, as it would lead to "concentration of power" through merging of chicken interests.

"Historically, this has always caused prices to rise," Ackerman said.

Consumers, he said, would benefit most if Rainbow remained independent.

"The second best option for consumers would be a takeover by Anglovaal or Fedfood, as this would keep Rainbow out of the Tiger and Premier camps."

Ackerman said large feed companies

● To Page 2

Price war looms

17/2/86 · BUSDAY

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● From Page 1

such as Fedfood "need chickens to get rid of their feed".

Fedfood chief executive director Francois Rossouw said the company had not had plans to enter the broiler chicken market, and doubted whether it would be capable of absorbing an operation the size of Rainbow.

He saw distribution infrastructure as a major obstacle.

Anglovaal Industries' frozen foods division executive director and ~~I & J~~ MD Jim Williams refused to comment beyond saying there should be no change in distribution arrangements of Rainbow produce.

Premier Food Industries chairman Peter Wrighton praised Methven as a "great South African businessman and entrepreneur."

Rail and air fares up on April 1

fares 90

244

Argus 17/2/86

By DAVID BRAUN, Political Staff

RAIL and air tariffs are to be increased by between 10 and 15 percent in Wednesday's Transport Services budget.

With operating losses for the financial year estimated at R400-million, it is believed it had no choice but to put up its fares.

Sats has tried to keep the increases below the inflation rate of 18 percent by cutting costs

Suburban and mainline rail fares were increased by 10 percent on November 17 last year, and SAA increased its international fares by 15 percent on January 1.

The Minister of Transport Affairs, Mr Hendrik Schoeman, will announce details of the latest increases during the annual Sats budget in Parliament on Wednesday.

The new fares will be effective from April 1

They will apply to all rail passenger services, goods tariffs and SAA internal flights

Mr Schoeman may announce varying percentage increases for the different passenger rail classes, with first and second class commuters paying more than third class.

The Blue Train service, still running at a substantial loss, is also likely to be increased by more than the overall average.

Fuel bill

Sats is under enormous pressure to contain its costs, particularly as it has had to fork out substantially more for fuel because of the weak rand.

SAA has been particularly affected because of its large overseas fuel bill, and the airline has been obliged to rationalise many of its intercontinental and local services

The railways have also suspended some uneconomical train services, withdrawing 32 last month. This process is being continued.

Sats' 224 000 personnel — down from 269 00 in 1982 — are expected to receive a 10 percent pay increase

Petrol price hopes 'premature

18/2/86 STAR (244)

Pretoria Bureau

Speculation that the petrol price would soon drop as the rand steadily improved was today described as premature by the Department of Mineral and Energy Affairs

A department spokesman said he did not know when an announcement would be made about a possible petrol price change

But it was unlikely to be soon as it would take some time for the exchange rate to stabilise There was no point in reducing the price now, only to have to raise it again if the rand failed to climb

But the indications of a possible drop in the petrol price are looking good as the rand yesterday reached 48,05 American cents The last time it was at this level was in August last year Economists have predicted that it could near 50 US cents by the end of this week

Another promising factor was that, on the international market, there was at this stage, no sign of an increase in the price of crude oil

From Gaborone it is reported that, while petrol prices in South Africa keep increasing, in Botswana they have come down.

Without any announcement, the price dropped overnight to 93 South African cents a litre

PORT ELIZABETH, TUESDAY, FEBRUARY 18, 1986

Hint of drop in petrol price

18/2/86 E-POST 844

By DIRK VAN ZYL
Political Correspondent

CAPE TOWN — The chances of the petrol price being decreased soon are growing by the day.

An announcement could be made in about a month's time, possibly on March 17, when the Minister of Finance, Mr Barend du Plessis, delivers his main Budget for 1986-87.

A senior spokesman for the Department of Mineral and Energy Affairs told the Evening Post today there was "nothing formal" about a petrol price drop being formulated at this stage. However, the matter was continually being considered.

If the rand-dollar exchange rate continued to improve and the world crude oil price continued to remain low, there was a chance of the petrol price being lowered.

The spokesman said there was "nothing in the air" for the next three to four weeks, "but an adjustment is inevitable, and we strongly hope it will be a decrease"

The Minister of Mineral and Energy Affairs, Mr Danie Steyn, announced this month that there would be no petrol price rise now — as had been mooted in November last year He listed several factors affecting the South African petrol price which were continually being monitored

These included the world crude oil price, the rand-dollar exchange rate, the third party fuel levy to be introduced from May 1 and the effect of reducing the lead content in petrol

Mr Steyn also said in his statement that he would in future be solely responsible for all fuel price announcements.

But his spokesman said today that exceptions could be made, such as possibly when Mr Du Plessis delivered his Budget speech to Parliament next month

The rand yesterday burst through the 48 US cents level and it is expected in monetary circles that it could reach 50c this week.

There is no sign at this stage of the international oil price rising

Sources in the oil industry have stated that they believe the chances for a decrease in the petrol price are good

But, they say, an important factor is to determine to what extent the rand has stabilised at its improved dollar exchange rate

People 'punch-drunk' over worsening plight

BusDAY 18/2/86.

244

LESLEY LAMBERT

PEOPLE entered 1986 punch-drunk and confused because, despite assurances that monetary and fiscal policies were working, their plight was worsening, says Stellenbosch University's Bureau for Economic Research (BER).

Consumers faced rising unemployment, bankruptcy and prices despite the insistence that stringent economic policies had effectively cooled the economy, said BER acting director Ockie Stuart in the monthly news survey *The South African Foundation News.*

"What consumers were told did not correlate with what they were experiencing or perceiving. I am not implying that they were deliberately misled but, due to leads and lags inherent in economic policies, they might have thought so."

The facts were that inflation was rising — and still is — at an alarming rate.

Latest official pay figures for the first nine months of 1985 show an average rise of 9,3% compared with a 15,8% increase in the cost of living.

This means that inflation-adjusted pay decreased by about 6%.

Various polls conducted by the BER have indicated that, while the financial situation of households, especially of blacks, is tight, it will become even tighter as consumers are forced to cut back further on spending.

The savings ratio has gone up during recent months, although high interest rates have probably prompted this move. But, with inflation clearly on an uptrend and interest rates falling, less money will be saved to help households maintain their standard of living.

For the less fortunate already living on or below the breadline, further price increases would make living unbearable and create a climate suitable for social unrest and discontent with the economic system, Stuart said.

"The government probably has no option but to stimulate the economy in such a way that jobs can be created to accommodate these people.

"At this stage the plight of the consumer is such that he cannot absorb further increases in inflation without having a reasonable chance of finding a job."

EVENING POST, WEDNESDAY, FEBRUARY 19, 1986

Rail, air tariffs and salaries up

E. Post 19/2/86

244

By DIRK VAN ZYL
Political Correspondent

CAPE TOWN — Rail and air tariff increases ranging from 10% to 15% were announced today by the Minister of Transport Affairs, Mr Hendrik Schoeman.

Mr Schoeman also announced that SATS staff would get 10% salary increases from the April pay month and their 13th cheque, which was reduced last year, was to be restored permanently.

Pensions would be raised by 8%.

Delivering the 1986/87 South African Transport Services (SATS) budget to Parliament, he announced the following fare rises:

- Commuter rail services — up 12,5% from April 1.
- Rail passenger fares on inter-city services — up 15% from April 1.
- Domestic South African Airways (SAA) passenger fares — up 10% from March 1.
- High-rated rail goods traffic — from 2,2% over shorter distances to a maximum of 10% over 4 000 kilometres, from April 1. For further distances — 15%.

The tariff rises do not affect livestock, mail and parcels, countrywide container rates, certain unit container train rates, rail contract rates, branch-line levies, miscellaneous rates, rental and storage charges, ancillary services and road transport services.

Mr Schoeman said it was expected that rail passenger services would run at a R1 100-million loss during the 1986/87 financial year.

Elaborating on prospects for the year in general, Mr Schoeman said there were indications that "the way is paved for a moderate upswing in the economy".

This was illustrated by the favourable balance of payments, increase in exports, lower interest rates, a more favourable rand/dollar exchange rate, a reasonable maize crop and the higher gold price.

The SATS' capital budget for 1986/87 had been "drastically reduced," however, and MPs were asked to vote "only R1 046,5 million", compared with R1 650 million for the 1985/86 year — down 13,6%.

An economic growth rate of 1,5% had initially been expected for 1985/86 but a negative rate of 0,5% was now anticipated.

In the revised estimates, the working deficit was now estimated at R396 million.

SWA/Namibia's rail network should be independent of South Africa's by April 1 next year.

A record 73 million tons of goods was handled at South African harbours.

Rail passenger journeys, as well as SAA passenger usage, had substantially decreased, while low-rated rail goods usage had increased by more than 4%, and high-rated usage decreased by 4,4%.

Mr Schoeman said the estimated surplus on fuel pipelines for 1986/87 was R200 million, but if pipeline tariffs were reduced, the average retail fuel price would only decrease by 1,6c a litre.

20/2/86 BUSDAY (244)

Rail and air tariffs rocket in budget

CHRIS CAIRNCROSS

RAIL and domestic air fares, along with goods tariff, will increase 10%-15%, it was announced in Parliament yesterday by Transport Minister Hendrik Schoeman.

Coming on top of sharp increases in January, Schoeman's SA Transport Services' budget was described by Opposition spokesmen as likely to be devastating for lower-paid workers and the unemployed.

PFP transport spokesman John Malcomess said: "Sats has confirmed its position as one of the foremost creators of inflation."

A number of business leaders said the tariff hikes were likely to be self-defeating, and Sats could be pricing itself out of the market.

The increases announced yesterday included:

□ Domestic airfares go up by an average 10% from March 1. This means first-class return airfares between, for example, Cape Town and Johannesburg go up from R544 to R590; business-class from R480 to R530; and economy-class from R418 to R460;

□ Structured increases in rail-goods tariffs go up in a range from 2,2%-15% from April 1. In the case of high-rated traffic, tariffs are being adjusted by percentages varying from 2,2% over short distances to a maximum of 10% over 4 000km.

□ Rail-passenger fares on inter-city services go up by 15% and on commuter services by 12,5% from April 1. According to Schoeman, the additional revenue obtained will be about R27m for the 1986/7 financial year. He still expects passenger rail services will operate at a loss of R1,1bn during the year.

State compensation is consequently expected to amount to R608m, necessitating internal cross-subsidisation of R492m.

Schoeman said this cross-subsidisation was made possible only by surpluses realised from pipeline and harbour charges.

The estimated surplus for harbours is expected to be R333m for 1986/7 and R200m for pipelines.

Agriculture may use Sats services even less

BUS DAY 20/2/86 (244)

Rail increases seen as further aid to inflation

● SCHOEMAN

GENERAL dismay has greeted the tariff increases announced yesterday by Minister of Transport Affairs Hendrick Schoeman when tabling the annual South African Transport Services (Sats) budget.

Organised agriculture claimed the cumulative impact of the 15% increases, combined with the structural adjustments, would lead to further increases in farm costs.

PFP spokesman on transport, John Malcomess, said the budget had confirmed Sats' position as one of the foremost creators of inflation.

President of the SA Agricultural Union Kobus Jooste said the budget provisions could also result in agriculture making less use of Sats' services.

Jooste said the phasing out of uneconomic services, and tariff increases aimed at improving the costs recovery basis of socio-economic services, held particular problems for agriculture.

He pointed out it was counterproductive to shift traffic from rail to road, because of tariff structures, because the State also had the primary responsibility to develop and maintain roads.

Economists warned that the tariff adjustments would add significantly to inflationary pressures and push the rate towards the 20% barrier.

Volkskas chief economist At Engelbrecht said although the increases, and those imposed at the beginning of the year, were below the current 18,6% inflation rate, they would filter through the economy loading costs throughout commerce and industry.

The Transport Consultative Committee, which represents 19 private sector interests, including the Afrikaanse Handelsinstituut, Association of Chambers of Commerce and Federated Chamber of Industries, said the phasing in of a more market-related transport system would have given Sats room to avoid further tariff increases.

The committee regretted the further tariff hikes "at this delicate stage of the economic upturn".

However, it praised steps taken to curb expenditure and increase productivity during the recession.

Malcomess said the latest increase, "following hard on the heels of the last, are made against a background of an appreciating rand and a dropping crude oil price".

He added: "What is more, the estimated loss of R396m for the current year is not a loss at all in private-sector terms."

This was, he said, because apart from a normal depreciation reserve being deducted from profits, a further reserve for higher replacement value of about R600m would be deducted in the current year.

"Thus, in private sector terms, Sats made a profit of some R200m."

The increases were regrettable and bound to cause hardship among the poor, spokesman for several parties said yesterday.

Labour Party leader Allan Hendrickse said he regretted the increases.

Mohanlal Bandulalla, Solidarity spokesman for transport affairs, said the increases were bound to cause hardship among black communities most of which relied on rail transport.

2UU

Big SATS increases expected

By ANTHONY JOHNSON
Political Correspondent

SOUTH African Transport Services (SATS) would be "pricing itself out of the market" if rail and air fares were raised by between 10 and 15 percent from April 1, the PFP's spokesman for transport, Mr John Malcomess, said last night.

Mr Malcomess was reacting to speculation that tariff hikes of up to 15 percent would be announced during tomorrow's Transport Services budget.

The Minister of Transport, Mr Hendrik Schoeman, is expected to announce a package of substantial fare increases that will apply to all rail services — passenger and goods — as well as internal SAA flights

It is understood that the increases are likely to average about 15 percent, with first-class commuters paying more than this amount and third-class passengers less.

'Misleading' reasons given

The fare hikes stem from an expected operating loss for the current financial year of R400 million and demands from the SATS's 224 000 staff for pay rises greater than the 10 percent they are being offered.

Mr Malcomess said claims that the price increases were unavoidable because of increased fuel costs and the depreciated Rand were misleading.

"In reality, the price of fuel on the international market has dropped markedly and the Rand has appreciated by 30 percent.

"Furthermore, the SATS has considerably reduced staff and those remaining have not had an increase for some time."

Mr Malcomess charged that the SATS was taking money from the consumer to build up empires of funds for "replacement costs".

"This should be stopped forthwith. Indeed, they should sell off some of their operations to raise capital funds for development of their remaining operations," he said.

'Confidential telexes'

The expected increases would give the inflation rate — currently running at 18 percent — a continuing upward trend, he added.

Sapa reports that the SATS lost nearly R100 million for the month of December alone, according to confidential telexes sent by the SATS general manager, Dr Bart Grove, to the Minister of Transport, Mr Hendrik Schoeman.

The telexes, which were leaked to an English Johannesburg afternoon newspaper, show that the operating losses for the SATS during the period April 1985 to December topped R318,7 million.

Dr Grove has refused to confirm or deny the figures contained in the telexes, stating that it was for the minister to reveal the figures in his Budget speech in Parliament tomorrow.

Mr Malcomess said the losses for December, if correct, were much higher than those recorded for November last year.

Post Office needs an extra R300-m

29/2/86 STAR

244

PARLIAMENT — The decline in the value of the rand and general cost increases were mainly responsible for the 6,8 percent increase over the original Post Office Budget, Minister of Communications and Public Works Dr L A P A Munnik said yesterday.

Introducing the Additional Post Office Appropriation Bill, he said the Bill provided for an additional appropriation of R297,4 million, bringing the total spending for the financial year to R4 674 million

Giving a breakdown of the figure, he said the following sums were required for operating expenditure

- R18,58 million for international commitments
- R4,1 million for the hire of overseas telecommunications circuits
- R43,39 million for payments to other countries for telecommunications and postal traffic
- R4 million towards the development of communications satellite systems

Total expenditure for 1985/86 was estimated at R261,1 million — R51,492 million more than the original appropriation.

Savings of R32,91 million on other items were being used to partly defray additional expenditure, leaving a sum of R18,58 million to be appropriated

An extra R124 million was needed for the cost of loans and interest payments, of which nearly R106 million was for higher interest payments on foreign loans because of the lower rand/dollar exchange rate, high level of rates, and the debt standstill.

The balance of R18 million was needed for interest payments to the public resulting from a "higher than expected" inflow of money to the Post Office Savings Bank

Capital expenditure of an additional R113,61 million was needed for telecommunications This was caused mainly by the less favourable exchange rate and higher GST

Dr L A P A Munnik ... low rand is blamed.

Dr Munnik said cost increases in telecommunications equipment were running at 21 percent a year, and this would increase further as the effects of the rand's depreciation filtered through.

The standard stock capital would have to be raised by R40 million to R229 million to defray inreasing prices, and to increase stock levels of catalogue items for the maintenance and extension of the telecommunications system

20/2/86
BUS DAY

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Decision on petrol price not likely before mid-March

GERALD REILLY

A DECISION on a petrol price reduction is unlikely before the middle of March.

Mineral and Energy Affairs director-general Louw Alberts told *Business Day* yesterday the effects of reducing the lead content of petrol, the rand/dollar rate, crude prices and the impact of deregulating retail prices were under urgent study.

When the results of the studies were put together they would be submitted to the Cabinet for a decision on the petrol price.

"But this won't be for a few weeks. We cannot change the petrol price every second day. This would be too disruptive for oil companies and retailers," Alberts said.

However, he said, motorists could rest assured that any over-recovery because of the more favourable rand/dollar rate and lower crude prices would be stashed away in the Equalisation Fund.

Other sources said it was likely a fuel price reduction would be announced in the main budget.

In the Assembly this week Finance Minister Barend du Plessis said Mineral and Energy Minister Danie Steyn had struggled for two years to stabilise the petrol price.

In the process reserve funds totalling R1,4bn had been drained away to avoid drastic price rises.

Transport tariff rises 'unfortunate'

20/2/86 STAR 244

The Transvaal Consultative Committee (TCC) which represents 19 private sector interests in the transport sphere is disappointed that "further increases in tariffs had to be announced at this delicate stage of the economic upturn".

A spokesman said: "It is unfortunate an opportunity was not created to phase in a more market-related transport system."

"This approach would have given the South African Transport Services (SATS) room to avoid tariff increases."

However, the committee applauded the steps taken by SATS to curb expenditure and to increase productivity.

Housewives' League president Mrs Joy Hurwitz said transportation costs were "getting out of hand".

"Train and bus commuters have reached a stage where they can't afford to get to work. Their salaries have not been increased."

A spokesman for a major food chain said the effect on prices should be minimal as "most of our supplies come from the PWV area".

● See Page 4.

10% increases will cost R1bn

BUS DAY 21/2/86 244

GERALD REILLY

THE 10% increase for more than 1-million public sector workers announced by Minister for Administration in the State President's office Eli Louw this week will cost the country more than R1bn.

The increase will apply to central government and provincial workers as well as post office and Sats personnel. The more than 600 000 workers in the central government and provincial services alone will cost taxpayers R700m.

However, senior public servants last night expressed "grave disappointment" at the 10% rise.

The 230 000 Sats workers have already protested to Transport Minister Hendrik Schoeman that the 10% rise is totally unacceptable.

Public Servants Association president Colin Cameron told *Business Day* earlier this week the PSA had asked for an across-the-board increase of 13%.

The Post Office Staff Association has asked Communications Minister Lapa Munnik for increases related to the rise in living costs since the beginning of 1984.

Transport unions call for council

21/2/86 BUS DAY

GERALD REILLY

A JOINT Sats management-union committee was investigating the establishment of an industrial council for railway workers, Federation of Sats Trade Unions chairman Jimmy Zurich said yesterday.

There was widespread dissatisfaction among the 11 Railways unions about the present system, under which Cabinet decided on increases, he said.

"An industrial council would bring us more into line with labour relations legislation and give the unions a more direct and effective voice in negotiating salary and working conditions," he said.

Zurich said the anger after Transport Minister Hendrik Schoeman's announcement of a 10% increase for Sats workers highlighted the need for a bargaining overhaul.

"We are tired of a system where the Transport Minister gets our submissions, takes them to the Cabinet, and then comes back and tells us what the Cabinet has decided. He is nothing but a messenger.

Zurich said when Ben Schoeman was Transport Minister he told the Cabinet what increases he had decided on.

Suzman deplores removal

BUS DAY 21/2/86

BARRY STREEK

THE removal of 10 000 blacks from Brits should be stopped immediately, PFP MP Helen Suzman said yesterday.

Suzman told the House of Assembly: "In view of government's commitment to ending forced removals, this seems to be a total betrayal of that undertaking."

The residents of Old Location, Brits, are to be moved to Lethlabile.

"One continues to be amazed at government's stupidity in creating situations which can only lead to misery and further unrest," she said.

Surplus sold at loss but now there's a ...

Warning of milk shortage, price rise

244

21/2/86 . STAR

By Jackie Unwin

The Dairy Board — which disposed of the milk powder surplus at a loss of R37,7 million to its stabilisation fund — faces a possible milk shortage, and warns that this could lead to a price increase.

Yet at the end of last year the board issued an official circular warning that the surplus of 12 809 tons of skim-milk powder was expected to rise to 32 428 tons by February 1987.

The Dairy Board's general manager, Mr Edu Roux, told *The Star* that the surpluses of dairy products had, with the exception of butter, been cleared.

The dairy surplus built up in difficult times when other farming sectors switched to milk production, but now, with good rains, milk production had dropped.

"Milk production has dropped 8 percent for the country as a whole, and in some individual cases by 30 percent."

Mr Roux added that the producer prices of milk would have to be increased if a shortage of dairy products arose.

The Dairy Board had not yet considered any price increase, but demand and supply would be monitored carefully over the coming months.

Food schemes

He said the surplus stock of skim milk powder at the beginning of the board's financial year in March 1985 — as well as the surplus produced during the financial year — was 19 500 tons.

Most of it — 11 500 tons — was exported as stockfeed to countries in the Far East at a loss to the board's stabilisation fund of R18,5 million.

The remaining 8 000 tons of the surplus was channelled into the South African market and allocated to:

- Welfare organisations, such as Kupugani, Imqualife, the Kwashiorkor AFC, and the Govenment food aid scheme.
- Local manufacturers of ice cream, infant food, as well as bulk consumers such as hospitals and mine compounds, at price reductions totalling R10,9 million

Bigger loss

The total cost of removing the surplus was R37,7 million, of which R19,2 million was in respect of powder consumed locally, and R18,5 million in respect of exports.

"At the moment, we are exporting between 5 600 to 6 000 tons. It is the last of the older surplus, which is not suitable for human consumption," said Mr Roux.

"Our experience has proved that reducing the price locally creates a bigger loss than exporting."

- In January, Minister of Agricultural Economics and Water Affairs Mr Greyling Wentzel said the increased price of milk would result in a drop in demand and an increase the dairy surplus.

Petrol price could drop by six cents

244. S7192 21/2/86

By David Braun, Political Correspondent

CAPE TOWN — The petrol price is expected to be reduced by five or six cents a litre within the next month.

According to sources, the decrease is possible even after increased contributions are made to the national road fund and the new system of funding third party insurance from the petrol price.

The decrease is made possible by the strong recovery of the rand against the US dollar in recent weeks.

It is understood that final proposals for the new price have not yet been submitted to the Cabinet.

However, it is known that the Government is keen to bring down the price as much as possible to honour its promise that it would decrease the fuel price as soon as possible and to arrest the growth of inflation thus contributing to the economic recovery.

Sources have pointed out that the authorities have also been prudent in taking advantage of the rand's recovery, to resolve some other problems connected with the fuel price.

FIN·HMC 244 21/2/86

PETROL PRICES

Cash guzzlers

Plummeting world crude oil prices and a strengthening rand are not the only reasons why our domestic price of petrol should fall. The way the price is determined has little to do with the free market.

We calculate that, even by conservative estimates, South Africans are paying around 20% too much for their petrol. So for Reef 93 octane, currently priced at 102c/*l*, they should be paying about 80c/*l*. This would slash over 5% off the rate of inflation within nine months, giving us a cpi of 13,4% on current figures.

Any price above 80c/*l* would amount to a premium being paid by the consumer for securing strategic supplies of fuel. This should be clearly stated, leaving the rest of the price structure open to market forces.

The fact that it isn't means the consumer is overruled by the various financial beneficiaries of fuel sales — ranging from oil companies and garage dealers to the government — who negotiate behind closed doors.

Since the demand for petrol is relatively inelastic, there's little reason for anyone to negotiate in favour of the consumer. Already in a year he's paying 57% more for petrol. Our proposals to reverse this cost impact are no doubt speculative, but consider this comment from an oil company: "Perhaps you've got a good argument here, but imagine all the chaos that would follow if we had a complete free market."

Another spokesman, who also declined to be named, claimed that the Department of Mineral and Energy Affairs had got them hook, line and sinker: "Bear in mind the industry has to report to the department; we must check with them before we send you anything, otherwise we'd get tarred and feathered."

In the accompanying chart we use Reef 93 octane fuel, currently priced at 102c/*l*, to illustrate the sorts of cuts that could be made to reduce the price to 80c/*l*.

The landed cost, rated at 65,15c/*l* has risen 83% since July 1984. The rand then was worth US$0,71. It is now worth over US46c, amounting to a depreciation of 35%. The past 18 months has also seen a fall in oil prices of over 25% from around US $27,50/barrel for Arabian light. (We don't know what SA is paying, but the cheapest around at the moment is below $15/barrel for future delivery.) But even at $23,75/barrel, our landed cost should be around 49,9c/*l* — a big saving of 15,25c.

As Louw Alberts, director general of the Department of Mineral and Energy Affairs, says: "The determination of local fuel prices

Calculations suggest that we pay an excess 20c a litre for our petrol at the pump. Given the influence this key price has on inflation, isn't it time that it was cut?

is based on the international market prices, or 'postings' for the refined product. And there is a lead and lag period before changes in the spot price are reflected in the postings. These currently reflect an average crude price of around $22-$24 per barrel."

But there are other factors confusing the landed cost picture. It's certainly calculated in a rather peculiar way, based on the average cost of purchasing not crude oil (as would seem logical), but petrol from four refineries in Singapore and the Persian Gulf. To this is added freight at over 4,3c/*l*, plus insurance, leakage, landing and wharfage totalling another 1,3c or so, for a cif delivery of 65,15c/*l* to five SA ports.

Stan Booth, fuels marketing GM of Sasol, defends the method, saying the principle was established many years ago so the South African consumer was kept in the same position as if petrol had to be imported: "The landed cost is very competitive since it is based precisely on world market prices. There's also a very tight control on the system to ensure the oil companies don't make too much money." Besides, he adds, the margin between finished petroleum products and crude these days has narrowed considerably.

Indeed, it is believed all the crude oil refineries are running at little more than 40% utilisation. So how can the landed cost basis be market-related if the refineries still make a profit on poor utilisation?

Sasol is also guaranteed an ex-refinery price equivalent to the landed cost for its synthol oil-from-coal process. Various estimates suggest, therefore, we only need to import around 85%-90% of our requirements. Yet all petrol is sold on the theory it is imported in its refined state.

The transport cost is about 7,5c/*l* for Reef consumers. It must be a complicated arrangement because, claims a Sats spokesman, "some of the transport funding we don't get in our pockets."

The pricing theory is that petrol is transported up from Maputo, Durban, East London, Port Elizabeth and Cape Town. But, as the Sats spokesman says: "In practice, crude is piped up, and we are paid according to what is actually conveyed," adding, "We don't want to get into any argument here."

Sasol also refines crude oil at its inland Natref plant, and supplies all inland users, accounting for some 50% of total SA consumption. Apparently some of the refined petrol is pumped back to the coast, while oil companies also exchange fuel to save transport costs.

It all seems a bit of a mix-up. At the very least, transport costs should be evened out for all consumers. Slashing the cost by 4,5c/*l* to 3c/*l*, but charging it on all petrol sales, would probably earn Sats the same revenue.

The third item is the **oil company wholesalers' margin** of 5,06c/*l*. It is already being reduced under a five-year government plan, and we just round it off to 5c/*l*.

The **retail profit margin** at 5,2c/*l* is probably one of the most iniquitous items in the schedule, ignoring the basic pricing mechanism of the free market.

A GUESS ABOUT GAS

	c/l Reef 93 octane		
Petrol make-up	Current government price	FM's saving	New cost
Landed cost	65,15	15,25	[illegible]
Transport cost to the Reef	7,50	4,50	3,0
Oil company margin	5,06	0,06	5,0
Retail profit margin	5,20	2,60	2,6
[illegible]			
GST 12%	11,0	3,8	7,2
[illegible]			
Customs & Excise	4,0	—	4,0
National road fund	5,0	—	5,0
Central energy fund	4,0	2,0	2,0
Equalisation fund levy	1,3	—	1,3
[illegible]			
Less under-recovery	6,2	—	—
Totals [illegible]			

Notes See text for details Figures are approximate

Second chance exams

By DIRK VAN ZYL
Political Correspondent

CAPE TOWN — Students at coloured teachers' training colleges who did not write their internal examinations at the end of last year, or failed completely or partially, are to be allowed to write supplementary exams this month and next month

This was announced today by the Minister of Education and Culture in the House of Representatives, Mr Carter Ebrahim.

Discretion would be vested in college rectors, who could also decide on a second option: to maintain the status quo by making students who did not write their exams at the end of last year, or wrote and failed, repeat the year and simply promote those who passed.

'One House could foil right wing'

Political Correspondent

CAPE TOWN — The Progressive Federal Party MP for Maritzburg North, Mr Graham McIntosh, suggested yesterday that the Government could thwart any right-wing threat by allowing one House of Parliament instead of the present three.

Speaking during the second reading debate on the Part Appropriation Bill in the House of Assembly, he said the Government refused, in the PFP's view "stupidly", to move away from legally defined racial groups and racially defined voters' rolls

"I want to suggest some changes to this system which would be unacceptable to the PFP, but might help to make Parliament less of an administrative nightmare both in Parliament and the Civil Service."

The Government, said Mr McIntosh, was threatened in certain seats by right-wing parties

If there were one House elected on separate voters' rolls and on a 4 2.1 ratio (on which the tricameral constitution is based), MPs could debate and vote on "general affairs" as one House and go into committee for "own affairs"

Mr McIntosh said although this was not a process of which the PFP approved, it would allow the Government to·

● Sacrifice none of its principles

● Put the right-wing threat into perspective.

● Save the taxpayer a lot of money.

● Improve the credibility of Parliament as an institution

Bread increase stalled

Political Correspondent

CAPE TOWN — Any bread price increase has been effectively stalled until the end of next month.

It was established yesterday that an additional amount of R49,7 million for the Department of Agricultural Economics in the present financial year includes R20,2 million to boost the bread subsidy.

The implication is that there will be no rise before March 31, the end of the current financial year

An announcment about possible price rises in the new financial year could, however, be made by the Minister of Finance, Mr Barend du Plessis, in his Budget speech on March 17.

E. POST 21/2/86

Inflation rate at its highest for 66 years

22/2/86 STAR 244

By Jackie Unwin and David Braun

The inflation rate shot through the feared 20 percent level in January. It rocketed to 20,7 percent — the highest for 66 years.

Increases were spread across the board, with food rising 4,4 percent in January against December This hit poorer people the hardest.

Unemployment is also rising, many salaries are stagnant, and the inflation rate is double the new 10 percent pay rise for public servants

In Cape Town, Minister of Finance Mr Barend du Plessis said there was no need for panic He said the good news was that the increases in the inflation rate should start levelling off soon

inflation rate should start levelling off soon

This would happen because of the recovery of the rand And other factors which had contributed to inflation had been brought under control. the money supply was under control, interest rates were lower, production volume was up; and the latest transport tariffs increase had been kept well below the inflation rate.

The Progressive Federal Party spokesman on finance, Mr Harry Schwarz, said the inflation news could be regarded as a disaster not only for consumers, but for the recovery of South Africa's economy And there were still price increases in the pipeline

"The Government appears to have surrendered completely in the fight against inflation, and all of South Africa is paying the price," he said "In any other Free World country, the government would have felt obliged to resign."

Calls for cut in petrol price

South African economists are aghast at the increase, but said it was expected. It reflected the depressed value of the rand and the petrol increase

Consumer groups were angry, and demanded an immediate drop in the petrol price

Black Consumer Association president Mrs Ellen Kuzwayo said she was dumbfounded "People are starving and children are dying, but those suffering don't understand what this inflation figure means"

But leading economists were hopeful that the upward-spiral inflation pattern would not continue, because of the improvement in the rand

Mr Paul Roos, spokesman for the Consumer Council, said it was shocked by the inflation rate

"There are, however, indications that it has reached a turning point, particularly with the improved foreign exchange rate of the past few weeks

"The council would like to see the petrol price dropped to a realistic level as soon as possible"

Mr Clive Weil, managing director of Checkers, said. "It is a frightening figure — a psychological benchmark."

Mr Richard Cohen, director of Pick 'n Pay, said "It is disgusting. There is no Government control, and one questions whether it is serious about the welfare of the people A main reason for this high inflation rate is the import surcharge, and we appeal to the Government to consider doing away with it"

Mrs Joy Hurwitz, president of the Housewives League, said "Inflation is consuming us It is an area the Government should be attending to more than any other Until that is right, there is no hope that the economy will come right."

Tonight! TV Award winners Pinkie Ngese (left) and G
Jacqueline Douguet — French star of the latest Sun City
Dudu Mkhize (right) at yesterday's award ceremony in Johan

Surprise for TV a

By Janine Walker

At the Tonight! TV Awards ceremony in Johannesburg yesterday some winners were overcome with emotion — and one had good reason to be dumbfounded.

Patrick Shai won an award as "best actor in a single drama" on TV2/TV3 for his role in "Jason Modjadji" and was astonished to find that it was not his photo on the presentation plaque. An SABC gremlin resulted in the wrong photo being sent to *The Star* for mounting on the plaque

He had the audience crying

He had the audience with laughter at his go moured acceptance

The winners were:

- Best single drama. TV1 Gray Hofmey Weeks in Paradise" TV2 3 Bill Pull Kubheka for "Kwakuhle Kwethu"
- Best drama series. TV1 Koos Roets perasietories TV2 3 Bernie Boys for III"
- Best performance by an actor in a sin TV1 Wilson Dunster for his role in "Tw Paradise" TV2 3 Patrick Shai for "Jason Modjadji"
- Best performance by an actor in a ries. TV1 George Ballot for his role in man" TV2 3 Ndaba Mhlongo in "Intam
- Best performance by an actress drama. TV1 Trudie Taljaard for her rol Weeks in Paradise" and Die Haru TV2 3: Pinkie Ngese for her role in "Uno
- Best performance by an actress in a ries: TV1 Marie Pentz for her role in "K

Pay for surplus, pay for shortage

W/t Argus 22/2/86

(244)

Weekend Argus Correspondent

JOHANNESBURG — The Dairy Board — which has spent R37,7-million disposing of the dairy surplus — now faces a possible shortage and has warned that this may lead to a price increase.

Yet at the end of last year the Dairy Board issued a warning that the surplus of 12 809 tons of skim-milk powder was expected to rise to 32 428 by February 1987.

The general manager of the Dairy Board, Mr Edu Roux, said the surplus stocks had, with the exception of butter, been cleared.

The dairy surplus built up in difficult times when the other farming sectors switched to milk production, but with good rains farmers had returned to beef production.

"Milk production has dropped eight percent for the country as a whole and in some individual cases by 30 percent."

Mr Roux said the producer prices of milk would have to be increased if a shortage of dairy products arose

The Dairy Board had not yet considered any price increase, but demand and supply would be monitored carefully in coming months.

COMMUTERS TO DIG DEEPER INTO THEIR POCKETS

Mr Hendrik Schoeman.

SOWETAN 24/2/86

TRAIN commuters will dig deeper into their pockets from April 1, the day South African Transport Services' fare increases come into effect.

Mainline and suburban train fares will go up by as much as 15 percent, the Minister of Transport Affairs, Mr Hendrik Schoeman said in Parliament this week.

For example, a first-class monthly ticket between Naledi and Johannesburg will increase by R6,50 to R55. A third-class monthly ticket for the same route will cost R16,50 — representing an increase of 12,5 percent.

Decreased

For a Mabopane-Belle Ombre trip, a third-class monthly ticket will go up by R2 to R18; weekly ticket, from R4 to R4,60; single from 90 cents to R1.

A third-class monthly ticket between Krugersdorp and Johannesburg will increase by 12,5 percent to R17,50; weekly from R3,90 to R4,40; single from 80 cents to 90 cents.

In his parliamentary speech, Mr Schoeman said railway passenger journeys had decreased as a result of the prevailing economic situation.

Govt, chain store to meet on petrol price

STAR 24/2/86 By Jackie Unwin

244

Pick 'n Pay is to meet the Government this week to discuss the group's recommendations to do away with petrol price control

The group has been allowed to continue selling cut-price petrol at its self-service outlet at the Boksburg Hypermarket only until the end of February.

"The meeting will be critical for our Boksburg operation but even more so on the national level," said the group's joint MD, Mr Raymond Ackerman.

"We think the consumer deserves a lower price on petrol particularly with the price of oil so low on world markets."

The Minister of Mineral and Energy Affairs, Mr Danie Steyn, considered representations for the abolition of retail price maintenance of petrol last month.

BUS DAY 24/2/86 (244)

Is bread rising?

GERALD REILLY

A BREAD price increase of between 5c and 7c a loaf could be announced by Finance Minister Barend du Plessis in his Budget on March 12.

The only way this could be avoided, according to informed Pretoria sources, was if government raised substantially the bread subsidy which, for the current financial year, amounted to R250m. The original 1985/86 subsidy of R200m was exhausted by October, and about R50m had to be added.

Wheat Board GM Dennis van Aarde agrees the choice is between a rise in the bread price and a higher subsidy.

Widman warns of difficulties

BUS 2047

Munnik works on postal increases

244

25/2/86

257

GERALD REILLY and Sapa

COMMUNICATION and Public Works Minister L A P A Munnik will announce comprehensive postal tariff increases in his budget on March 3, informed sources in Pretoria believe.

In Parliament yesterday Alf Widman (PFP Hillbrow) said Munnik should do all in his power to avoid tariff increases in the Post Office budget

Tariffs were last raised in by an average of 14,6%

When he introduced the R300m Additional Appropriation in Parliament last week Munnik blamed the depreciated rand and inflation generally for the 6,8% 1985-86 budget overrun.

He estimated total spending for the whole of the financial year at R4,674bn.

Munnik warned that increased costs of telecommunications equipment were running at 21%.

The costs would rise further this year as the full impact of the battered rand was felt.

Speaking during debate on the Second Reading of the Additional Post Office Appropriation Bill, Widman said that unless government took urgent steps to combat inflation, the country would "sink into the greatest difficulties".

Munnik said the 10% pay increases for his 95 000 workers would cost an additional R120m, bringing the PO's total wage and salary bill for the year to about R1,2bn.

Munnik has also indicated that the users of the mail service were being subsidised by the users of other PO services and that this would have to be adjusted

Economists warned higher Post Office tariffs would give a further twist to the inflation spiral.

The impact of higher PO charges was clear from Transvaal Provincial Administration figures. Last year's 14,6% hike added an additional R560 100 to the province's general administration department alone.

Although the expected increases would be well within the current 20,7% inflation rate, they would be "inescapably" inflationary, it was stated

Pick'n Pay says it will test petrol order

ST 23/2/88 By Jackie Unwin

244

The Government has turned down proposals to deregulate the sale of petrol and Pick'n Pay has been told to stop discounting fuel at its Boksburg hypermarket at the end of the month

But supermarket chain chief, Mr Raymond Ackerman, said last night he would challenge this by three methods, which he could not disclose yet.

He had had a meeting with the Government yesterday. The meeting followed a symposium last month when the Minister of Mineral and Energy Affairs, Mr Danie Steyn, considered representations for the abolition of retail price maintenance on petrol by Pick'n Pay and other interested parties.

"Now they have turned down our proposal — and those of consumer groups — to deregulate petrol in favour of protecting the wealthy oil companies," said Mr Ackerman.

He said with a strengthening rand and the drop in the world oil price from $30 to $15 a barrel, the money flowing to the oil companies was "absolutely laughable".

"I personally am shattered that the Government would make this decision with our inflation rate so high," Mr Ackerman said.

BUS DAY 25/2/86 (244)

Govt challenged over fuel discounting row

Ackerman vows to force cheaper petrol

PICK 'N PAY MD Raymond Ackerman last night vowed to force the price of petrol down, despite government's re-affirmed stand against petrol discounting.

● ACKERMAN

Ackerman learned yesterday that Pick 'n Pay proposals for the deregulation of the petrol price had been rejected and that government had once again given "a firm no" to any sort of petrol discounting.

The chain would be forced to halt all discounting at its Boksburg store from March 1.

Slating government's stand,

CHERILYN IRETON

Ackerman said his chain would challenge government in an attempt to force it to lower the petrol price.

He said there were three battle options open to the chain — details of which would be made known later this week.

Pick 'n Pay directors shunned a request from goverment to remain tight-lipped on the issue, by disclosing details of yesterday's meeting with Mineral and Energy Affairs Director-General, Louw Alberts.

"Goverment is not acting in the interests of the country. With inflation at 20%, the rand firming and the world barrel price of oil dropping, petrol costs should be coming down," an angry Ackerman said.

He added that goverment had given no evidence of any plan to drop the petrol price.

Yesterday's discussions with goverment officials followed a meeting on January 23 between goverment, the petrol companies and the Motor Industry Federation (MIF) at which companies, including Pick 'n Pay, were invited to put forward proposals on the deregulation or regulation of the petrol price.

Ackerman said it was clear goverment had taken a decision favouring the oil companies, which he accused of "making a killing" under present circumstances.

"If government is going to stop deregulation, the least they can do is bring the petrol price down," he said.

338,50	338,00	678,71	705	0,4985	0,3535	2,2915	0,3431	12,40	1203,2	1232,1	1390,0
LONDON CLOSE	LONDON AFTERNOON FIX					FRANKFURT CLOSE	LONDON CLOSE				

BUS DAY 25/2/86

269

Sats ~~rises~~ in addition to 'routine increases'

344.

Political Staff

THE 10% increase granted to Sats workers would be in addition to the system of structured increases they are routinely given, Transport Minister Hendrik Schoeman said.

Sats staff would also have their full bonuses reinstated from April 1, he added.

PFP transport spokesman John Malcomess described the demands by Sats workers for an increase of more than 10% as unreasonable.

"The Sats total salary bill is already going up by R429m over the next year, while staff numbers are being cut back significantly," he said.

Schoeman said last week that Sats hoped to reduce staff by 25 000 over the next four years.

Price of petrol may drop 6c today

STAR 244 26/2/86

By David Braun, Political Correspondent

Cape Town

A cut in the petrol price — possibly 5c or 6c a litre — is to be announced this afternoon.

The Cabinet Committee on Economic Affairs made the final decision this morning. The Press conference to announce it was scheduled for 3 pm.

The Government has been anxious to keep its promise to reduce the pump price of fuel as soon as possible — and pressure for such an announcement has increased since the publishing of the latest inflation statistics.

A cut in the fuel price should have an arresting effect on the 20,7 percent inflation rate, particularly if retailers adjust their prices in turn

Last year the price of petrol was increased by an average 36c a litre altogether The Government is now able to reduce the price because of the strong recovery of the rand and falling world oil prices.

New third-party system

It is doing so by only 5c or 6c a litre because it has made provision for increased contributions to the national roads fund and for the new system of building third-party insurance premiums into the fuel price.

The authorities have also provided for reasonable contributions to the Reserve Fund, which builds up a cushion to protect motorists from minor fuel price fluctuations

Consumers will therefore benefit from the new lower price directly and indirectly, in that the system of separate third-party premiums is now scrapped, and desperately-needed extra funds for road maintenance are being raised without additional taxation

When the Minister of Mineral and Energy Affairs, Mr Danie Steyn, makes his announcement today, he is expected to appeal to retailers and producers to pass on the benefits of the lower fuel price to the public.

Progressive Federal Party spokesman on finance Mr Harry Schwarz yesterday called on the Government to reduce the petrol price by 20c to 25c a litre

He said the Minister of Finance was taking 32,7c out of the price of every litre in vari-

Here's the style that makes the winners

Drum majorettes Sharon Ladn... Ferraris show the style that h... ty of the Witwatersrand squ... collegiate squads in South Af... years the Wits team has wo... University Outdoor Champion...

Govt urged to cut petrol price

24/2/86 Bus Day (244)

THE petrol price should be cut by 20c/l to 25c/l, Harry Schwarz (PFP Yeoville) said in the House of Assembly yesterday.

He added in the Second Reading debate on the Additional Appropriation Bill that Minister of Mineral and Energy Affairs Danie Steyn was one of the main causes of inflation.

He and Finance Minister Barend du Plessis were "taking 32,7c out of the price of every litre of petrol, taking it out of the hands of the people of South Africa".

When the rand fell, they were quick to increase the price.

The rand was now at a higher level than when the petrol price had been increased, while the crude oil price was falling.

Government had no vested interest in keeping petrol prices high, Du Plessis replied.

He said the petrol price had been steadied over the past two years with a R1,4bn subsidy from the reserve fund.

"In January and February alone, the petrol price was subsidised to the tune of R355m to prevent it rising," he said.

Toyota raises prices 5%

BUS DAY 26/2/86 (244)

ALAN RUDDOCK

CAR prices are going up by another 5%.

Market leader Toyota confirmed yesterday that its prices would go up on Saturday by an average of 5% — except on the latest Cressida model.

Other manufacturers said they would follow Toyota's lead within days.

Saturday's increase is the first of the year. The last increase, 8%, was at the end of December Further increases, also of about 5%, are expected on quarterly.

The latest increase means that in the past 12 months car prices have risen as much as 28%.

Commercial vehicle prices are also expected to rise 6%-7% next week. Manufacturers say prices, especially in the heavy vehicle sector, will increase about 35% this year, with four more phased increases at two-monthly intervals.

Manufacturers say they cannot increase their prices until the market leader moves

"There is no price-fixing If there were prices would be even higher. We all need substantial increases but are restricted by what Toyota decides to do," one manufacturer said

While input costs have soared in the past 18 months, manufacturers say price increases have lagged far behind and they are still trying to close the gap

They believe the price increases will be balanced by easier hire purchase terms and lower interest rates.

However, the timing of the increase leaves no room for pre-emptive February purchases. Indications are that the February market will be between 16 000 and 16 500 — up on January's disastrous 13 859, but still below the encouraging monthly sales in the last quarter of 1985.

The latest price increases are expected to deal a blow to passenger car sales in March. However, recovery might be stimulated by traditional factors such as the delivery of government vehicles.

26/2/86
STAR

Car prices to go up — again

Stand by for another round of automotive inflation As predicted in *Star Motoring* two weeks ago, Toyota is set to lead off with a 5 percent car price increase on Saturday.

Other car makers are likely to follow suit, except for BMW and Audi whose price adjustments usually lag one month behind other companies.

If this latest rise seems surprising in view of the rand's recent performance against the dollar, part of the answer is that the rand has not improved to the same extent against the important currencies in the South African motor industry — the German Deutschmark and the Japanese yen

Manufacturers say new vehicle prices still lag well behind the increases in the prices of imported components.

 CAPE TIMES 26/2/86

Speculation on cheaper petrol

244

Political Staff

THERE was rising speculation among Parliamentarians in Cape Town yesterday that an announcement on reduction of the petrol price could be made later today after the weekly Cabinet meeting

There has been intense speculation for some time that the price will come down by several cents a litre soon because of the Rand's steady improvement against the Dollar

The exchange rate between the two is a vital factor as oil supplies are paid for in dollars and a rising Rand makes for more favourable trade

On top of this the price of crude oil has been falling recently

A substantial cut in the petrol price could have a marked affect in reducing the country's record inflation rate which went over 20 percent last month.

Mr John Malcomess, opposition transport spokesman, said after the transport budget that petrol prices should have been cut then and various senior spokesman in private enterprise have been calling for a reduction

It has also been pointed out that Mr Danie Steyn, Minister of Mineral and Energy Affairs, said at the time of the last increase in November that a reduction could be considered if the exchange rate improved sufficiently

● Sapa reports that yesterday in the House of Assembly Mr Barend du Plessis, Minister of Finance, said the government had no vested interest in keeping petrol prices high

Reserve Fund

During his reply to the second-reading debate on the Additional Appropriation Bill, he said the petrol price had been steadied over the past two years with a R1,4 billion subsidy from the Reserve Fund

The fund had been accumulated over the years when there was a favourable exchange rate for the Rand and as soon as the Minister of Mineral and Energy Affairs felt comfortable about the reserves, the price would be adjusted

"But first the Rand must prove that it will retain the higher levels and the minister will have to feel comfortable that he will be able to maintain the price from the reserve fund through any future dip"

● The petrol price should be dropped immediately by 20 to 25 cents a litre, Mr Harry Schwarz (PFP Yeoville) said in the House.

Speaking in the debate, he said Mr Danie Steyn was one of the main causes of inflation

He and the Minister of Finance were "taking 32,7 cents out of the price of every litre of petrol, taking it out of the hands of the people of South Africa".

When the value of the Rand fell, they were quick to increase the petrol price

Now it was at a higher level than when the price had been increased, while the crude oil price was falling

Optimism follows fuel price cut

27/2/86 · 244

DISPATCH

Dispatch Reporter

EAST LONDON - The general local reaction to the price drop in petrol has been one of relief and optimism that the prices of other commodities will fall as a result.

The vice-chairman of the Border Chamber of Commerce, Mr Errol Spring, said last night that although the price drop was a "very good thing" he felt disappointed it had not dropped more

"It seems as if the government has used this opportunity to include all sorts of tariffs They are taking advantage of the rand-dollar situation by instituting these small levies. They should have dropped the price by the absolute maximum and passed that price directly to the consumer," he said

Mr Spring said manufacturers had long been making use of petrol increases as an excuse for raising their prices.

"We will be monitoring the situation very closely and voices will be raised if the prices of other commodities do not drop," he said

The divisional chairman of the Border branch of the South African Motor Traders Association, Mr Dudley Connock, welcomed the drop in the price of petrol

He said he hoped people would buy more fuel, travel more and thus generate more activity in motor vehicle workshops

"On the other hand it will be a slight blow for service stations which have stocked up o petrol at the old price This is not serious because in other instances when the petrol price rose, the service stations gained on selling their old stock at the new prices," Mr Connock said.

The chairman of the East London and Border Division of the Motor Industry Federation, Mr Dave Forsyth, said he also hoped the price drop would encourage people to travel more.

"The increase in mileage would mean more cars being serviced and tyres sold This would be beneficial for the motor industry," he said

Mr Forsyth said he was also pleased at the amount of the drop and that the third party levy would be included in the new price of petrol

The chairman of the Afrikaanse Sakekamer, Mr Willie Kruger, said the price drop was good news for the economy.

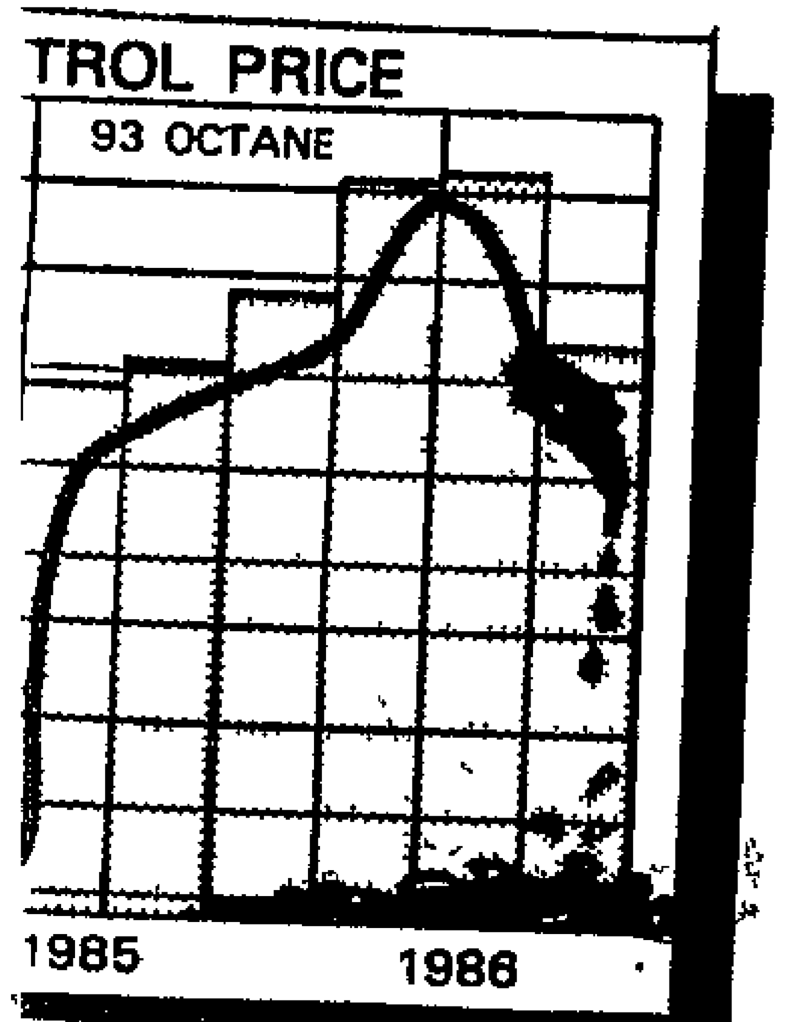
He said the possibility of a further decrease in June would be an extra bonus

"We hope that the suppliers will bring the price of commodities down due to the petrol price drop," Mr Kruger said

The regional buyer for a national chainstore here, Mr Gary Kruger, said he felt it was the responsibility of the distributor to pass the saving on to the consumer

"We hope that the price decrease will lead to a price cut in consumer goods We will endeavour to fight this point and get costs brought down for the consumer The consumer should bear in mind, however, that it will take a couple of weeks to filter through," Mr Kruger said.

More reaction P2



244 BUSDAY 27/2/86

Fuel price cut hailed by all except Pick 'n Pay

Business Day Reporters

PICK 'n Pay is the odd man out in nationwide approval of the petrol and diesel price cut.

While commerce and industry yesterday applauded the reduction, Pick 'n Pay said the decrease could have been double or more, and criticised government for continuing to protect oil companies.

Executive director Alan Gardiner said Pick 'n Pay would reduce the price of petrol sold at its garages by 10c and 8c from this morning, instead of from midnight on Monday.

Raymond Parsons, chief executive of the Association of Chambers of Commerce (Assocom), said the drop in the fuel price would strengthen business and consumer confidence at an important stage of the economic upturn.

"In the highly competitive environment prevailing in South Africa, Assocom expects many businessmen will take the opportunity of translating the fuel price reduction into benefits for the consumer," he said.

George Beckman, chairman of the Motor Traders' Association, said the cut was a step in the right direction.

He called on association members to keep pumps adequately supplied between now and March 3 and not to wait for the start of the lower fuel price.

"I would be very disappointed if any member's pumps ran dry. We should not pass any inconvenience to the public."

Others to welcome the fuel cut included Checkers MD Clive Weil, OK Bazaars MD Gordon Hood, Afrikaanse Handelsinstituut president Donald Masson and Agricultural Union president Kobus Jooste.

Economists saw the price cut as the biggest single blow to inflation for years, reports GERALD REILLY.

The fear of hyper-inflation that had taken root among consumers and fostered inflationary expectations would now recede, they said.

Acting director of the Stellenbosch Economic Bureau Ockie Stuart said the cut should slow down the inflation rate.

He estimated the immediate impact on the consumer price index at 0,5%. It would be greater once the ripple effect was taken into the calculation.

"The psychological effect on businessmen and consumers will be significant and should help depress the inflation rate below the 20% level."

However, a lot would depend on the extent to which manufacturers and traders passed on the benefits to consumers.

Call for consumers to benefit more from cheaper petrol

Food prices not likely to go down

STAR 27/2/86 (244)

Suppliers of a wide range of consumer commodities are under strong pressure to drop their prices in line with the lower cost of petrol — but most have indicated that prices are not likely to fall.

Consumer groups today joined the Government's call to manufacturers to pass on reductions. They are furious at the suggestion that food and other retail prices will not be lowered.

Housewives' League president Mrs Joy Hurwitz said she was disgusted that most suppliers of goods and services had decided not to ease prices.

"Suppliers will find numerous excuses why their prices cannot be reduced. Consumers had to put up with huge price rises last year which were blamed on the fuel price, the rand-dollar exchange rate and high interest rates.

"Now that interest rates have fallen and the exchange rate has improved, we are told that there will be no benefit for consumers," said Mrs Hurwitz.

Yesterday the Minister of Energy and Mineral Affairs announced a drop in the fuel price of up to 10c a litre from Monday. He urged the private sector to help consumers fight inflation.

The joint managing director of Premier Food Industries, Mr Norman Fowler, told *The Star* that it would take a few months before a decrease in the price of foods was possible.

"First we will have to see what the effect of the lower cost of petrol will have on our cost structure," said Mr Fowler. He was referring to staple foods such as flour, mealie meal, cooking oil, fats and margarine as well as pet food and pig and chicken products.

Another big shock is that SA Transport Services will not reconsider the tariff increases which have been set for April.

A SATS spokesman said the fuel price drop would have a "small effect" on costs.

Yesterday the Progressive Federal Party spokesman on transport, Mr John Malcomess, called on the Government to reconsider the rail tariff rises. He said SATS would save at least R100 million as a result of the reduction in the petrol price.

Putco spokesman Mr Pat Rogers said fares in the Transvaal would not be lowered as the company had not passed on the fuel price rises imposed in November and January. Tariffs in Durban were likely to be lowered, he said.

Milk prices — which were recently increased by 6c a litre — are also not expected to be reduced.

Major groups such as SA Breweries and Iscor have also said they would not consider immediate price reductions.

Spokesmen for Checkers and Pick 'n Pay said they had not been successful in persuading manufacturers to reduce prices.

Pick 'n Pay is to drop its petrol prices immediately and will not wait until Monday.

Welcoming the petrol price news yesterday, consumer groups demanded manufacturers reduce prices of food and products which were increased as a result of the higher petrol price.

The president of the Black Consumers' Association, Mrs Ellen Kuzwayo, said: "If the decrease is not passed on to food, then GST must be dropped on essential commodities."

PETROL

Date:	Cents per litre:
April 1970	9,9c
July 1972	10,2c
December 1972	10,4c
January 1973	10,9c
November 1973	12,4c
February 1974	15,1c
April 1976	23,8c
March 1979	39,3c
June 1979	54,2c
April 1980	54,4c
July 1981	61c
April 1982	64,6c
September 1982	65,2c
February 1983	63,6c
August 1983	59,6c
July 1984	63,5c
January 1985	88,5c
April 1985	90,1c
September 1985	94,6c
November 1985	100,5c
January 1986	102c
February 1986	**92c**

Cape Times
Carfinder Inside
FOUNDED 1876 ★ THURSDAY, FEBRUARY 27, 1986 40c (36c plus 4c GST)

More petrol price cuts possible — minister

Cape Times 27/2/86 (244)

IN A MOVE welcomed by commerce and industry and criticized as "not enough" by the Opposition, the government yesterday announced that the petrol price will drop between 8 and 10 cents a litre on Monday

And further price cuts could be on the way

Announcing the cuts, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, said the government would consider further reductions in June, especially if the rand dollar rate continued to improve

Diesel

He also indicated that June 15 was the deadline for oil companies to convert petrol pumps from the half-price system

From Monday the price of 98-octane petrol will drop by 8 cents a litre at the coast and that of 93-octane by 10 cents a litre

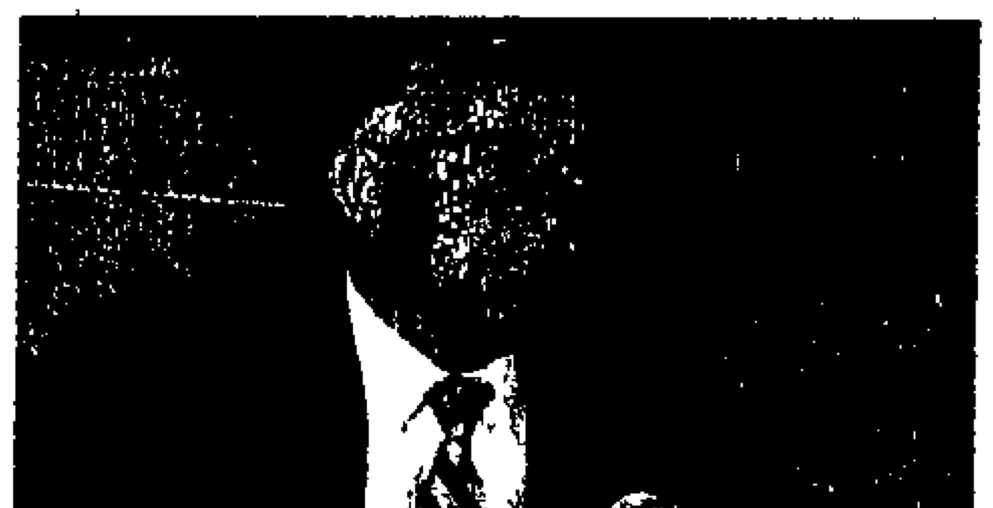
Diesel prices for public transport will also fall by 4,3 cents a litre and household paraffin by 2 cents a litre

The minister said the cuts were made possible by the continued improvement of the exchange rate and the decrease in international oil prices.

These conditions made it possible that "unavoidable increases" in certain levies and the introduction of new levies could be accommodated

These included a 2-cents-a-litre levy to replace the third-party system and an increase in the road levy fund by 2 cents a litre for petrol and 1 cent for diesel

Mr Steyn said he was confident the cuts would have a significant effect on inflation and challenged the private sector to pass on the effects by lowering prices



The Minister of Mineral and Energy Affairs, Mr Danie Steyn, announces the decrease in price of petrol yesterday

The price-control system on fuel prices would stay, he said.

Opposition parties yesterday criticized the government for not reducing the price more

Chief opposition spokesman Mr Brian Goodall said "With the price of oil in dollars down by a third and the rand up by over 40 percent from its low point, 10 cents was the minimum

"Obviously the decrease will help contain inflation but it should be the first of many downward adjustments."

Conservative Party spokesman Dr Frans van Staden said the party welcomed the decrease as it had been asking for it, but said it should have been greater

"The increases of 1985 and the new year were exhorbitant and contributed to the inflationary spiral," he said

Mr Ralph Hardingham, spokesman for the New Republic Party, said that while welcoming any cut he regretted it could not have been more

Pick 'n Pay's executive director, Mr Alan Gardiner, said the drop could have been "double or more" and criticized the continuing protection of oil companies.

Pick 'n Pay would lower petrol prices at the chain's pumps nationwide from today — three days before the official date — and would also continue to fight to have petrol deregulated

The chief executive of the Association of Chambers of Commerce of South Africa (Assocom), Mr Raymond Parsons, said the drop would strengthen business and consumer confidence at an important stage of the economic upturn

"While this alone cannot solve South Africa's inflation problem, it will improve the chances of a much lower rate in the second half of 1986

"Assocom expects many businessmen to take the opportunity of translating this into benefits for the consumer"

The chairman of the SA Motor Traders' Association, Mr George Beckman, said the drop in fuel price was "a step in the right direction'

The Federated Chamber of Industries said it was "very pleased

The FCI strongly supported the request that the reduction be passed on to the consumer through reduced transport, delivery and other charges

The South African Agricultural Union said it was "satisfied"

Its president, Mr Kobus Jooste, said last year's diesel-price rise meant a cost increase of about R135-million a year for agriculture

The 6,3-cents-a-litre decrease in the price of agricultural diesel represented an effecti[ve] saving of R85-million f[or] agriculture, he said

The Consumer Cou[n]cil s director, Mr Ja[n] Cronje, said the "gallan[t]ly announced" petro[l] price cut could result [in] a drop in the inflatio[n] rate and could resto[re] confidence in the econ[o]my

'Ripple'

Mr Alan Lighton, d[i]rector of the Cape Tow[n] Chamber of Commerc[e] said the cut would have [a] ripple effect througho[ut] the economy

He also called on th[e] government to revise th[e] steep air and rail tari[ff] increases which wi[ll] take effect on April 1.

The managing directo[r] of Checkers, Mr Cliv[e] Weil, said he was d[e]lighted that the govern[]ment was acting in th[e] interests of the countr[y]

— Political Staff Sta[ff] Reporter and Sapa

Filling a tank

Octane:	93	98	93	98	93	98
Current price:	R32,90	R34,30	R51,70	R53,90	R75,20	R78,40
New Price:	R29,40	R31,50	R46,20	R49,50	R67,20	R72,00

PARLIAMENT Bus DAY 27/2/86 232

Govt puts Ekangala incoporation on ice

BARRY STREEK

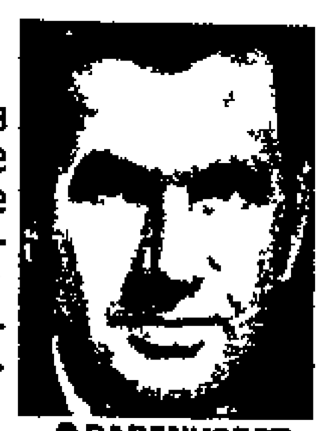
GOVERNMENT has backed down on its controversial decision to transfer the black township of Ekangala to the KwaNdebele homeland on April 1 — although the move could take place later

Deputy Minister of Constitutional Development and Planning Piet Badenhorst yesterday told the House of Assembly that the incorporation of Ekangala into KwaNdebele "in the near future is not under consideration"

This conflicts with statements earlier this year by the Commissioner-General for KwaNdebele, Gerrie van der Merwe, that Ekangala would be transferred to the homeland on April 1 this year

The proposed transfer of Ekangala into the homeland has been opposed by residents of the township and has been strongly criticised by a number of anti-apartheid groups.

It also lead to a row on American television network's ABC's Nightline series on SA last year, when Black Sash president Sheena Duncan clashed with Minister of Development Aid, Dr Gerrit Viljoen, on the issue.



● BADENHORST

● SOAL

However, Badenhorst said in reply to a question tabled by Peter Soal (PFP, Johannesburg North), that possible incorporation of Ekangala into the homeland "has not been finalised"

It now seems unlikely incorporation will take place before KwaNdebele's scheduled independence in December this year

'Trojan horse' attack recalled

BUS DAY 27/2/86

PATRICK CULL

TRANSPORT Affairs Minister Hendrik Schoeman said yesterday he had no knowledge that a SA Transport Services vehicle was going to be used in the notorious "Trojan horse" episode last year in which a number of youths were killed or injured.

Schoeman gave this assurance in the House of Assembly in reply to a question from Opposition transport affairs spokesman John Malcomess (PE Central).

Speaking during the second reading debate of the transport budget, Malcomess said a Sats vehicle had been used in Langa, Cape Town, as a decoy vehicle on which police were hidden. While driving down a street in a problem area, police emerged from the truck, opened fire and shot several youths

Malcomess asked whether Sats had realised that relatives of Sats employees might have been killed — and, perhaps, had been killed — in the incident.

"What sort of relations are you building with your 110 000 black, coloured and Asian staff?" he asked, adding it was possible that Sats property could have been singled out for attack as a result of the police action.

BUS DAY 27/2/86

Fuel price cut could have been far more

241

ORMANDE POLLOK

OPPOSITION parties yesterday criticised government for not reducing the petrol price by more than the 8c and 10c a litre.

Spokesman for the Progressive Federal Party, the Conservative Party and the New Republic Party were unanimous in their criticism but welcomed the cuts at the same time

Brian Goodall, (PFP) said. "With the price of oil in dollars down by a third and the rand up by over 40% from its low point, 10 cents was the minimum decrease one was looking for "Obviously this decrease will help to contain inflation but, it should be the first of many downward adjustments."

However, Goodall questioned whether more than 38 cents per litre should be for taxes and levies of various kinds.

Dr Frans van Staden, the CP's spokesman, said the party welcomed the decrease as it had been asking for it for some time

Ralph Hardingham, spokesman for the NRP, also said that while welcoming any cut in the price he regretted that it could not have been more.

Barend stonewalls question about bail for banks

BUS DAY 27/2/86 58

CHRIS CAIRNCROSS

FINANCE Minister Barend du Plessis has refused to disclose whether the Reserve Bank recently had to bail out any commercial banks.

Replying to a question put to him in the House of Assembly by S P Barnard, Conservative Party MP for Langlaagte, Du Plessis said he was not prepared to reveal whether the Reserve Bank recently advanced money or paid certain debts on behalf of any banking institution in SA.

In accordance with "accepted rules of confidentiality", no details were divulged regarding transactions between the Reserve Bank and individual banks, he said.

However, Du Plessis did note in his reply that the Reserve Bank regularly provided financial accommodation to banking institutions by rediscounting Treasury bills, bankers' acceptances, government stock and other financial assets for them, or by extending loans against the security of such assets.

Pass on your fuel-price saving, Sats told

BUS DAY 27/2/86 244

TRANSPORT MINISTER Hendrik Schoeman was challenged to pass on to the consumer the minimum of R100m that SA Transport Services (Sats) would save in a year as a result of the fuel price cuts announced earlier yesterday

John Malcomess (PFP Port Elizabeth Central) said during the second reading debate on the Transport budget in the House of Assembly that besides the "massive" saving as a result of the price cuts, Sats would not be paying the Third Party insurance levy on fuel to be introduced soon.

"I challenge the Minister to reduce rail fares and tariffs now," Malcomess added.

Post Office rates likely to increase

244

STAR 27/2/86

PARLIAMENT — Postal, telephone and other post office rates will almost certainly be increased in the Post Office Budget on Monday

The Minister of Communications, Dr Lapa Munnik, is to ask Parliament to approve a record R5 400 million budget for the Post Office for the coming year

Because the Post Office is largely self-financing, the increase in its enormous expenditure caused by high inflation is almost certain to lead to an increase in service charges

According to the Post Office Appropriation Bill tabled in Parliament today, the total expenditure for the Post Office for the year ending March 31 1987 will be just over R5 400 million

Staff expenses will take R1 500 million, financing costs R665 million and capital expenditure on telecommunications R1 400 million — Political Staff

Fuel cuts could slash food prices

27/2/86 244 Mercury

CAPE TOWN—Housewives could expect the price of food to tumble as a result of yesterday's announcement of a petrol-price reduction from next Monday, said Mr Greyling Wentzel, Minister of Agricultural Economics

ORMANDE POLLOK
Political Correspondent

The coastal price of fuel will drop 10 c/ℓ for 93 octane and 8 c/ℓ for 98 octane reducing the price to 84 c/ℓ and 90 c/ℓ respectively

Reductions in the price of diesel and paraffin ranged from 2 c/ℓ to 8 3 c/ℓ

Mr Wentzel called on food producers and suppliers to pass on to the consumer the obvious benefits of the fuel cuts

Agricultural producers spent about R600 million a year on fuel and the price cuts announced yesterday would be a welcome relief in their production costs

Fuel was not only an important price factor in working the soil but in delivering products to silos and other points

Fuel also makes up a significant part of distribution costs on items such as milk and bread and the reductions should have a favourable influence on their prices said Mr Wentzel

Not happy

'The improvement in the rand s exchange rate which made the fuel cuts possible will also have a spin off in savings on imported packaging materials

But the Progressive Federal Party was still not happy yesterday and criticised the Government for not making bigger reductions in the petrol price

Mr Brian Goodall said 'With the price of oil in dollars down by a third and the rand up by more than 40 percent from its low point 10 c was the minimum decrease one was looking for

'Obviously this decrease will help to contain inflation but it should be the first of many downward adjustments

However Mr Goodall questioned whether more than 38 c ℓ should be taken in taxes duties and levies of various kinds

Dr Frans van Staden the Conservative Party s spokesman welcomed the decrease as did Mr Ralph Hardingham spokesman for the NRP who also regretted it could not have been more

Dropped

The contentious pricing system of doubling the amount shown on the pump would remain until the middle of the year

Mr Danie Steyn Minister of Mineral and Energy Affairs said the rand had averaged 47 c during February while last November the 6 c ℓ increase had been based on a rate of 38 c

In addition international crude oil prices had dropped and were being reflected in the landed cost of refined products

Increased levies and the introduction of new levies had prevented a further 6 c/ℓ being lopped off the petrol price

The 6 c would pay for a number of things including greater security at petrol depots

'Provision is also being made for lowering lead levels in petrol and as they are the highest in 98 octane a levy of 1 556 c/ℓ is being applied as a start Mr Steyn said

In addition the National Road Fund levy will be increased by 2 c to 7 c/ℓ and 2 c/ℓ and 1 c/ℓ respectively on petrol and diesel will pay for the new Third Party system

Diesel would drop by varying amounts which include Marine and fishing industry 6 6 c ℓ Government 4 3 c/ℓ industry 8 3 c/ℓ road transport 6 4 c ℓ public transport

◆ TURN TO PAGE 2

Sats ends probe into famine food

BD 24/7/1986

Business Day Reporter

THE investigation by SA Transport Services, into the sale of corn soya milk destined for famine relief, has ended.

A spokesman has confirmed that Sats paid R2 600 to the World Food Programme, distributors and administrators of the powder, during 1985 in compensation for bags lost in transit.

About 400 tons of the powder had gone missing. Some of the bags were sold by Sats at public auction.

Putco fares to go down

PUTCO is to decrease bus fares in Durban, but fares in the Transvaal will remain the same, a spokesman for Putco said in a statement issued in Johannesburg yesterday.

He said Putco was to pass the benefits of the fuel price decrease to passengers in Durban only as fares had been increased in November following a fuel price increase at that time.

In the Transvaal, fares had not yet been increased to cover the increased fuel price in January.

"This would no longer be necessary, but neither could fares be reduced. The cost to Putco of carrying the additional fuel costs since November 11 was nearly R1,5-million," the spokesman said

The reduction in Durban fares would be passed on through reductions in the cost of season tickets. Cash passengers and scholars would not be affected

Cape Town commuters hoping for a drop in bus fares after the fuel price cut are in for a disappointment —Sapa

SOWETAN 28/2/86.

244

Wool prices drop again

2/90 (22 Aug) (344) DISPATCH

PORT ELIZABETH — At the latest auction here a poor demand for wool was experienced, and only 73 per cent of the 15 500 bales was cleared to the trade, the South African Wool Board reports.

The poor demand was accompanied by a further drop of 4,8 per cent in the average price of wool compared to the previous sale. The board's market indicator this week closed at 793 — 40 points down on the previous sale.

Several factors contributed to the further decrease in the market. Among these were the strengthening of the Australian dollar by one per cent against the rand, and the instability of the exchange rate market, which caused uncertainty among buyers.

After the latest drop the wool market is already 11,4 per cent lower compared to the level after the first sale of the season. In spite of this, the market is still 20,4 per cent higher than the previous season.

The following average greasy wool prices were obtained for the most important types of wool, under headings — type, micron, clean yield, percentage, and price (cents per kg).

AM: 21,5; 66, 584

AS: 23,5; 66, 507.

BKS: 22,5; 58; 474.

CBP: 22,0; 60, 453.

CL: 20,0, 62, 540.

Next week approximately 20 500 bales of merino and other wool will be offered. — Sapa high inflation rate

Egg increase

Here is the background to some of the recent increases

● Eggs recently increased by an average 6c a dozen The chairman of the SA Poultry Association, Mr Manny Schormann, defended the price rise by saying higher fuel prices accounted for about 1c in the higher price

Then what were the main factors which made the egg price rise necessary?

Higher packaging and feed costs, say the poultrymen

The chairman of the Packers' Association, Mr Neil Malan, said packaging costs were unlikely to drop immediately because of inflationary pressures

Feed was the major expense involved and this product was also not likely to be reduced in price because of the high cost of local maize and imported fish meal, said Mr Malan.

Exchange rate

A spokesman for the Premier Group said that in spite of the improvement in the rand-dollar exchange rate, the price of imported fish meal would not drop immediately

This would have no immediate effect as a six to eight week supply had been imported at the higher price, he said

● Dairies also increased their prices by an average 6c a litre last month A spokesman for a major dairy said the diesel price had only dropped 4,3c a litre and so no price adjustment could be made.

● Cleaning agents soared by more than 20 percent in 1985. The chief executive of Reckitt and Colman, Mr Graham Higgo, said "When the petrol price went up in 1985 we did not increase prices."

The higher prices were a result of general inflationary pressures, such as higher wages and the rand-dollar exchange rate

● The South African Transport Services is to increase tariffs in April A Sats spokesman said the drop in fuel would have a "small effect" on costs

● SA Breweries increased the price of beer by an average 8,4 percent this month A spokesman said this increase was the company's annual price rise and was not a result of higher fuel prices Fuel was not a major expense in the production of beer, he said

● The price of some iron and steel goods increased this month A spokesman for Iscor, Mr Piet du Plessis, said his group would save about R2 million in this financial year as a result of the lower fuel price Fuel represented only 2 percent of input costs and so an immediate price drop was not likely

But Housewives League president Mrs Joy Hurwitz is not satisfied with the reasons cited by suppliers for refusing to drop prices She said consumers had grown weary of the endless inflationary increases which had been frequently blamed on the exchange rate and the fuel price

"Prices will not drop unless consumers demand action and use their purchasing power to show they will not tolerate endless increases," she said

Motorists flock to Pick 'n Pay's Boksburg garage

Motorists flocked to Boksburg Pick 'n Pay Hypermarket yesterday to buy the cheapest petrol in South Africa.

Pick 'n Pay garages throughout the country have started selling petrol at the reduced price although the company says it will have to buy at the higher price until Monday

The Boksburg garage is also continuing to discount petrol by an additional 4 c a litre as they have been doing in the past, making 93 octane only 88 c and 87 octane, 86 c.

Although some people were satisfied with the reduction in the price of petrol many thought it was not enough.

Mr Vivien Roberts, of Benoni, said: "It's good news but they should have brought the price down 30 c a litre."

Mr Alleric Willoughby said of the lower price: "The Government has to do something to compensate us for the high cost of living."

One of the motorists who flocked to the garage in Boksburg that began selling petrol at the new price yesterday. Other garages will sell petrol at the new price on Monday.

COST OF FILLING UP	WAS	NOW
SMALL CAR Tank capacity 45 litres	R45,90	R41,40
MEDIUM CAR Tank capacity 60 litres	R61,20	R55,20
LARGE CAR Tank capacity 75 litres	R76,50	R69,00

Aviation gas reduction is welcomed

Transport Reporter

The substantial decrease in the price of aviation fuel, which is not controlled, has been welcomed by the aviation industry

Mr Cor Beek, executive director of the Commercial Aviation Association, said the drop in the wholesale price of aviation turbine fuel and aviation gasoline by 12,20c/litre and 23,60c/litre would restore confidence

The industry was badly shaken in November by a price increase of 18 to 22c/litre, and made representations to oil companies and Minister of Mineral and Energy Affairs Mr Danie Steyn to reduce it again

"This is the type of decrease we were looking for," said Mr Beek

The aviation fuel price drop was announced by BP Southern Africa chairman Mr I J Sims, who said it was made possible by the improvement in the rand/dollar exchange rate and weakening crude oil prices

ni ...

rand/dollar exchange rat weakening crude oil price

And Mr Bernard La managing director of said the same factors made it possible for the ernment to decrease the of petrol, diesel and illun ing paraffin, also appli other petroleum products keted by Total

Mr Sims said this mear prices of automotive (m oils would be reduce 23,6c/litre, industrial oi 24,6c/litre, grease by 19,6 and LPG by 11,7c/litre.

Other affected product: HFF (fuel) oil which will by 8c/litre, Bitumen by 7 aviation turbine (jet) fu 12,2c/litre, aviation gas (avgas) by 23,6c/litre, p paraffin by 11,4c/litre, be by 22c/litre and white sp by 15c/litre

LACK OF FUNDS

Commenting on the p price decrease as well as imposition of further levies director-general of the A mobile Association, Mr E Elliott, welcomed the addi al 2c contribution to the tional Road Fund as maintenance had been pered by lack of funds

He said the 2c levy to b plied for compulsory motc hicle insurance was wel yond the immediate req ments of the MVA fund

Assocom said in a state a complete review of the s ture of the petrol price ar components was needed fo ing the imposition of levie fuel depot security an lowering the lead content

It added that the State taking 40 percent of the p cost, would increase its ta by eight percent

The statement said th duced fuel prices would r inflation in the latter ha 1986 — Sapa

Transvaal bus fares remain unchanged

Putco would decrease bus fares in Durban, but fares in the Transvaal would remain the same, a spokesman said yesterday.

He said Putco was to pass the benefits of the fuel price decrease to passengers in Durban only as fares had been increased in November following a fuel price increase at that time.

In the Transvaal, fares had not yet been increased to cover the increased fuel price in January.

Cape Town's City Tramways has no plans for a decrease in bus fares. — Sapa.

Firms claim fuel is not a major expense

28/2/86

Consumer prices unlikely to drop

STAR 244

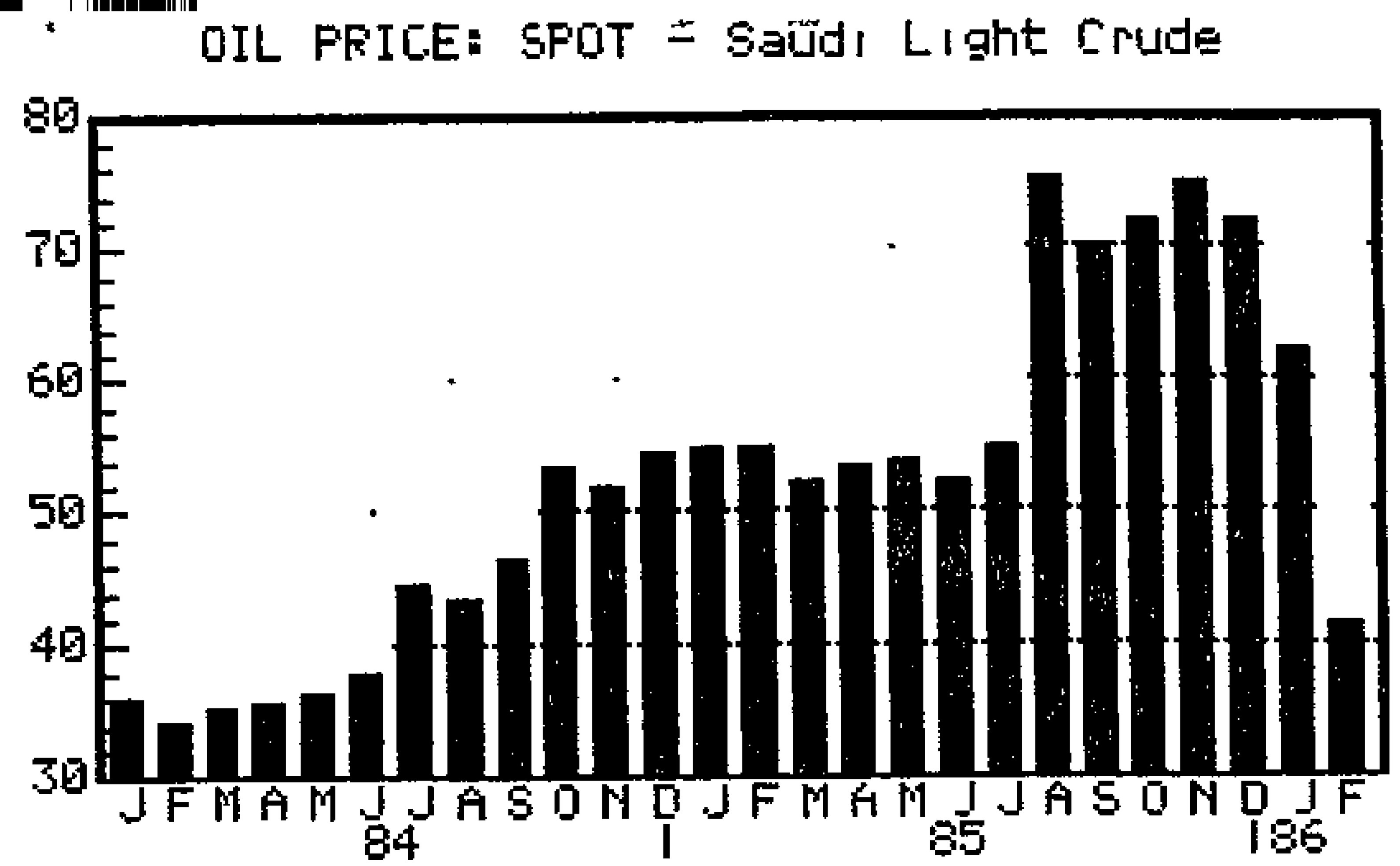
By Colleen Ryan

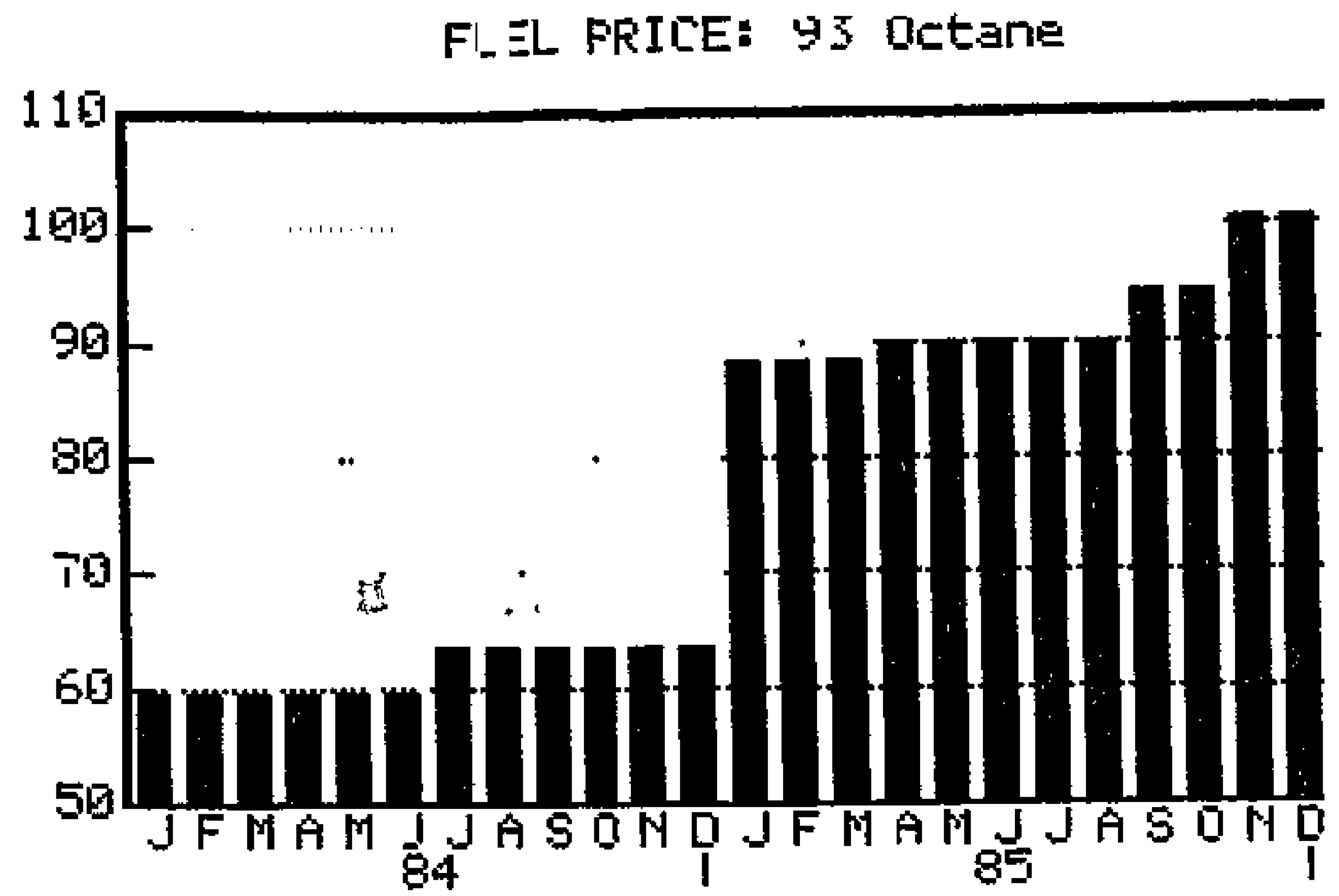
uppliers of most manufactured goods say they will not drop their prices in line with the lower cost of petrol because they do not regard fuel as a direct, major expense.

In a random survey, *The Star* asked several companies which have recently increased heir prices whether there would be any reductions. Most spokesmen said fuel prices ormed only a small, direct expense However, indirectly, fuel prices affected their prices since this contributed to the

Calculation of 93 octane price on the Rand

Landed cost	51,1c
Customs and Excise	4,0c
Equalisation Fund	1,3c
Fire protection	6,0c
Central Energy Fund synthetic fuel projects	3,725c
Oil pollution	0,055c
Strategic oil reserves	0,22c
National Road Fund	7,0c
Third party	2,0c
Transport to Reef	7,4c
Rounding off for price purposes	-0,5c
Nominal wholesale price	76,9c
Retail margin	5,2c
GST	9,9c
TOTAL	92,0c





'Motorist pays twice for insurance'

Motorists have complained that they will pay twice for compulsory motor vehicle insurance in the next two months.

Callers to *The Star* yesterday said they had already bought third party cover under the old premium system until the end of April and would be paying extra in March and April every time they filled up at the pumps.

One of these was the Transvaal leader of the New Republic Party, Mr Martin Stephens, who said: "It seems that the public is being ripped off again and unnecessary inflation created by this substantial overpayment."

He asked that the Government explain why the public should pay an additional premium for insurance cover that had already been paid.

The Deputy Director-General of the Department of Transport, Mr Ronnie Meyer, could not be contacted for comment yesterday.

The Director-General of the Automobile Association, Mr Peter Elliott, agreed yesterday that there was "a slight overrecovery" but said the Motor Vehicle Assurance Fund was urgently in need of funds.

Mr Elliott said the third party premium should have been increased in May last year but was not because of the economic situation.

"The motorist therefore got a good deal and these complainants are quibbling unnecessarily."

Two petro firms drop prices of oil produc

Two petrol companies drop the prices of petr products not regulated Government on Monday

The BP Southern A chairman, Mr I J Sims, sa had made the decision

1986

Tough postal budget on cards for Monday

24/4 Mercury 28/2/86

ORMANDE POLLOK
Political Correspondent

CAPE TOWN—South Africans, already rocked by the rapidly rising cost of living, are in for another shock next Monday when postal tarrifs are likely to go up by between 10 percent and 15 percent.

Dr L A P A Munnik will introduce his Post Office budget on Monday and according to the Appropriation Bill published yesterday he will be asking for R5 400 million — a wopping R726 million more than last year's total appropriation

The economy in the past year has not performed any better than the year before and the rand's low rate of exchange, which would have severely affected the price of imported postal and telecommunications equipment, spells bad news for the consumer

Dr Munnik gave advance warning of an increase in tarrifs this year during his budget speech last year

It had been found, he said, that tarrifs would have to be adjusted to boost revenue by an additional 10 percent.

The extent and even the necessity for an increase would be affected by the economy, said Dr Munnik.

And, judging by the performance of the economy and the rand exchange rate, observers believe consumers can expect an average increase in the region of 15 percent.

They point out too that the Franzsen Committee which investigated postal financing recommended that not more than 50 percent of the Post Office's capital expenditure should be financed from loan funds

It appears, therefore, that consumers can expect a substantial tarrif increase on Monday

Yesterday in Parliament

Now they want pensions for municipal councillors

Mercury Correspondent

AN ADDITIONAL twist was given yesterday to the controversy over salary increases for parliamentarians with the tabling of a Bill in the House of Assembly proposing that municipal councillors should now for the first time be given pensions

The proposal is expected to add to the controversy over benefits for the country's legislators

The motivation for this latest draft legislation is to provide compensation to the large number of municipal councillors who have many years of service

And, in a first response to the recommended large salary increases for Cabinet Ministers and MPs, President Botha yesterday released a statement saying that in view of the public interest the Government intends to announce its decision as soon as possible

This decision, it is reliably learnt, is expected to limit immediate increases to 10 percent across-the-board, and acceptance of the R10 000 payment to MPs to cover secretarial expenses for the year

In his statement yesterday Mr Botha said the report had identified major deficiencies in the remuneration structures and conditions of service of political office bearers

'These deficiencies should be rectified as soon as possible, in phases if necessary,' he said

Mr Botha added that the report required proper study and it was, therefore, impossible and not justifiable to react to the recommendations in a 'hasty and superficial' manner

PETROL DISCOUNTING

Ten years on

244 F·MAIL 28/2/86

How can we believe government promises of deregulation when it won't allow price competition in a basic commodity whose existing distribution structure is riddled with over-trading and inefficiency? We can only repeat: the garage industry's justifications for maintaining its cosy market carve-up — threats of massive unemployment, confusion in the mind of consumers, et al — are sheer rubbish

Nor is it reassuring that government tried to gag Pick 'n Pay from disclosing this week's decision to ban discount petrol sales — 10 years after they started at the East Rand hypermarket.

It is difficult to avoid the conclusion that the authorities wanted to keep the news quiet until they could soften the blow by making it coincide with a general decrease in the petrol price, which by some accounts could happen as early as this weekend. If so, this is going beyond the bounds of legitimate news management and into the realm of manipulation. The public has the right to know about decisions like this as soon as they are taken.

Unless one of Ackerman's three "battle options" succeeds, after Saturday the only people able to buy petrol at a discount will be bulk users who qualify under the Motor Industries Federation criteria. Not the small man.

It is not necessary to swallow gullibly Ackerman's self-cast role as the consumers' protector to deplore this move. Without decrying Ackerman's sincerity, he is as motivated by profits as the next businessman — and quite right too. That is what capitalism is all about: if the search for profits enables goods to be sold more cheaply, so much the better.

In the UK, incidentally — which has not had the same massive currency appreciation as SA — the petrol price has already been cut twice in two weeks; most recently, by 2,7p a gallon, equivalent to almost 2c a litre. Why does it take so much longer here? If there is an answer other than the dead hand of bureaucracy, we would like to know it.

Bumbling handling of the petrol price does not engender confidence for the rest of our much vaunted deregulation policy. ■

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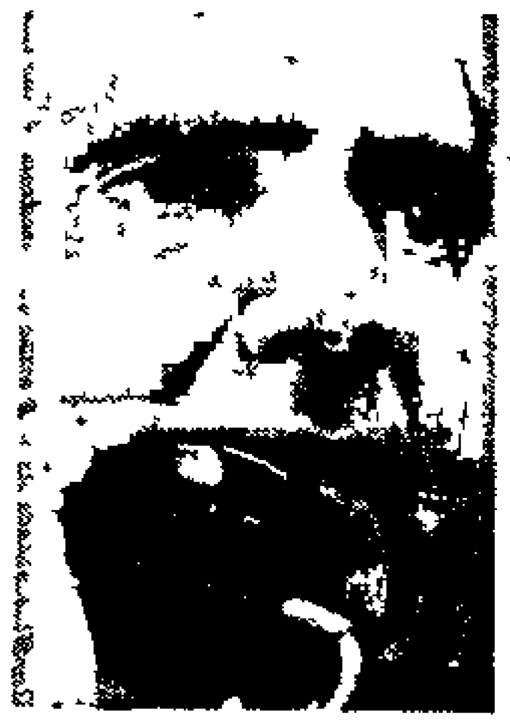
ARGUS 28/2/86

Supermarket chain will keep selling cheaper petrol



Mr Raymond Ackerman

PETROL stations operated by Pick'n Pay will continue to sell fuel at discount prices until Monday, says chairman Mr Raymond Ackerman.

He denied today that any Government order had been received banning his company from selling petrol at below the official prices.

"In terms of the Petroleum Act the Minister may issue an edict forcing me to stop selling at discount prices, but until that happens we carry on as before.

"Two major oil companies have continued to supply me with petrol, but one has refused. I know that the Government is working feverishly with the oil companies to stop me," he said.

BP yesterday told Pick 'n Pay hyperamas that they would no longer be supplied with petrol. This was in the wake of Mr Ackerman's announcement that its petrol price was being dropped three days before the Government's scheduled date.

Mr Ackerman charged that there was a "strong feeling of a monopoly and a cartel" in the oil industry.

"It is evil. It is bad. And I believe anybody who forms a cartel should go to jail." The only reason BP had adopted such strong-arm tactics, according to Mr Ackerman, was because of he was "totally and utterly opposed to price-fixing" and his introduction of discount petrol.

"I don't need the Government to tell me what to do," said an indignant Mr Ackerman.

"At our Boksburg outlet we have set a precedent and have been allowed to sell petrol at discount prices for 10 years. Now they have the audacity to ask us to stop.

"The authorities have shown a lack of sensitivity and flexibility by not wanting to deregulate the supply of petrol to the public," Mr Ackerman said. — Staff Reporter and The Argus Pretoria Correspondent.

INSIDE: Weather 2, Women 12, Letters 14, Finance 16-17, Racing 18-19, Sport 19-20. TV — Page 3 in

INFLATION FIN MAIL 28/2/86 244

No panic . . . yet

"Don't press the panic button," seems to be the consensus about the record post-war inflation rate — although the surprising thing is the number of economists who didn't think it would break through the 20% barrier, into the banana republic league.

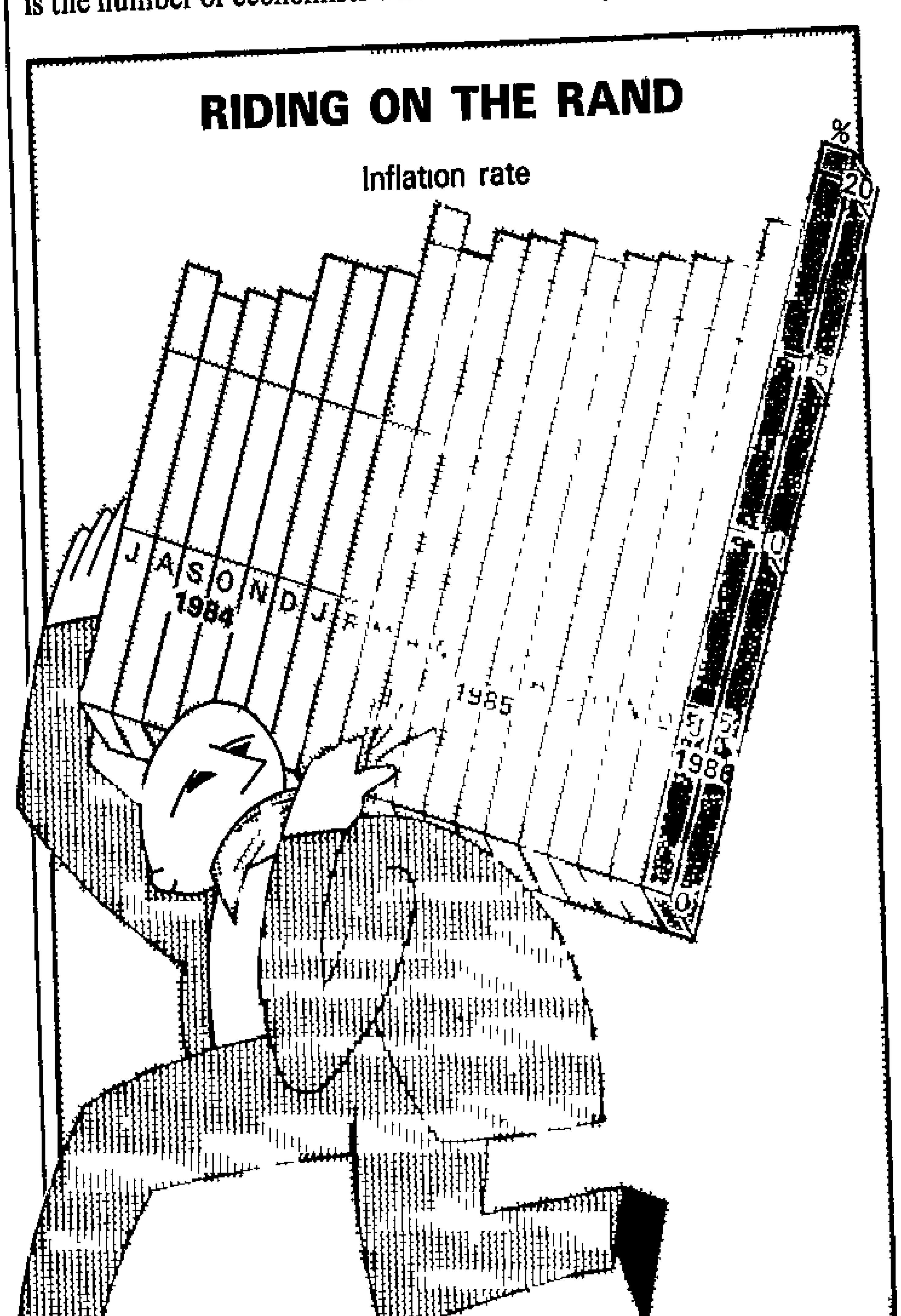
But late last week the announcement came that the cpi for January, year-on-year, had rocketed through that psychological barrier, to 20,7%. Comparing this to 18,4% for December and 16,9% for November, consumers will be forgiven for panicking; but "take heart," economists generally believe that most of the weak rand cost pressure has worked through the system.

Says Andre Hamersma, chief economist of Standard Bank: "One suspects the inflation rate will probably remain high for the next two months-three months, then should surely come down. We know the cause — the depreciating rand last year — and, of course, that cause has changed, bearing in mind the rand has appreciated rapidly since the tail-end of last year."

From its trough around the end of August, it has risen no less than 46,9%.

Rudolf Gouws, group economist for Rand Merchant Bank, believes the cpi will drop in February, "largely for technical reasons," since it will be compared with that of February 1985, which contained a massive 43% increase in the petrol price.

By the same token, in March it may rise further again, compared to the low March 1985 increase. "After this the cpi should finally come off its peaks." He says that apart from promising developments with the foreign exchange rate, the relatively modest civil service pay increases and anticipated increases in the private sector ranging from 9%-14% should keep costs down. In time, this will be reflected in more modest price increases.



Gouws firmly rules out any form of wage controls, as suggested by a number of people. He points out that there are already quite enough distortions in the economy that make transmission of market signals difficult. Controlling wages will simply interfere with the basic bargaining tool for labour through the wage mechanism.

Hamersma says the figure must be seen as the "sins of the past," and the price we're paying for the weak rand. "But the benefits will now start to come through. A petrol price cut may be the first response to the stronger rand."

The moral? If you mismanage an economy and face a rapid currency depreciation, don't be surprised if you get a massive acceleration in the inflation rate. It has been an expensive lesson. let's hope it's been worth it.

Economists are now left hoping that capital outflows associated with the debt repayment programme won't push the rand back to under US50c. ■

week of four team leaders in a mine hostel. As the *FM* went to press, employer and worker representatives were attempting to negotiate the resolution of the strike. Anglo appeared hopeful of resolving the matter, but the Num has demanded the release from custody of the eight miners. ■

28/2/86 FM

MPs' PAY 244

Money for ham

The timing of this week's report on MPs' pay was about as insensitive as you can get. A decent argument can no doubt be made for the proposed new scales. But seasoned political operators like those who run the National Party should surely have known this just isn't the time to float it.

For example, public sector personnel had just been offered a 10% pay rise from April 1 while Central Statistics reported a January year-on-year increase to 20,7% in the cpi.

To rub it in, Transport Minister Hendrik Schoeman announced that mainline rail passenger fares would rise by 15% and commuter tariffs by 12,5%, from April 1, and domestic air fares would rise by 10% from March 1. Commercial rail tariffs for high-rated traffic would be increased by 2,2% for short distances, and by 10% for runs over 4 000 km. Low-rated traffic charges were boosted by 3% for short distances, to 10,9% for 800 km.

Sanlam economist Johann Louw predicted State spending would jump 18% to exceed R33 billion in 1985-1986, and probably rise another 15% next year.

The committee of inquiry into parliamentary pay packages calls for increases ranging up to 108% in the case of Ministers. The committee, chaired by Alwyn Schlebusch, includes Sanlam chairman Fred du Plessis, Sir De Villiers Graaff, Nedbank chairman Frans Cronje, and Mr Justice Hiemstra.

The basic cash remuneration recommendations are decidedly attractive.

□ The President's salary to rise by 55% from R84 000 to R130 000 (unlike other parliamentary salaries this amount is tax-free) Ministers' up 108% from R59 000 to R121 000; and MPs' and PC members' salaries by 84% from R27 000 to R49 000.

The report goes on to recommend that the President's tax-free allowance should be boosted R4 000 to R29 000, while those of MPs and PC members should rise R3 000 to R19 000. MPs should also get an additional R10 000 a year for secretarial expenses, with any additional amounts being deductible for income tax from the basic allowance.

Looking as if he were about to break out in a cold sweat, Schlebusch reiterated the State President's advice that the suggestions did not have to be adopted on the turn. Government sources pointed out that they did not have to be accepted at all, but the committee, having adjudged a backlog, recommended immediate implementation. One of the few to openly agree was the NRP's chairman of caucus, Brian Page. Most parliamentarians said nothing for the record, but let it be known they needed and deserved the extra money. The report may well stir public resentment at a time when the standing of elected representatives, and others, is not high. Beginning with the premise (established by an earlier committee) that it is not practical for a member of Parliament to do much else beside politicking, the report goes on to find that parliamentary emoluments cannot serve as a basis for the calculation of civil service pay. By implication, however, it draws parallels with the private sector and emphasises the need for high standards.

"The demands of modern society," says the report, "make it imperative that successful businessmen, professional people, farmers and industrialists become involved in our highest legislative and executive body."

But if they seek office, it notes, they face risks: "Rapidly changing circumstances in the political sphere or in consequence of voters' new personal preferences" have reduced average tenure in Parliament to "only" seven years. The committee found too that the interruption of a parliamentarian's outside career could damage it irreparably.

The study was conducted by the consulting firm, Hay-MSL SA (Pty) for a variety of reasons, including the belief that an internal investigation would make it possible "for hostile elements to find loopholes. . ." It was felt that an external investigation would be more defensible.

In spite of the subdued comments from members themselves, including the opposition, the public outcry has been predictable The *FM* received a number of angry calls imploring us to "do something!" about a "national disgrace."

On reflection, however, it seems the Schlebusch report may have a point: parliamentary packages are indeed relatively meagre.

For example, a chief executive of a holding company employing more than 7 500 people, with turnover of, say, R500m would have earned about R200 000 last year in pay and benefits, according to PE Remuneration Services manager, Jane Ashburner. Even the MD of a company with a turnover of some R5m and about 100 employees would have received a package worth R80 000. ■

PASS LAWS FIN MAIL 28/2/86 266

ID Bill to be tabled

Within the next few days government is expected to take the first steps to scrap pass laws and introduce legislation making provision for common identity documents.

It is reliably understood that Home Affairs Minister Stoffel Botha is about to table the Identification Bill — possibly within the next week. The Bill is expected to provide for the abolition of pass laws by July 1 as promised by President P W Botha in his series of advertisements to promote reform.

It will also make provision for the issuing of common identity documents to all South Africans regardless of race, but the race of the holder *will* still be stipulated in the new document.

Scrapping of the pass laws is likely to be regarded as one of the most significant reform moves by government. The Bill will coincide with a Private Member's Bill submitted by the Progressive Federal Party's Rueben Sive, which is aimed at scrapping the Population Registration Act.

Sive's Bill must still serve before the Standing Committee on Private Member's Bills where it will be decided whether to refer it to the Standing Committee on Home Affairs for further consideration.

It seems unlikely, however, that government will accept the Bill which provides for the scrapping of all racial references in the Population Registration Act. ■

FIN MAIL 28/2/86

MINE WAGE TALKS 52 213

Thorn of uniformity

Pressures in mining industrial relations have become intense. While some mining houses are still engaged with issues hanging over from last year's black miners' wage strike, all employers are giving serious thought to the forthcoming round of negotiations for 1986

The resolutions adopted by the National Union of Mineworkers (Num) at its congress a fortnight ago have given employers plenty of food for thought. Of particular interest is Num's insistence that management must make a uniform wage offer, and its threat that Num members will strike if this does not happen.

Clearly, the Num does not want a repeat of last year's events at the Chamber of Mines when employer unity shattered and three of the mining houses put in a higher offer than the other three. The split was precipitated by Anglo American; Johannesburg Consolidated Investments (JCI) and Rand Mines followed suit. Anglovaal and Gold Fields later also raised their offer, but to a lesser level Gencor, which implemented lower wages than all the other mining houses, was the odd one out.

There are good reasons why the houses made a split offer. Even though Anglo has a more liberal image than the others, it had compelling reasons for wanting to settle for more. The simple fact is that the Num has made the greatest inroads at Anglo, and it therefore stood to lose the most from a strike Others might argue that Anglo simply has a more far-sighted approach to industrial bargaining.

The union must have experienced some satisfaction at watching the employer's facade of unity crumble. But the split was a two-edged sword. While there were obvious advantages for those Num members who got the higher increments, it is equally obvious that members who did not could well have been disappointed that Num could not do the same for them. Hence, there is a great deal of

Petrol battle: Court rules

Cape Times 8/3/86

Mr Raymond Ackerman, chairman of Pick 'n Pay, leaves court yesterday.

PICK 'N PAY Retailers (Pty) Ltd have been forced to drop their coupon scheme of selling petrol at an effective discount until the Supreme Court decides on the legality of the matter.

By PETER DENNEHY
Supreme Court Reporter

Petrol supplies to the company's 12 outlets had been cut off and some outlets expected to run out yesterday, Mr Hugh Herman, a director of Pick 'n Pay Retailers, said in an affidavit before the Supreme Court yesterday.

Mr Sam Aaron SC, who appeared for Pick 'n Pay, requested permission to sell under the scheme while the court hearing was postponed for the Minister of Mineral and Energy Affairs to draw up an answering affidavit.

"Nobody would be harmed. People benefit, they don't suffer," Mr Aaron said

Mr Justice L Rose-Innes said he was not disposed to make an interim order which clashed with the minister's regulation, which "might be valid".

Mr Herman said in his affidavit that the minister, Mr Danie Steyn, had sent a letter to petrol wholesalers last Friday prohibiting them from supplying outlets which sold petrol for less than the formally agreed price, even if "under an arrangement"

Pick 'n Pay's suppliers had stopped supplying petrol to the company Yesterday Pick 'n Pay took the minister to court, seeking an urgent order setting aside his notice, or declaring that it did not prevent companies from supplying Pick 'n Pay.

The notice should be set aside because the minister had acted beyond his powers, or had been too vague, or had abused his powers, according to Mr Herman's affidavit.

Mr Herman also said the letter should not affect the supply of petrol to Pick 'n Pay as the company had not made any "arrangement" with its customers, but adopted a scheme available to all members of the public

The Director of Energy Supply, Mr Lourens van den Berg, said in an affidavit that he believed Pick 'n Pay was making a profit of 6,25c a litre without the coupon scheme.

If the company dropped the scheme while the minister was given time to respond in court, its petrol supply would be resumed and it could continue to profit, he said

Earlier Mr P Hodes, for the State, had asked the court to turn down Pick 'n Pay's application on the grounds that all parties with a substantial interest in the matter, particularly its three petrol suppliers, Shell, BP and Trek, were not involved in the proceedings.

'Subordinate'

However, Mr Justice Rose-Innes ruled that the minister's directive in question was subordinate legislation and it could not be expected that all affected parties need be involved in the litigation.

The matter was postponed until March 17.

Mr Justice L Rose-Innes presided. Mr S Aaron SC, with Mr L Weinkove and instructed by Sonnenberg, Hoffmann and Galombik, appeared for Pick 'n Pay. Mr P Hodes SC, with Mr D van Reenen and instructed by the State Attorney's office, appeared for the minister.

Petrol dispute goes to court

CAPE Times 7/3/86

2446

THE petrol discount/coupon controversy will be taken to the Supreme Court today as Pick 'n Pay seeks an urgent interdict to set aside a government notice which prevents oil companies from supplying petrol to outlets selling petrol at a discount.

Pick 'n Pay decided to take this step after receiving an unfavourable reply from the Minister of Mineral and Energy Affairs, Mr Danie Steyn, to a letter to him in which they protested against the notice.

The Pick 'n Pay letter, delivered to the minister on Wednesday by joint MD Mr Hugh Herman, questioned several aspects of the notice

Mr Steyn had replied saying the notice was still in force and was aimed at preventing the direct or indirect discounting of petrol

MP pleased

A spokesman for the Department of Mineral and Energy Affairs (DMEA) confirmed that a reply had been sent to Pick 'n Pay but would not comment on the content of the letter.

Reacting on the issue yesterday the PFP's spokesman on energy, Mr John Malcomess, said he was "pleased" that Pick 'n Pay had decided to take the government to court in the light of its intransigence in the petrol discounting controversy.

He repeated his challenge to President P W Botha to take a personal hand in the mushrooming controversy, particulary in view of "the President's stated commitment to deregulation and free enterprise"

However, Mr Botha yesterday refused to be drawn into the row, saying the issue should be dealt with by Mr Steyn and the oil companies.

Mr Malcomess also questioned the "deafening silence" of commerce, industry and other political parties in Parliament in the face of direct government intervention to artificially prop up fuel prices.

He challenged Assocom, the Afrikaans Handelsinstituut, the Chambers of Industries, the Automobile Association, the Labour Party and the National People's Party to demonstrate their support for "the man in

The government notice was issued on Friday last week after Pick 'n Pay began selling petrol at a discount price several days before Monday's official price drop.

Petrol supplies were resumed on Monday, but cut off again on Wednesday when a discount coupon system announced by Pick 'n Pay was held by the DMEA to be a form of discounting petrol.

Mr Herman yesterday said: "Direct or indirect discounting of petrol is precisely what we are not doing. We are offering coupons, redeemable on other purchases, for litres of petrol purchased. We are still selling petrol at the prescribed price."

He said the interdict was being sought on the basis that the directive was issued on Friday last week, while the coupon scheme was only announced on Tuesday and on the basis that Mr Steyn was acting beyond his powers.

Petrol supplies from Shell SA, Trek Petroleum and BP SA, were still cut off yesterday.

The managing director of Total South Africa, Mr Bernard Lafitte, said in a press statement yesterday that allegations that the oil companies in South Africa were being protected by the government to the detriment of the consumer, were untrue.

Fixed margin

The oil industry enjoyed a fixed margin, which was less than that of the oil pipeline costs, the levy for the National Road Fund and the amount being collected for GST.

Mr Lafitte said that about one-third of the cost of petrol went towards taxes and levies which were unrelated to the actual cost of fuel.

He said the oil industry was only allowed to make a certain profit on its assets before taxation and if the industry did not make the allowed profit there was no mechanism to make up

Beer prices 'stable'

6/3/86 B-DAY 244

ALAN RUDDOCK

BEER prices are not expected to rise again this year.

Prices rose an average 8,7% at the end of last month and SA Breweries (SAB) "hopes to avoid further increases", SAB spokesman Gary May said this week.

The beer market was still showing positive growth, May said, but the growth rate had slowed. "It is early days yet to be predicting this year's market, but we do expect growth over last year's sales."

Beer-price increases in the past three years have been relatively modest — 7,5% last year, 6,3% in 1984 and 10% in 1983 — and May said the drop in the real price of beer had contributed to its positive year-on-year growth despite the recession.

"The growth rate has slowed, but it is still positive," he said.

The national launch of SAB's latest brew — low alcohol beer — depends on the result of intensive market research in the Cape, where the product has been marketed experimentally.

"We believe low alcohol beer is strategic to the beer market in that it provides an important option to the consumer," May said.

Blast kills one, hurts 3

B-DAY 6/3/86

A MAN was killed and three others injured, one seriously, in an explosion at an Armscor subsidiary in Somerset West yesterday.

The victim was Sammy Samuels of The Strand, near Cape Town. The names of the injured have not yet been released.

An Armscor spokesman said the cause of the "industrial accident" at Somchem was being investigated. — Sapa.

Witchdoctor 'was to get R15 000'

B-DAY 6/3/86

MBABANE — A South African witchdoctor told a Swazi court yesterday he was promised R15 000 to fabricate evidence against five prominent men being detained without charge.

Witchdoctor — or "Inyanga" — Elliot Ndaba was giving evidence for the prosecution in the trial of a former member of the ruling Supreme Council of State, Prince Mfanasibili Dlamini, and ex-Police Commissioner Majaji Simelane.

They face seven counts of subverting justice in connection with the detention of former Finance Minister Sishayi Nxumalo and four senior police and army officers.

Ndaba, who began his evidence on Tuesday on the second day of the trial, said under cross-examination yesterday he was promised the money in Johannesburg by Mfanasibili and was brought to Swaziland in May to concoct the evidence.

He said this consisted of travelling round the country to various houses so that he could later testify in court that he had seen the five men plotting a coup and describe the locations.

He was also shown a video of the five so that he would be able to describe them, he added.

The five men were accused of treason and held for more than a year without charge before being released without explanation two months ago.

Ndaba said that part of the plot was for him to make a magic potion of herbs and zebra meat and plant it by the gates of parliament to signify Nxumalo's ambition to overthrow Prince Bhekimpi Dlamini, Swaziland's prime minister.

Mfanasibili and Simelane have pleaded not guilty to all the charges. They were dismissed from their posts last October.

The case continues — Sapa-Reuter.

Postal rise increases scepticism

SML 153 244

The latest increase of 20 to 50 percent in postal tariffs has increased the market's scepticism about the authorities' attempt to combat our high inflation rate, according to Trust Bank economists.

"All eyes are now on the Minister of Finance to see whether his budget can come up with a credible formula to curb the accelerating growth rate of government expenditure, which is essential to halt the spiralling inflation rate," says the bank's latest rand report.

The rand, supported by the Reserve Bank at current levels, is forecast to maintain its current stability It traded very steady at around 50,45 US cents yesterday against 50,20c for most of last week, and should maintain its level, says Trust Bank

In the longer term, the rand can come under further pressure because of uncertainty about our balance of payments and the tumultous political situation, says the report

If the economy improves, however, and inflation is brought under control the rand may well strengthen in the medium term

The liquidity eased in the market as the shortage narrowed to R1,733 billion. The R500-million repurchase aid to the market was extended yesterday.

The key BA rate remained at Tuesday's level of 12,25 percent against the 12,40 percent of a week ago.

The market is thin and no cut in the bank rate is anticipated before the budget speech on March 17.

The capital market is quiet but it seems that the President's speech earlier this week and the firmer gold price ($342,60) improved the sentiment as rates were softer on Tuesday morning

The 2005 RSA traded at 17,07 percent against the 17,34 percent last week.

Deposit rates (percentages) Call 12,50 — 60 days — 12,50, 32 days — 12,25, 88 days 12,75, prime —15,50. — Sapa.

If you invite a friend around for tea in the year 2000 you can safely expect to spend R94,18 at the supermarket buying all the ingredients. Miss MICHELLE ANDERSON samples a Marie biscuit which will cost R11,25 for a 200-gram packet while Mr GEORGE HOWARD eats a tinned guava. An 825-gram tin of guavas will cost R25. A 750-gram tin of instant coffee will sell for R34,86 and a box of 100 tagless teabags for R23,06.

Eat, drink and be merry while you can afford it

(244) 1/3/86 E Post.

By CATHY SCHNELL

IF you think the cost of living is exorbitant now, wait until the year 2000 — only 14 years away

An 825-gram tin of guavas will cost R25, toilet rolls will be R6,13 each, a 150-gram packet of potato chips will cost R15,36 and for those lucky enough to afford pets, a 10-kilogram bag of dry dog food will set them back R85,26

One single canned guava in the year 2000 is likely to cost what a whole can of guavas does now. And remember, a tin of guavas now costs four times as much as in 1980

Even buying seven packets of potato chips for a party to see in the year 2000, will set you back more than R100

And going to the cafe down the road for a soft drink and a chocolate will entail carrying wads of bank notes Unless a R100 bank note is introduced, cashiers will spend more time counting out money than anything else

These alarming predictions come from the PE manager of a national supermarket chain, who based his calculations on recorded food price rises over the past six years — from January, 1980, to January, 1986

Using the same percentage increases he worked out food prices for the year 2000 — on the assumption that the inflation rate remained what it was over the past six years

"But as the 20% inflation rate this year occurred after January, the projected prices for the year 2000 can be considered conservative," he said

The projected prices for the year 2 000 are based on the unlikely assumption that sales tax will also remain unchanged

The price comparisons were obtained by looking through the advertisments his company had placed in local the past six years and predicted price increases for the year 2000 The prices include general sales tax where applicable The brands he used are regular and not imported ones

Food prices depend on what the future holds in the next 14 years.

	1980 (Jan)	1986 (Jan)	2000
Margarine (brick) 500g	,59	1,29	8,75
Instant coffee 750 grams	2,49	5,39	34,86
Tagless tea bags, 100's	,89	2,29	23,06
Cornflakes (polybags) 500g	,37	1,19	21,45
Marie biscuits, 200 grams	,25	,75	11,25
Peanut butter, 410 grams	,53	1,45	17,19
Potato chips, 150 grams	,42	1,19	15,36
French beans (tin) 410g	,19	,65	13,71
Guava halves, 825 grams	,39	1,29	25,0[illegible]
Toilet rolls — pack of eight	1,57	4,25	49,02
Washing powder, one kg	,85	1,69	8,90
Dry dog food, 10 kilograms	3,69	9,19	85,26
Total cost of items	**R12,23**	**R30,62**	**R313,82**

The columns show the total prices of these items are 2,5 times higher today than in 1980 and by the year 2000 will be 10 times higher still

● Stocking up now to avoid paying such horrendous prices in 14 years time is possible only on certain items, like toilet paper, soap, furniture and clothes, he said

That's if you don't mind walking round like a museum piece and using parchment

Stocking up right now on alcoholic bevereages to see in

BLACK WOMAN'S NOTE TO POLICEMAN

4/2/86 Sowetan

By ALINAH DUBE

TEN Seboken residents who are charged with the killing of two people in the area pleaded not guilty in the Pretoria Supreme Court yesterday.

The accused, nine men and a woman, were making a first appearance before Mr Justice van der Walt and two assessors.

They are Mr Ratosilane Samuel Mashela (64), Mr Lazarus Bikinyana Kolokoto (25), Mr Thami Mayfair Zwane (25), Mr Sidwell Sealane Mpela (25), Mr Khoase Michael Phakwe (22), Mr Pule Thomas Maine (24), Mr Playmatic Rentleneng Kolobe (28), Ms Ou Lady Marcia Sobekwa (32), Mr Zwelakhe Josia Zwane (25) and Mr Khulu Jacob Mthembu (20).

They are facing two counts of murder and another charge of subversion.

The case arises from the death of Mr Ceasar Motjeane, then a town councillor, and Mr Phineas Matibidi during the Vaal Triangle unrest a year ago. Both killings took place after a rampaging mob allegedly started stoning and burning property in the township on September 3, 1984.

This was shortly after a residents' meeting at a local Roman Catholic Church that day, it was said.

The State alleged that Mr Motjeane and Mr Matibidi were assaulted with stones and objects, and or stabbed and set alight. They died as a result.

A Vanderbijlpark district surgeon, Dr D B H le Roux, told the court that Mr Motjeane's body had two bullet wounds in the right hip when he examined him two days after his death.

He said he died as a result of multiple injuries.

Of Mr Matibidi, Dr le Roux said although he had a stab wound on the heart, the destruction of his skull could have caused his death. "His facial bones were completely shattered. The whole outline of the head was deformed," he said.

A Soweto police officer, Colonel Simon Sauer, told the court that on the day of the killings he was sent to investigate allegations of unrest in Sebokeng.

He said that when he arrived at the late councillor's house, he found the half-burnt body of a man at the gate. Three cars were also burnt, he said.

During his investigations, he said, he was shown a house situated not far from that of the dead councillor and found his body lying in the backyard. "There were a lot of stones next to him and the injuries he had on his face showed that he could have been stoned earlier," Colonel Sauer said.

Shops were burnt, roads barricaded and property destroyed in unrest incidents that day, he said.

While continuing with his investigations, Col Sauer said he suddenly felt someone putting "something in my hand. It was a piece of paper from a black woman whom I could not identify".

After perusing the paper, the police official said he found a list of names of people he believed were either witnesses or suspects in the case.

Petrol: Interdict next step?

Cape Times 6/3/86

264

PETROL supplies to rebel discounters Pick 'n Pay were stopped yesterday for the second time in a week — and the company says it will seek an urgent interdict to counter this if the government does not respond favourably to a letter it has sent to the Minister of Mineral and Energy Affairs, Mr Danie Steyn.

The retail chain's two major suppliers, Shell SA and Trek Petroleum, as well as BP SA, which supplies petrol to only one station, all confirmed yesterday that deliveries to Pick 'n Pay's 12 service stations had been halted in compliance with last week's government directive ordering suppliers not to deliver fuel to outlets that discounted petrol.

The notice was issued by Mr Steyn when Pick 'n Pay began selling petrol at a discount price several days before Monday's official price drop.

Petrol supplies were cut off on Friday and resumed on Monday when Pick 'n Pay again sold petrol at the discounted price

Joint MD Mr Hugh Herman delivered the letter to Mr Steyn yesterday afternoon

Mr Herman said the directive had been issued three days before Pick 'n Pay introduced the discount coupon system, and therefore could not apply to the coupon system.

Company 'not discounting petrol'

He added that Pick 'n Pay was not discounting petrol It was sold at the normal price, but Pick 'n Pay gave a 4c discount coupon for every litre sold. This was exchangeable at its supermarkets.

Pick 'n Pay believed Mr Steyn had acted beyond his powers with regard to the coupon scheme The Petroleum Products Act dealt with the supply and procurement of fuel, while the issue of discount coupons fell under the Trade Practices Act.

He said these matters had been pointed out to Mr Steyn in the letter.

Mr Herman said he hoped Mr Steyn would reply by today. If the response was negative Pick 'n Pay would seek an urgent court interdict compelling the oil companies to recommence deliveries.

Mr Theunis Burger, deputy director of the Department of Mineral and Energy Affairs (DMEA), said it had issued the directive because it felt it had no alternative.

He said Pick 'n Pay's argument that the DMEA was encroaching on commercial agreements was a matter of opinion. — Staff Reporter, Sapa and Own Correspondent

Cape Times
1/3/86

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petrol 'till tanks run dry'

Staff Reporter

PICK 'N PAY said yesterday it would sell discounted petrol "until tanks run dry" in the wake of a government directive to oil companies to stop supplying petrol to outlets not selling at the prescribed price.

A spokesman for BP SA yesterday confirmed the directive was sent to his company, which at present co-ordinates the price aspect of the oil industry. Other suppliers had been informed.

He said the directive ordered suppliers not to supply petrol to any outlet "at which petrol was offered at any other price than that prescribed", and said that in effect this stopped supplies to Pick 'n Pay, which was the main retailer of discounted petrol.

Queues

Pick 'n Pay director Mr Alan Gardiner said yesterday that the company expected the supplies to be cut until Monday, when his company would again be selling at the prescribed price and therefore be entitled to petrol.

There were queues of cars at the Brackenfell Hypermarket yesterday, where about eight times the normal daily amount

Mr Raymond Ackerman

of petrol was sold yesterday.

"We sold 60 000 litres of petrol there today, which is more than some garages sell in a month," he said yesterday, adding that Pick 'n Pay would sell discounted petrol over the weekend until tanks ran dry.

He thought the government action was tough and heavy-handed and referred to the government's behaviour as "unreasonable" and "disgusting".

Mr Gardiner said he felt the issue had come to a head now because his company had upset people in high places.

He was referring to a meeting in January in which Pick 'n Pay had told the authorities they were misguided and that they should have the courage to deregulate the petrol price.

BP said in a statement yesterday that the omission in some newspapers of the first paragraph of the statement by the chairman of BPSA, Mr Ian Sims, in which he refuted an allegation by Mr Raymond Ackerman, placed the remarks out of context.

The opening paragraph of Mr Sims's statement read: "Mr I J Sims, chairman of BP Southern Africa (Pty) Ltd, has refuted Mr Raymond Ackerman's claim published in Business Day on February 25, that the oil companies were 'making a killing' because government had not reduced petrol prices."

The remarks attributed to Mr Ackerman in Business Day read: "Ackerman said it was clear government had taken a decision favouring the oil companies, which he accused of 'making a killing' under present circumstances."

BPSA said its statement was issued to refute Mr Ackerman's specific allegation and had nothing to do with reports on the discounting

Damages for Vangelis

LONDON. — Vangelis, the composer whose hits include the theme from the film "Chariots of Fire", and two musicians were awarded 250 000 sterling (R720 000) yesterday for a record company's illegal release of their early work.

A High Court judge ruled that Pye Record Sales, which in an earlier hearing had consented to judgment being entered against it for breach of copyright, should pay the amount for damages, interest and costs.

A lawyer for the three told the court the illegal releases consisted of several pieces of music recorded by his clients in the early 1970s.

Petrol: Too little but not too late

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CITY P. 2/3/86

By SINNAH KUNENE

THE GOVERNMENT'S announcement of the 8c to 10c cut in the petrol price has received a lukewarm reaction from commuters, motorists and taxi operators.

Energy and Mineral Affairs Minister Danie Steyn announced in Cape Town this week that 93c octane petrol (super) would cost 10c less from midnight on Sunday, while 87 octane (regular) would cost 8c less.

Steyn said the actual reduction in the petrol price was 15c, due to the firmer rand and cheaper oil. He said the Cabinet had agreed that 10c be passed to the consumer, while 5c a litre would go to fuel levies – including the new Third Party insurance system.

He called on the private sector to pass on the fuel price reduction to consumers by lowering the prices of goods and services "because fuel prices have always been cited as a reason for price increases".

- Soweto Taxi Association spokesman B Xulu warned consumers not to get too excited about the reduction because "it is minimal".

He added, however, that the news had come when the association was considering an increase in taxi fares. The last increase was in July 1983.

- Pick 'n Pay executive director Alan Gardiner criticised the Government for "protecting" oil companies and added that the drop in price could have been greater.

He said his company would continue its fight to have the petrol price deregulated.

- National Federated Chamber of Commerce treasurer Sy Kutumela said he hoped the price of goods would go down.

Cheaper fuel at the petrol pumps today

Star 3/3/86 244

South African motorists took advantage today of cheaper petrol after the price dropped between 8c and 10c a litre at midnight.

Pick 'n Pay, which runs 12 garages country-wide, ran out of fuel at the weekend after oil companies followed Government orders and stopped supplying garages which had dropped prices before the official date.

A spokesman for Pick 'n Pay confirmed that fuel pumps ran dry, but said fresh supplies would be available today.

Another clash is likely between price-cutting Pick 'n Pay and the Government Sources in the industry say the chain will be prevented from giving further price discounts on petrol, but Pick 'n Pay is likely to respond by giving customers discount coupons from today.

In terms of last week's announcement by the Minister of Mineral and Energy Affairs, Mr Danie Steyn, 93 octane (super) has been cut by 10c a litre and will cost 92c while 87 octane (regular) has dropped 8c a litre on the Witwatersrand, now costing 90c. At the coast, 98 octane has been reduced by 8c and 93 octane by 10c a litre.

Diesel prices have been reduced by between 4,3c and 8,3c a litre.

Petrol attendant "Caddy Master" stands next to a petrol pump which shows the cheaper petrol price — 92 c a litre for 93-octane petrol instead of the old price of 102 c a litre.

Retailers drop prices after fuel price cut

Although suppliers have not dropped their prices a result of today's reduction in the petrol price, so retailers say they have discounted a number of pr ucts.

A director of Pick'n Pay, Mr Richard Cohen s that his store dropped prices last week on about items when the fuel price decrease was announced.

"As we negotiate lower prices with our suppli we will pass on these reductions," he said.

The managing director of Checkers, Mr Clive W said special offers on fresh fruit and vegetables ha resulted from their savings on the petrol price crease.

"We have quantified our savings on these goods somewhere between R250 000 and R300 000 as this handled by our own distributors."

A spokesman for Spar said they would be reduc prices. "We are looking at reducing commodities believe are critical and are trying to persuade sup ers to drop their list prices," he said.

Post Office rates to go up

Star 3/3/86 (244)

Political Staff

CAPE TOWN — Increased postal tariffs are expected to be announced today by the Minister of Communications, Dr Lapa Munnik

The increases will take effect on April 1 and are expected to be substantial.

Dr Munnik will introduce the Post Office Budget in Parliament today

According to the Post Office Appropriation Bill this year's budget calls for R5 400 million compared to R4 377 million last year

Last year nearly all mail and telephone tariffs rose to increase total Post Office revenue by an average of 14,8 percent.

● Details of the budget will appear in the City Late and Late Final editions of *The Star*.

CN(- Trafs 3/3/86 244

Govt asked to step in in petrol price saga

Own Correspondent

PORT ELIZABETH. — The Progressive Federal Party spokesman on energy and mineral affairs, Mr John Malcomess, called yesterday on the State President, Mr P W Botha, to intervene in the petrol price dispute between Pick 'n Pay and major oil companies.

Petrol supplies to Pick 'n Pay have been cut on the instructions of the government and by Saturday the discount chain's 12 outlets had begun to run dry.

Mr Malcomess said he strongly objected to the action of the large oil companies in cutting supplies of petrol to Pick 'n Pay, pointing out that the man in the street was being penalized.

"Their only reason is that Pick 'n Pay is selling petrol to the public at a discounted price The main villain is of course the government (which is) forcing the private sector to sell at its price and no lower."

Mr Malcomess said the Motor Industries Federation should also share the blame "for encouraging the government to take this action in order to protect their own vested interest".

"I am calling on the State President to intervene and if he will not take action then I accuse him of contravening a national goal as set out in the Constitution Act of South Africa. The goal concerned is 'to further private initiative and effective competition'," Mr Malcomess said.

Meanwhile, director of Pick 'n Pay Mr Sean Summers said yesterday that there had been "total chaos" at the Boksburg service station on Friday and Saturday with queues of up to 60 cars On Friday 58 000 litres were pumped — one-third more than usual

Today Pick 'n Pay is to announce the price of petrol at its Boksburg outlet, where it has in the past discounted petrol by 4c/l. The government ordered it to stop doing so from midnight on Friday and it is uncertain how it will get around to discounting on the cut petrol price.

'Not the end'

"It's not the end of the petrol saga," Mr Summers said yesterday, but he declined to disclose what the company intended to do until today's announcement.

Mr Summers said the oil companies would resume their supplies to Pick 'n Pay from today when the new petrol price goes into operation at all service stations.

Executive director for Pick 'n Pay Mr Alan Gardiner said he thought the government behaviour regarding discounting petrol was tough, unreasonable and disgusting.

In the past Pick 'n Pay had had no reaction from the government when it sold old stocks of petrol at a discounted price before scheduled price cuts or rises.

"There is no precedent for the government's harsh action," he said.

Pick 'n Pay defied the government by dropping its petrol price by 8c/l and 10c/l four days before the specified date At the Boksburg hypermarket where it usually discounts by 4c/l it dropped its price by 12c/l and 14c/l respectively.

Residents slam tariff rises

3/3/84 SOWETAN

THE Katlehong Residents Committee has condemned the recently announced water and electricity tariff hikes, which came into effect on March 1.

SOWETAN Reporter

The KRC said in a statement yesterday that the Katlehong Town Council, by introducing the tariff increases, was "using residents as scapegoats" in a bid to settle its debts.

Katlehong residents owe the town council R4,7-million in rent arrears.

"The council makes decisions on its own and thereafter implements them without consulting the residents," the KRC said.

Local residents were aware of the council's intentions, the committee said. "We therefore demand the immediate resignation of these councillors because it is clear that they are the stooges of the new Government," the KRC added.

The tariff charges mean that householders will now pay 54 cents per kilolitre of metered water — an increase of 20 cents. Flat-rate water tariffs will go up by R2,50 to R7 per month.

The council will also introduce a monthly levy of R1 per meter, while businesses will be levied R5 a month.

Electricity tariffs will also go up to 0,45 cents per unit, compared to 2,74 cents per units for the first 30 units charged before the new hikes were announced other major donor.

Mawu to go to court over BTR dispute

STAR 3/3/86

By Mike Siluma

The Metal and Allied Workers' Union (Mawu) is to take its protracted dispute with BTR Sarmcol to the Industrial Court.

This follows the failure last week of a conciliation board to resolve the dispute, caused by the dismissal of almost 1 000 workers last April for striking in support of a demand for the recognition of Mawu.

The workers were fired by the company's factory in Howick, Natal

A Mawu spokesman said the union would meet early this week to assess its local and international campaigns against BTR

Actions taken by the union since the dismissals included calling on British unions to pressure the BTR and calling stayaways in the black townships around Howick and Maritzburg.

Several people have died in clashes between strikers and their replacements at Sarmcol

Repeated attempts to resolve the dispute through negotiation have failed.

'Govt must tell public about fuel'

STAR 3/3/86.

A PFP spokesman has urged the Government to explain to the public how the petrol industry in South Africa functions

"People are confused and angry that a major chainstore cannot sell petrol at a discount

"Although the Minister has adopted a reasonable attitude to informing the public on the distribution of petrol, I urge him to spell out how the petrol industry in South Africa functions," said Mr Brian Goodall, PFP spokesman on mineral and energy affairs

"The PFP has made its attitude towards petrol distribution clear on many occasions We believe that petrol prices should be determined by market forces and not by controls

"I urge the Government to commit itself to a system whereby petrol prices will eventually be determined not by regulation, but by market forces

"In the interim I would ask the Minister of Mineral and Energy Affairs to set both a minimum and a maximum price for petrol so that those who wish to sell cheaper petrol can"

Union asks for price freeze

3/3/86. 244 BUS DAY

GERALD REILLY

THE SA Agricultural Union has asked government to bring all prices into balance — and freeze them — as a drastic move to fight runaway inflation.

Speaking at the Afrikander Breeders Association function, in Bloemfontein at the weekend, SAAU president Kobus Jooste said inflation was feeding on itself.

The authorities had been afraid for too afraid of the impact that strong and drastic action demanded, Jooste said.

Only drastic measures could help avoid a disaster. Jooste said the SAAU had appealed to government to bring all prices into balance and freeze them.

It was clear the anti-inflation plans of past years had failed and inflation was still spiralling.

Hikes will negate fuel cut benefits

3USDAY 3/3/86

Inflation stays as prices rise again

GERALD REILLY

IMMINENT government-administered price rises would, economists predict, more than cancel out any anti-inflationary benefits from the 10c/*l* petrol price cut.

Price rises threatening are:

- Higher across-the-board postal tariffs, expected to be announced by Communications Minister Lapa Munnik in Parliament today;
- A maize price increase of at least 10% from May;
- A bread price rise likely to be announced in the Budget on March 17 by Finance Minister Barend du Plessis;
- A sugar price jump within the next two months.

The impact of higher SA Transport Services (Sats) tariffs from April 1 will further add to inflationary pressures.

Acting head of the economic Research Bureau (BER) at the University of Stellenbosch, Ockie Stuart, estimated the direct and ripple effect of the lower fuel prices would knock a maximum 1% from the consumer price index — provided benefits are passed on to consumers.

The impact of the expected administered price rises, however, would more than neutralise this limited benefit, other economists claimed.

They pointed out that most manufactuers and retailers would use the reduced fuel price benefit to compensate for other cost rises in their operations.

Economists forecast it would take more than a 10c/*l* fuel price cut to make a significant dent in SA's record 20,7% infaltion rate.

Pick 'n Pay boss Raymond Ackerman agreed fuel price benefits would be negated by administered price increases.

Psychologically, however, the fuel price decrease was important. It gave consumers some hope that other prices would come down, he said.

Ackerman said suppliers were quick to raise prices in line with fuel price increases, and he pressed them now to now pass on benefits of the lower price to consumers.

A few had responded, but benefits to consumers would be marginal, he said.

Meanwhile National Maize Producers' Organisation GM Piet Gous said it was clear consumers would get little benefit from the fuel price cut.

There was also justification for further cuts in diesel and petrol prices, he stressed.

244 STAR 4/3/86.

MD says glass prices are now at a realistic level

By Jackie Unwin

Glass has risen in price by 46,3 percent over the past 13 months. Independent glaziers and glass merchants blame a monopoly in the flat glass industry after the merger in 1983 between Plate Glass and Pilkington.

But the managing director of Glass SA, the holding company of the merged operation, Mr Rod Fehrsen, claims the price levels have recovered in rand terms to the levels they were at in 1984 before the glass war, which forced prices down.

Dr Stef Naude, chairman of the Competition Board, said although the board had conducted a preliminary investigation into aspects of the glass industry, "investigating the supply of glass is not on the programme.

"Breaking up a monopoly is a drastic action which has never been taken in this country," he said.

Mr Fehrsen told *The Star* that in 1984 the glass industry was embroiled in a vicious price war. European suppliers had dumped large quantities of glass in South Africa because of the world surplus

"We were forced to drop the prices to meet imported prices and protect our market share"

He said the situation had changed. There was little surplus in Europe, the rand had weakened significantly and glass was no longer available from Europe at low prices.

"Pilkington has used the opportunity to let prices recover to proper economic levels," he said.

But glass merchants complain there is a monopoly

Said one merchant. "When the merger was allowed, Minister of Trade Dr Dawie de Villiers said he could always control the situation by removing the 20 percent duty that had to be paid on imported glass But instead a further 10 percent surcharge was imposed by the Minister of Finance".

Situation unfair, say angry merchants in wake of merger

Government criticised for allowing a 'monopoly'

By Jackie Unwin

Glass merchants have expressed anger over an alleged monopolistic situation which they claim the Government has done nothing to prevent in their industry.

Prices for flat glass have risen by 46,3 percent since December 1984

Some merchants who have contacted *The Star* say they are not happy with the Competition Board's findings on the glass industry

However, the managing director of Glass SA, the holding company of the merged operation involving Plate Glass and Pilkington, Mr Rod Fehrsen, has defended the price increases. He said soaring inflation, wage increases, the poor rand-dollar exchange rate and the effects of the price war involving imported glass had resulted in artificially low prices. These prices were now recovering to normal marketing levels.

One irate merchant said· "Everybody in the industry gripes about the situation," he said.

"It seems anomalous," said another, "that a profitable local monopoly should still require protection from import competition, despite the present low value of the rand."

With regard to increased costs, he asked. "What price the much-publicised rationalisation and retrenchment of staff resulting from the merger?"

He said the structure in which the one company which manufactured glass, had a wholesale division, retail stores and also glazing operations — thereby competing with everybody — was wrong. The Government did not allow it with with the liquor industry

"They could squeeze the independent guys out," he said

An angry glazier told *The Star*: "I have been forced to raise my prices — the increases have been extremely unreasonable, but I want everybody to know why

"When I fit even the smallest piece of glass, the minimum I can charge is R48, and people say 'You are mad, mister'."

He said that just over a year ago, a small opening window sized 435 mm by 1 150 mm would cost R23,40 to replace, plus R13 transport costs Now it would cost R34,80, plus transport charges of R15.

The retail price of glass cut, but not fitted, was now R36 a square metre, exclding GST. This was retailing at about R22 just over a year ago.

Commenting on the fact that Plate Glass competed throughout the industry, Mr Fehrson said he had made it "a point of faith" to have an open door to all of his competitors in the glass industry — "particularly in areas of what they may consider unfair activity. They should come forward and make clear specific allegations and I am sure we could solve their problems".

Mr Fehrson said the fact that some people had lost their jobs had nothing to do with the merger, but the economy. "It is a fact of life in South African industry," he added

Dr Stef Naude, chairman of the Competition Board, said· "We have had preliminary investigations into various aspects of glass. Investigating the supply of glass is not on the programme."

He said the building industry would be affected "very significantly" by the prohibition of collusion, market sharing and collusive tendering which comes into effect on May 2.

"There is a fundamental difference between a cartel on one side and a monopoly on the other," said Dr Naude. "Where you have one supplier, it is an entirely different situation"

Retailers push suppliers to pass on petrol savings

244

STAR 4/3/86

The battle to reduce consumer prices is intensifying as retailers continue to exert pressure on suppliers to pass on the savings of cheaper petrol and an improved rand-dollar exchange rate.

Supermarket chiefs today dismissed suggestions that their campaigns were aimed at generating publicity and not passing on benefits to consumers.

Checkers managing director Mr Clive Weil said while it was true all retail chains were in business to make money, they were helping to create a competitive climate.

He said his group was applying strong pressure on manufacturers to drop prices and would consider naming suppliers who would not co-operate within the next 10 days

Pick 'n Pay chairman Mr Raymond Ackerman also hit back at critics who accused the supermarket group of introducing its petrol discount coupon scheme merely for publicity.

"The Government urged us to drop prices. When we respond, the SABC sarcastically claims that supermarket chains are not being genuine," he said.

Pick 'n Pay today announced the introduction of a coupon system at its service stations giving the motorist a 4c voucher on every litre of petrol sold.

The voucher can be redeemed on any product, apart from petrol, sold by the supermarket chain

"Unfortunately this coupon cannot be redeemed on petrol, as that would be considered discounting petrol, but it can be recovered on any other item purchased in any of our stores," said Mr Alan Gardiner, director of the company.

"We have to sell petrol at the price stipulated by the petrol companies. We are taking the extra profits we do not want and passing them back on food prices."

He said the move was "totally legal".

Cape Times 4/3/86

(244)

New plan to beat fuel price

Own Correspondent

JOHANNESBURG. — Pick 'n Pay is expected to announce today plans to offer discount food coupons at its 12 filling stations countrywide, a move which could cause the retail giant to run headlong into another dispute with government and major oil companies.

Oil industry sources said that the rationale behind the move was that Pick 'n Pay would be passing on to the consumer savings made on its petrol sales.

Pick 'n Pay would therefore be able to argue that consumer savings were in line with government's call for food price reductions following the petrol price decrease.

However Pick 'n Pay chairman Raymond Ackerman would neither confirm nor deny the plan yesterday. He said a major statement could be expected today.

Price cuts

Pick 'n Pay and its major retail competitors, OK Bazaars and Checkers, have announced price cuts on various items following the petrol price decrease.

If Pick 'n Pay do go ahead with this scheme, it could herald another clash between itself and government, and possibly the oil companies.

Three oil companies last week cut off supplies to Pick 'n Pay filling stations after they had reduced the price of petrol three days ahead of schedule.

Mr Gardiner called for an objective inquiry into the selling of oil products and questioned the fact that companies, including Pick 'n Pay, which owned car and truck fleets, were able to get discounts from suppliers, while the man in the street could not buy discounted petrol.

Dr Louw Alberts, Director-General of the Department of Mineral and Energy Affairs, said the relationship between the wholesaler and the retailer did not affect the man in the street, provided the retail price was fixed.

Soared

He believed the discount obtained by bulk buyers from suppliers was only about two-thirds of a cent per litre.

In Cape Town yesterday petrol sales soared after prices dropped by 10c/ℓ for 93-octane petrol and 8c/ℓ for 98-octane at one minute past midnight yesterday morning.

Mr George Beckman, national chairman of the South African Motor Traders' Association and Cape Town service station owner, said his sales yesterday were 30 to 40 percent higher than usual on a Monday.

A Rondebosch service station owner said "customers were saying that petrol was sold out all over the place".

● The Boland Poultry Producers Association yesterday announced they would recommend a 4 cents per dozen drop in the egg price with immediate effect because of "a drop in production costs mainly as a result of the improved exchange rate and lower price of petrol".

The association hoped the lead would be taken up by other suppliers to the industry.

Dairy farmers may get rise

4/3/86 Mercury

Mercury Correspondent

JOHANNESBURG — An increase in the producer price of milk is expected to be approved by the Dairy Board next week. The fresh-milk price was last raised — by 3,5 c/ℓ — in June.

Half a cent of the increase was levied to meet losses suffered on surplus exports. The industrial price was raised by 1,5 c/ℓ in November, and again half a cent was taken to meet export losses.

The South African Agricultural Union's national dairy committee chairman, Mr J H Grey, claims a huge backlog has developed in producers' prices. Fresh-milk producers are averaging 39 c/ℓ, before transport costs, which is virtually a break-even price.

Most farmers are getting no return on their production, Mr Grey claims, and the committee has asked for an increase of about 10 percent.

The lower petrol price would save the industry only 0,1 c/ℓ, it is claimed, but a firmer rand could lower the cost of importing materials for making milk cartons.

Mr Grey said producers had been angered by the 6 c/ℓ hike imposed by milk distributors in November.

This was calculated to have a depressing effect on milk consumption and, therefore, reduced farmers' returns.

The reason for the high milk flow, Mr Grey said, was that failed production in other agricultural sectors had forced many farmers to turn to milk production to increase their cash flow, and because of low income from milk production diary farmers were compelled to raise production in an attempt to improve incomes.

Shock at 'insensitive' PO tariff increases

CHt Trans 4/3/86 244

By ANTHONY JOHNSON
Political Correspondent

OPPOSITION spokesmen reacted with shock at the "insensitive" and inflationary increases in telephone, postal and other communications tariffs announced during the Post Office budget yesterday.

Introducing a record R5 400-million budget, the Minister of Communications, Dr Lapa Munnik, announced wide-ranging tariff increases, averaging 15 percent, would be introduced from April 1

However, the basic telephone call unit will jump by 20 percent from 10c to 12c and regular letters, postcards and aerograms will go up by 16,5 percent from 12c to 14c.

The Progressive Federal Party's spokesman on posts and telecommunications, Mr Alf Widman, said he was "shocked and disappointed" by the increases

'Considerable amount'

"The minister and the government are obviously insensitive to the economic situation in the country ."

While the inflation was running at 20,4 percent — its highest level in over 60 years — the minister, instead of taking "every step" to curb inflation, saw fit to increase tariffs by a "considerable amount"

"The minister states that the increase should be kept below the rate of inflation but the government is responsible for the high rate of inflation," Mr Widman said

The New Republic Party's spokesman on posts and telecommunications, Mr Brian Page, said the increases — the third in three years — would aggravate the inflationary spiral, "the cause of which must be laid fairly and squarely at the doors of this government's maladministration of the political and economic affairs of our country".

Other increases announced by Dr Munnik yesterday include·

- Non-standard letters up to 100g will increase from 19c to 22c (surface mail) and from 26c to 30c (airmail)
- Parcel tariffs increase by around 15c for up to 100g, while a 1kg parcel is up 16 percent to R1,45 from R1,25 surface mail and R2,20 instead of R1,90 for airmail.
- The handling charge for public telegrams increases from R1,15 to R1,30 and the rate for the first 10 words goes up from 60c to 80c, with each additional word going up from 6c to 8c Overseas public telegrams will cost 10c a word instead of 8c.
- Telex call units go up from 10c to 12c, while monthly rentals go up between R5 and R10
- Directly dialled overseas calls go up from R4,10 to R4,20 a minute and booked calls from R4 to R4,20.
- Telephones rentals are up between R1,50 and R2,00 a month — from R9 to R11 for residential services and R10 to R12 for businesses. Shared services and night-and-weekend services go up from R7,50 to R9 and from R7 to R8,50 respectively
- Installation charges go up from R75 to R90, while charges for indoor extensions and other supplementary services will rise from R40 to R50.

Postal and money orders remain unchanged, as do COD services and the 10c call charge from public booths.

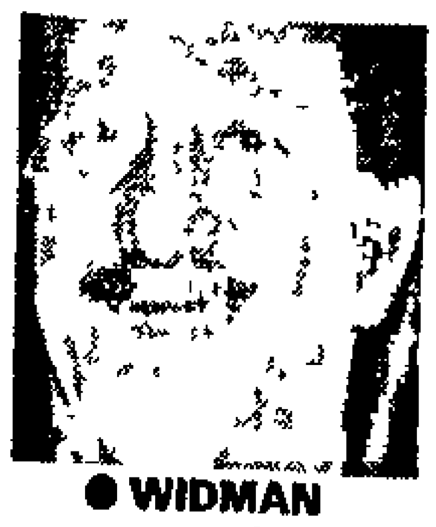
Dr Munnik also announced yesterday that from April 1 telephone accounts can be paid through Telebank. He said the Beltel service, which makes provision for a wide range of facilities, will be introduced to the public soon

POST OFFICE BUDGET

PFP hits at 20% hike

Bus DAY 4/3/86 (244)

POST OFFICE tariff increases announced yesterday would hit trade, industry and individuals and increase inflation even further, said PFP communications spokesman Alf Widman.



● WIDMAN

Widman said in Cape Town he was shocked and disappointed at the increases.

"The minister and government are clearly unaware of the seriousness of the economic situation and of the struggle of the man in the street to keep his head above water."

Government should be doing everything in its power to control the 20,48% inflation rate, yet Communications Minister Dr Lapa Munnik had imposed increases of up to 20%.

"It means less than nothing to say that if inflation is 20,4% then tariff increases just under that are justified," Widman said. The increases would cost the public a further R475m a year.

The minister had budgeted for a 23% increase in expenditure over last year and this, Widman believed, was too much in present economic conditions.

In the past, the Post Office had operated for five years without increases.

This year was the third consecutive year of increases after rises of 14,8% last year and 9% in 1984.

□ The public would have to dig even deeper into his pocket with the increased Post Office rates, Brian Page, New Republic Party postal affairs spokesman, said yesterday.

He added that the 16,6% and 20% increases in standard mail and telephone tariffs, coupled with other increases, would aggravate inflation. — Sapa.

Stiff on staff

THE Post Office's staff had increased by only 0,9% in the year ending January compared with a growth rate of 3,2% the previous year, Communications and Public Works Minister Dr Lapa Munnik said yesterday.

Introducing the Post Office budget at a joint Assembly sitting, he said there was continued growth in most spheres of the department's activities but that in the light of the prevailing economic climate and the necessity to curb spending, personnel growth was being kept to the "absolute minimum".

"Because of the need to curtail expenditure wherever possible, an amount of R10m is being budgeted for in 1986/87 as against R30m in the previous financial year," he said.

For official housing, R10m was being requested, Munnik added. — Sapa.

New connections

BY THE end of the month 95% of all telephone numbers in the country would be connected to automatic exchanges, Post and Telecommunications Minister Dr Lapa Munnik said yesterday.

He told Parliament that by the end of the financial year the capacity of these exchanges would be increased by a further 290 000 lines.

Munnik also announced the installation of the new motorphone service for the PWV area.

He said direct international dialling had been extended to another 12 countries during the past year.

The minister said the testing phase of the Beltel service, which makes provision for a wide range of facilities such as an electronic mail service, home shopping and banking, would end soon with its introduction to the general public. — Sapa.

Big postal tariff increases shock consumer groups

4/3/86.

244

STAR

By Maud Motanyane and Jackie Unwin

Consumer groups expressed surprise, shock and disillusionment at the announcement of the postal tariff increases of about 20 percent from next month.

"After the good news of the petrol price reduction, this comes as a cruel blow to consumers in the service sector," says Consumer Council director Mr Jan Cronje.

The council feels that inflation cannot be combated in this way.

According to Mr Cronje, a general price freeze now seems to be the only answer.

Price increases of "this nature are exhorbitant" and did not bring the solution to the economic problems any closer.

"It is clear that there is no question of supply and demand and healthy competition in this instance and the time has now arrived to seriously consider privatisation of this industry," he said.

Mr Eldridge Mathebula, director of the National Black Consumer Association (NBCA), said: "It is shocking to learn that, in spite of the ever-soaring cost on basic items, the Minister of Communications, Mr L A P A Munnik, will increase the postal rates on April 1.

"After the 10 c reduction on petrol, we expected to see prices of basic items being cut down. To our amazement we are still being bombarded with more increases on essentials. The NBCA is much disillusioned by the increase in postal rates.

"We are particularly worried about workers, who are far from home and have to communicate regularly with their families through the post."

	NOW	FROM APRIL
Telephone Call Units	10c	12c
Direct Dialling Overseas (per min)	R4,10	R4,20
Telephone Rentals (residential)	R9,00	R11,00
Telephone Rentals (business)	R10,00	R12,00
Installation Charges	R75,00	R90,00

	NOW	FROM APRIL
Telex Call Units	10c	12c
Monthly Rentals	up R5,00 to R10,00	

	NOW	FROM APRIL
Postage Std Letter	12c	14c
Non-Std Surface	19c	22c
Airmail	26c	30c
Telegrams (local) per word	6c	8c
Telegrams (overseas) per word	8c	10c

Inland Parcels	up 15c under 100g	

	NOW	FROM APRIL
Post Box Rentals	R10,00	R15,00

Inflation rate

Mrs Joy Hurwitz, president of the Housewives' League, commented: "We are never going to bring our inflation rate down if administered prices are not contained.

"We thought the Post Office department was to have introduced a new productivity scheme. It must have over-expended somewhere to require these massive increases.

"The Government seems to have forgotten its battle against inflation. There doesn't seem any effort to contain it at all."

Mr Clive Weil, managing director of Checkers, said "It is just disgusting. The Government should be sending the right signals to the consumer of South Africa."

Mr Richard Cohen, director of Pick 'n Pay, said: "The increases will affect us like

"An increase of 20 percent seems to be a very high figure — especially when the Government is trying to reflate the economy. It is another aspect it is not coping with.

"The postal authorities use a lot of trucks. Have they passed on the impact of the lower petrol price?" he asked.

'Too big'

The National Consultative Committee on Post Office Affairs described the increases as excessive and inflationary.

Mr Brian Page, the New Republic Party's postal affairs spokesman, said the 16,6 and

iffs, coupled with other increases, would aggravate the inflationary spiral.

● If you want to save money it will soon be cheaper to telephone from a public call box instead of a private telephone. The unit basic rate of a private telephone goes up to 12c from 10c. But the unit basic rate from a public telephone remains unchanged at 10 cents. A spokesman for the Post Office said to change the callbox units it would have been necessary to increase the cost on public telephones to 20 cents.

"But it was felt an increase of 100 percent which would have hit people not having ac-

Steel prices increase by another 11%

BUS DAY 4/3/86

244

DAVID FURLONGER
Industrial Editor

STEEL producers have increased the price of their products by up to 11% — the second time they have put up prices since controls were abolished in July.

The increase will cause a price ripple throughout the industrial sector. Toyota chairman Albert Wessels said the rise would increase the carmaker's production costs by between 2% and 3%. He estimates the effect would hit car prices about mid-year.

Iscor, which controls 75% of the local steel market, confirmed yesterday that it had raised prices in stages since the beginning of the year.

Official spokesman Piet du Plessis said the corporation had increased the price of its flat-rolled products, such as steel plate and sheet, by an average 9,5% on March 1. Prices of other products had increased on January 1 and March 1.

Highveld Steel marketing GM Robert Herbertson said his company had also increased flat-rolled product prices on March 1 by between 9,5% and 10%, and other products between 9,5% and 11% on February 1.

Customers, however, claimed that prices rose by up to 10% in the second half of last year — producers insist the increases were less — and that by abandoning the old system of discounts and rebates, Iscor and its competitors hade effectively pushed up prices by as much as 30% since July.

Escom officials were still absorbing the increase last night. Dick Drollinger, MD of mining equipment manufacturer Harnischfeger, said the increase would harm his company's ability to export to its US parent.

Discount food coupons to pass on fuel savings

BUS DAY 4/3/86. (244)

Petrol discounting: Ackerman hits back

PICK 'n PAY is expected to announce today plans to offer discount food coupons at its 12 filling stations.

This move could cause the retail giant to run headlong into another dispute with government and major oil companies.

Business Day learnt yesterday from oil industry sources that the rationale behind this move was that Pick 'n Pay would be passing on to the consumer savings made on its petrol sales.

Pick 'n Pay would therefore be able to argue that these consumer savings were in line with government's call for food price reductions after the decrease in petrol prices — which came into effect yesterday.

Pick 'n Pay chairman Raymond Ackerman would neither confirm nor deny whether this was the plan when approached by *Business Day*.

He said a major statement could be expected today on what Pick 'n Pay intended to do.

PETER WALLINGTON

Pick 'n Pay and its major retail competitors, OK Bazaars and Checkers, have already announced discounts on various items after the fuel price decrease.

The retail giants can do this by shaving their own margins and by getting suppliers to shave their margins

Pick 'n Pay has sought to discount petrol before, but was prevented from doing so by government.

The company is thus making more on its petrol sales than it wants to, and one way to reduce this would be to pass on savings to the consumer in the form of discount food coupons

If Pick 'n Pay goes ahead with this scheme, it could herald another clash between the company and government — and possibly the oil companies.

Three oil companies last week cut off supplies to Pick 'n Pay after these had reduced the price of petrol three days ahead of schedule.

According to Pick 'n Pay executive director Alan Gardiner government ordered the petrol companies to cut supplies because Pick 'n Pay was not allowed to sell petrol more cheaply than the proclaimed price.

A number of Pick 'n Pay outlets ran dry at the weekend but oil companies delivered petrol yesterday, albeit very slowly in some cases, Gardiner said.

Meanwhile, the Pick 'n Pay Boksburg hypermarket site yesterday sold petrol at the proclaimed price after discounting for more than 10 years.

The Boksburg hypermarket first discounted petrol in 1975 and last year its sales were about 1 000 000*l*/month.

Government, however, ordered that petrol discounting would not be allowed from March 1.

● Comment Page 6

Postage and telephone calls to cost more

PO Budget slammed as inflation booster

STAR 4/3/86 244

Political Staff

PARLIAMENT — Moans, groans and mocking interjections from opposition MPs greeted **Dr L A P A Munnik's** announcement that Post Office tariffs were to be increased.

Dr Munnik, the Minister of Communications, announced increases of up to about 20 percent in telephone, postal and other communications tariffs when he introduced a record R5 400-million Post Office Budget.

The Budget was introduced at a joint sitting of the three Houses of Parliament yesterday afternoon

In a statement afterwards, **Mr Alf Widman (PFP, Hillbrow)**, Opposition spokesman on communications, said he was "shocked and disappointed"

"The Minister and the Government are obviously insensitive to the economic situation in the country," he said The current 20,4 percent inflation rate was the highest for more than 60 years. Notwithstanding this, the Minister had seen fit to increase Post Office tariffs by a considerable amount

Postage of 14c for ordinary letters was a 16,5 percent increase Telephone calls at 12c a unit was a 20 percent increase

Mr Widman said the substantial across-the-board tariff increases would affect trade, commerce and industry as well as the private individual. It would increase the rate of inflation further

It was appreciated that the Post Office rendered a vital service to the public, but nevertheless its expenditure should be kept down to a minimum.

It was now the third successive year that there had been tariff increases Last year there was a 14,8 percent across-the-board increase The year before there was a 9 percent across-the-board increase, and this year the average increase was about 15 percent.

The New Republic Party's communications spokesman, **Mr Brian Page (NRP, Umhlanga)** said in a statement "The Minister shows little imagination in again increasing tariffs to balance the Budget."

The increases, coupled with various other rises, would aggravate the spiral of inflation

The cause of the inflation spiral had to be laid "fairly and squarely at the door of this Government's maladministration of the political and economic affairs of our country", said Mr Page

Dr Lapa Munnik . record R5 400-million Post Office Budget.

Mr Alf Widman . . . 'State is insensitive to country's economic situation'.

BUS DAY 153

Milk price set to rise

[redacted] GERALD REILLY 4/3/86. 244

AN INCREASE in the producer milk price is expected to be approved by the Dairy Board next week. The fresh-milk price was last raised — by 3,5c/l — in June.

The SA Agricultural Union's National Dairy Committee chairman J H Grey claims a huge backlog has developed in producers' prices. Fresh-milk producers are averaging 39c/l, before transport costs, which is virtually a break-even price.

Most farmers are getting no retun on their production, Grey claims, and the committee has asked for an increase of about 10%.

The lower petrol price would save the industry only 0,1c/l, it is claimed, but a firmer rand could lower the cost of importing materials for making milk cartons.

BUS DAY 4/3/86 (244)

20% postal hikes could raise R475m

Business Day Reporters and Sapa

POSTAL tariff increases of between 20% and 50% announced yesterday by Minister of Communications and Public Works, Lapa Munnik, are expected to raise an additional R475m for the SA Post Office (SAPO) over 1986/7.

But this will not be enough to entirely eliminate an expected operating deficit of R511m for the year. It should, however, reduce it to R36m, Munnik said.

The increases would push up the inflation rate by 0,5% said Postmaster-General, William Ridgard.

The increases, effective from April 1, are:

☐ Telephone calls basic call-unit rate up 20% from 10c to 12c; calls from public telephones unchanged at 10c a unit.

☐ Telephone rentals up 22% from R9 to R11 a month for residential services, and 20% from R10 to R12 a month for business purposes Shared and night-and-weekend services up from R7,50 to R9 (20%) and R7 to R8,50 (21%) respectively.

☐ Installation charges· up 20% from R75 to R90. Charges for indoor extensions up 25% from R40 to R50.

☐ Telex and Teletex call-unit rates up 20% from 10c to 12c.

☐ Telegrams· handling charge up 13% from R1,15 to R1,30, and the rate for the first 10 words up 33% from 60c to 80c.

☐ Mail· inland postage rate for standardised letters, postcards up 16,6% from 12c to 14c; non-standardised letters up to 100g up 15,8% from 19c to 22c.

☐ Parcels. increases of about 15c for parcels up to 100g, with a 1kg parcel up 16% from R1,25 to R1,45.

☐ PO Box rentals· up 50% from R10 to R15 a year

Munnik said that the increases were "the minimum that can reasonably be introduced".

"If the cost escalation of 21% per year at present on the specialised equipment used by the Post Office is taken into account, the proposed tariff increase is moderate indeed," he said.

Ridgard told a Press conference that the inflationary effect of 0,5% would then taper off to an overall 0,2%.

These figures were based on investigations of private sector experts after postal tariff increases in the past, he said.

The Post Office did not expect further increases in the coming year and it was policy to try and have any tariff increases approved by Parliament as in the past.

However, he could not give any guarantees, said Ridgard

The total increases represented a 15%

● See Parliament Page 4, Comment Page 6

● To Page 2

4/3/86 BUS DAY · (244) (257)

Postal increase of 20% could raise R475m

● From Page 1

rise in overall revenue for the Post Office, but were not calculated as an average increase.

"We had a certain figure to meet — R500m — and we adjusted tariffs to get to that figure," he said

The past had shown that a 15% increase in revenue resulted in an immediate 0,5% rise in inflation, but that this averaged out at 0,2%.

The increases were unavoidable because the Post Office worked on a two-year planning programme and cancellation of any of the capital works would have resulted in many supply companies being left with idle capacity and massive imported inventory.

The losses could not be carried either, he said.

"We are a business and we are supposed to operate at a profit and we must therefore try to remain as solvent as possible," Ridgrard said.

The Consumer Council expressed shock at the increased postal tariffs.

"After the good news of the petrol price reduction, this comes as a cruel blow to consumers from the service sector," said director Jan Cronje.

● See Page 3

COMMENT: Page 6

PO budget slammed as inflationary

DR Lapa Munnik, the Minister of Communications, announced increases of up to about 20 percent in telephone, postal and other communications tariffs when he introduced a record R5 400-million Post Office Budget.

The budget was introduced at a joint sitting of the three houses of parliament on Monday afternoon.

In a statement afterwards, Mr Alf Widman (PFP, Hillbrow), an opposition spokesman on communications, said he was "shocked and disappointed" at the budget.

"The Minister and the Government are obviously insensitive to the economic situation in the country," he said.

The current inflation rate, at 20,4 percent, was the highest in over 60 years.

Notwithstanding this, the Minister had seen fit to increase post office tariffs by a considerable amount.

Postage stamps at 14c for ordinary letters, was a 16,5 percent increase. Telephone calls at 12c a unit, was a 20 percent increase.

Mr Widman said the substantial tariff increase across the board, would affect trade, commerce, industry, as well as the private individual. It would further increase the rate of inflation.

It was appreciated that the post office rendered a vital service to the public, but its expenditure should be kept down to a minimum.

It was now the third successive year that there had been tariff increases. Last year there was a 14,8 percent increase across the board. The year before there was a 9 percent increase across the board, and this year the average increase was about 15 percent.

The New Republic Party's communications spokesman, Mr Brian Page (NRP Umhlanga), said in a statement:

"The Minister shows little imagination in again increasing tariffs to balance the budget."

The increases, coupled with various other increases, would aggravate the inflationary spiral.

The cause of the inflation spiral had to be laid "fairly and squarely at the door of this Government's maladministration of the political and economic affairs of our country," Mr Page said.

Sowetan 5/3/8

Egg price won't drop

5/3/80 · (244) Mercury

Mercury Reporter

EGG prices are not expected to drop in Natal in spite of suppliers in parts of the Cape having already cut their prices

A spokesman for the Natal Egg Co-op said yesterday there was no likelihood of the egg price being reduced in the near future

Major suppliers of eggs in the Western Cape have recommended a price drop with immediate effect

New petrol-coupon scheme in trouble

CAPE TIMES 5/3/86

By RENEE MOODIE

PICK 'N PAY yesterday announced a move to give a 4-cent coupon, redeemable on other purchases at their stores, for every litre of petrol bought at their service stations.

But the move seemed set to be blocked by the government.

Mr Theuns Burger, deputy director of the Department of Mineral and Energy Affairs, said yesterday afternoon the new system was considered a petrol discount and fell under a ban on petrol sales to outlets not selling at the official price

'Savings'

Pick 'n Pay announced yesterday that customers at their 12 service stations across the country would receive a 4-cent coupon for every litre of petrol bought, and they could redeem these coupons at any Pick 'n Pay store on any item except petrol.

Savings could amount to R2,50 to R5 a tank of petrol

Mr Burger said the government directive issued on Friday was still in force and it was now up to the oil companies to decide on any action.

The directive signed by Mr Danie Steyn, Minister of Mineral and Energy affairs, said that in terms of the powers vested in him by the Petroleum Products Act he prohibited the supply of petrol to any outlet at which petrol was offered for sale or supplied to customers.

- "at any price other than the price agreed upon, in respect of the area concerned, between the department, the wholesale petrol suppliers and the organized petrol outlets industry, and
- "under an arrangement in terms of which any refund or any other consideration of whatsoever nature is made or offered to consumers in respect of such sale, or
- "other than against a monetary consideration."

The directive was read to Mr Raymond Ackerman, chairman and joint managing director of Pick 'n Pay, who said his company had launched the new system after "poring" over its agreements with the oil companies, and after carefully consulting the Trade Coupons Act.

'Agreements'

"The coupon system does not break any of our agreements and is in line with the Trade Coupons Act," he said

"It seems to me that the minister is not only superseding carefully negotiated, long-standing commercial agreements, which fully comply with the Petroleum Act, but that he is also superseding the Trade Coupons Act, issued by another department, and which allows coupons or discounts to be given on one item for another item"

He said Pick 'n Pay was still receiving petrol from its suppliers and added that the chain would continue with the discount system for the time being

Battered buyers 'just have to wait'

By Jackie Unwin

Consumers, battered by waves of price hikes, are unlikely to see immediate benefits from the strengthening rand and the drop in petrol prices.

But the peak of spiralling inflation might have been hit at 20,7 percent in January, say bank economists.

This is small comfort, however, because it is still the highest for 66 years. Consumers will still have to keep their belts tight because salaries and wage increases are far below the inflation rate, and increases on basic food items are still in the offing.

The reasons for there being a "fair chance" that January's inflation rate being the levelling-off point are:

● The rand has strengthened.

● The economy is not showing any signs of excessive demand.

WAGES RISING

● The money supply growth is under control.

● Wages and salaries are rising at about half the rate of inflation and not exerting an upward pressure.

"Most of the recent price rises reflected a hangover from last year's weakness in the rand exchange rate," said a bank economist. "The recent improvement in the exchange rate, if it holds good, should be reflected in a moderation in price rises later this year.

"But in the interim ... the inflation rate is likely to remain at reasonably high levels, buoyed by administrative price increases: the SATS rises and Post Office tariffs on April 1.

"In the second half of the year we should see the improvement in the rand beginning to filter through into the rate of inflation.

'ILLOGICAL'

"But manufacturers' profit margins have been squeezed so much there is a lot of reluctance to pass on any benefits."

He estimated that this trend would continue for another year at least.

Mrs Joy Hurwitz, Housewives' League president, said: "We cannot bring down our inflation rate as long as we have the never-ending increases in administered prices, such as railway, petrol and electricity increases.

"We have the curious situation that manufacturers can increase their prices in a recession when they are faced with decreased consumer spending. It is completely illogical."

ARGUS 6/3/86

Discount petrol price row grows

THE growing controversy over discount petrol widened today with the Government's commitment to free enterprise being challenged.

Queries were raised about why organised commerce and industry remained silent while the Government intervened directly to keep fuel prices high.


Mr Ackerman

Mr John Malcomess, the Progressive Federal Party's spokesman on energy, today challenged the Government's propping-up of the petrol price by preventing Pick'n Pay from discounting petrol.

He also demanded that the price of petrol be reduced because of the increase in the value of the rand and the continued softening of international oil prices

Pick'n Pay today claimed that it was being victimised by the Government over its petrol coupon scheme as a head-on confrontation loomed between the company and the Minister of Mineral and Energy Affairs, Mr Danie Steyn.

Deadline

The company has given Mr Steyn a deadline of midday today to reply to a letter protesting against a department directive to oil companies on Friday to stop supplying Pick'n Pay with petrol

If no reply was received the company would apply tomorrow for an urgent interdict against the Department of Mineral and Energy Affairs, the national manager, Mr Alan Gardiner, said.

Mr Malcomess called on President P W Botha to intervene in the discounting controversy.

"If he is in favour of deregulation and private enterprise he cannot sit back and allow the Government to force up prices, and still retain his credibility," he said.

"So quiet"

"Why also are organisations such as Assocom, the Afrikaanse Handelsinstituut and the Chamber of Industries so quiet?"

He also asked why the Automobile Association had supported the amending legislation that had given the Government the power to force the petrol companies to stop supplying the supermarket chain.

A spokesman for the Department of Mineral and Energy Affairs confirmed that the department had served notice on the petrol companies to stop supplying fuel and it was now up to the supermarket company to follow whatever course it wanted.

He confirmed that the current price was set on an exchange rate of 47 US cents to the rand and not to the current exchange rate of more than 50 cents.

Discounting

In terms of the scheme introduced to coincide with fuel price cuts this week, Pick'n Pay is offering a 4c coupon for every litre of petrol bought, redeemable on any merchandise except fuel.

The department views this as a form of petrol discounting.

Mr Gardiner claimed that the Government was waging a vendetta against his group because many petrol stations "are giving away everything from half-sheep to free car washes and free service to their customers".

He also charged that petrol companies themselves were engaged in "backroom prac-

(Turn to Page 3, col 1)

ARGUS 6/3/86

Discount fuel row growing

Continued from Page 1

tices" involving discounts to customers.

"Why single out Pick'n Pay which gives food coupons?

"If the Minister has the power under his directive issued on Friday, why is the Government victimising only Pick'n Pay?"

The joint managing director of Pick'n Pay, Mr Hugh Herman, said that his company was not looking for confrontation with the Minister, but believed it was a relevant matter and would therefore not back down.

"We are willing to sit and negotiate with him.

"We have taken advice from our lawyers and senior counsel and my company is not in contravention of the Petroleum Act or the Trade Practices Act."

Opening the annual meeting of the Queenstown Chamber of Commerce last night Mr Raymond Ackerman, the managing director of Pick'n Pay, said the argument that strategic considerations justified Government control of fuel prices did not apply in the present situation of a world oil glut and falling prices.

"There may have been reason to protect oil 10 years ago but there is no longer a strategic interest," Mr Ackerman said. — Political Staff and Sapa.

Good news for consumers

6/3/86 SOWETAN (244)

PRICES of some consumer items are to drop, now that the cheaper petrol price has come into effect.

Chain supermarkets have thrown the ball into their suppliers' court to cut prices on consumer items.

Checkers chief executive, Mr Clive Weil, said all his buyers had been instructed to extract lower prices from manufacturers — a step that would help the chain to pass price cuts to consumers

Mr Weil said the suppliers that he had personally contacted, however, had indicated that cuts were unlikely, unless South African Transport Services reduced freight tariffs.

Mr Louw van der Merwe, of the South African Co-ordinating Consumer Council, has challenged chain supermarkets, "claiming to be champions of consumers" to cut prices on their commodities immediately.

Meanwhile **Sapa** reports that egg suppliers in the Western Cape have dropped their price by 4c a dozen, supermarkets have reduced prices of some food items and a retail chain is to hand out discount coupons to petrol customers

Major suppliers of eggs have recommended the price drop with immediate effect — a month after it went up by 10 percent

The Boland Poultry Producers' Association said the drop was because of more favourable production costs This was a result of the improved exchange rate of the rand and cheaper petrol.

Mr WEIL . . . Suppliers should play the game.

A spokesman for another supplier, Lemoenkloof Eggs, said his company had recommended that the price be reduced by 4c a dozen at all shops with effect from yesterday.

Pick 'n Pay's ill-fated petrol discount scheme will be this week replaced by a coupon system at its service stations.

Motorists will be given a 4c voucher for every litre of petrol bought which may be redeemed on any product, except petrol, sold by the chain.

But Mr Theuns Burger, the deputy director of the Department of Mineral and Energy Affairs (DMEA), said the new system was considered a petrol discount and fell under a ban on petrol sales to outlets not selling at the prescribed price.

Mr Burger said the government directive issued last Friday, was still in force and it was now up to the oil companies to decide on action to be taken

Pick 'n Pay taking Minister to court today

STAR 6/3/86

By Jackie Unwin

Pick 'n Pay is bringing an urgent application against the Minister of Mineral and Energy Affairs, Mr Danie Steyn, in the Cape Supreme Court this afternoon.

This follows the Minister's instruction to oil companies not to supply petrol to anybody selling it below the agreed price, or offering refunds or other considerations.

Pick 'n Pay started a coupon system this week giving a 4c voucher, redeemable at company stores, for every litre of petrol bought. Its supplies were cut off on Wednesday.

In reply to a request to the Minister to clarify the government ban on fuel, the company received a letter yesterday confirming his decision to impose restrictions, and saying he was operating within his powers.

CONTENDS

The supermarket chain contends the coupon system complies with the Trade Practices Act and the Minister issued his directive to oil companies under the Petroleum Act. The company feels the instruction was an abuse of power under the Petroleum Act.

Pick 'n Pay director Mr Alan Gardiner said "It is amazing how much discounting is going on among other petrol stations. Coupons are being issued, there are free give-aways and car washes. Even an oil company is dishing out coupons at its garages.

"We feel this is a campaign against Pick 'n Pay."

He said some his outlets were running out of petrol. Pick 'n Pay's turnover on petrol alone is in excess of R300 000 a day.

If judgment was given in the supermarket chain's favour, Mr Gardiner said he thought petrol companies would "move heaven and earth" to supply as soon as possible. "They want to sell petrol. They are caught in the crossfire," he said.

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Price of water up by 10 pc in April

STAR 6/3/86 244

The Rand Water Board has announced a 10 percent increase in water tariffs from April 1.

Johannesburg residents would not pay more for water until the new financial year in July, because the City Council had budgeted for the increase, said management committee chairman Mr Francois Oberholzer.

Tariffs in Sandton are likely to rise immediately, said a council spokesman.

An increase in water prices was unavoidable because of "higher prices for raw water bought from the Government, electricity, coal and chemicals, some of which have been increased by as much as 30 percent, as well as the present high cost of borrowing and servicing loans", said a Rand Water Board statement released today

The board was absorbing a large portion of its cost increases, the statement said

Ironically, the board's price increase would have been much higher — about 17,5 percent — had it not been for the big penalties paid by consumers who exceed their water quotas, according to the statement

DISASTER

The present penalties — a charge of 1,5 percent for each percent over quota — would remain unchanged.

Mr Oberholzer told *The Star* the present water restrictions would remain in force because important dams were still at critical levels.

Consumer bodies said although the 10 percent increase in water tariffs was understandable, it would be a disaster if municipalities passed on the whole amount to the end user.

Mrs Betty Hirzel, chairman of the Consumer Union, said the water increase would hit hard at the consumer, who was already struggling.

The chairman of the Randburg management committee, Mr Thys Sutherland, said it was likely that about 5 percent of the 10 percent increase would be passed on to the Randburg consumer from April 1.

6/3/86. B.DAY

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Pick 'n Pay pushes oil giants to legal brink

PETER WALLINGTON

PICK 'n PAY will drag giant oil companies into court if government fails to back down over the mass retailer's coupon system.

Everything depends on Mineral and Energy Affairs Minister Danie Steyn's response to yesterday's letter from the mass retailer.

Pick 'n Pay wants petrol supplies resumed or it will seek an urgent interdict to force suppliers to start pumping.

Joint MD Hugh Herman delivered the letter to Steyn yesterday afternoon after Shell, Trek and BP cut off supplies for the second time in six days.

Trek and Shell, which between them supply 11 of Pick 'n Pay's 12 filling stations, said they were complying with last week's government directive prohibiting deliveries to retail outlets that discounted petrol in any manner.

He added Pick 'n Pay was not discounting petrol. It was sold at the normal price but the mass retailer gave a 4c discount coupon for every litre sold. The coupon was exchangeable for other goods at Pick 'n Pay hypermarkets.

Herman also pointed out that Pick 'n Pay believed Steyn had acted beyond his powers with regard to the coupon scheme. He said the Petroleum Products Act dealt with the supply and procurement of fuel while the issue of discount coupons fell under the Trade Practices Act.

He said these matters had been pointed out to Steyn in the letter and Pick 'n Pay had asked whether Steyn and the oil companies "had misdirected their minds on the matter".

He said he hoped Steyn would reply by today. If the response were negative Pick 'n Pay would seek an urgent interdict compelling oil companies to resume deliveries.

Company chairman Raymond Ackerman said the petrol coupon scheme had been launched after weeks of discussions with top legal counsel and, in their opinion, the scheme was not in contravention of the Petroleum Products Act.

FIN MAIL 7/3/86

DISCOUNT BATTLE LINES UP

(244)

Raymond Ackerman's Pick 'n Pay, the oil cartel, and government are about to collide head-on following the chain's latest attempt to bring free market forces to play in petrol retailing.

Neither the oil companies nor Ackerman seem certain whether any law is broken by Pick 'n Pay's offer of a 4c food discount at its stores for each litre of petrol bought at its pumps. But government thinks the deal is a contravention of the Petroleum Products Act.

Sources at the Department of Energy Affairs (DEA) quote amendments to the Act, intended to stop petrol discounting, effective March 1, as prohibiting any refund arrangement.

Ackerman, however, says the scheme is in line with appeals by Agriculture Minister Greyling Wentzel for commerce to pass on savings related to lower fuel prices to consumers. Ackerman adds that his legal opinion suggests the scheme does not fall under the Petroleum Products Act, but instead the Trade Coupons Act, with which it complies.

"We will charge the price laid down by government at the pumps of our 12 garages, but our coupons will help the man in the street — which government has also urged us to do."

Early reaction from at least one oil company was sympathy for Ackerman, but word from DEA is that supplies should be cut. This leaves the oil majors in a quandary. There have already been disputes between them over whether they should deliver to the chain's garages. In many cases, one company acts as agent for another. What happens, for example, at the Brackenfell hyper, where Shell pumps are supplied by BP? Should BP continue to supply until told not to by Shell?

Decrease in wool prices continues

PORT ELIZABETH — The decrease in wool prices continues, according to the South African Wool Board in Port Elizabeth 7/3/86

The decline in wool prices since the last auction in December is still continuing, and at the latest sale the average price was 2,8 per cent lower than the previous sale At this week's auction the wool board's weekly market indicator closed at 771 points. This is 22 points below the previous sale and 39 points lower compared to the corresponding auction of the previous season.

The prices of bellies were up to 5 per cent lower, locks were up to 4 per cent lower and fleece wool and lambs were up to 3 per cent lower

The main reasons for the continued decline in prices were the further weakening of the Australian dollar against the rand, as well as the strengthening of the rand against the basket of currencies of the wool importing countries, the statement said.

DISPATCH 244

Competition at this week's sale was good and since last week the sales percentage has increased from 73 to 83 per cent

The following average greasy wool prices were fetched for the most important types of wool (Type, Micron, Clean yield percentage, Price in c/kg):

AM	21,5	66	62
AS	23,5	66	497
BKS	22,5	58	458
CBP	22,0	60	438
CL	20,0	62	517

Approximately 13 000 bales of wool will be offered next week — Sapa

Star

17/3/86

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RAND WATER BOARD

PUBLIC ANNOUNCEMENT ON WATER TARIFFS

Owing to the very substantial increases in costs over the past year of those items which make up the cost of water supplied by the Rand Water Board, the Board has reluctantly been compelled to increase its water tariffs by 10 percent with effect from 1st April 1986. The substantial cost increases referred to are in respect of raw water purchased from the Government, electricity, coal and chemicals, the cost of some of which have been increased by as much as 30 percent, as well as the present high cost of borrowing and servicing of loans. These items of expenditure alone make up 75 percent of the Board's operating costs.

In arriving at the increase of 10 percent, the Board has decided to absorb, rather than to pass on to consumers, a considerable portion of its cost increases and it has also taken due account of the tendency of some of its consumers to exceed their water quotas and therefore to pay a higher average tariff for the actual volume of water bought from the Board. If this were not done it would have been necessary for the Board to increase its tariffs by at least 17,5 percent purely in order to balance expenditure against revenue and without making any allocation to reserves, which also serve to equalise rates when times are difficult as at present.

Although some of the Board's consumers are still exceeding their water quotas, the overall water saving is considered to be satisfactory and the Board has decided not to increase the additional charge for exceeding the quotas of one and a half percent for each one percent of the excess levied on the total monthly consumption. However, experience has shown that the imposition of sliding scales with no limits can cause considerable hardship to consumers, especially individuals who exceed their quotas through circumstances beyond their control and to avoid such hardship, the Board has resolved that the total cumulative rate of the existing sliding scale be limited to twice the normal water rate but still calculated on the total monthly consumption.

The Board wishes to emphasise to its consumers that its decision to limit the increase in the water tariff to 10 percent is based on the assumption that the present restrictions on water usage will continue. The unlikely event of reduced water sales arising from more severe restrictions would inevitably result in higher tariffs. Increased water sales will also not necessarily result in lower water tariffs because of the need to replenish reserves used to keep the tariff increases as low as possible in times of emergency or when the economic climate is particularly unfavourable.

Dale Hobbs,
CHAIRMAN
RAND WATER BOARD
28th February 1986

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Financial Mail

FIN. MAIL 7/3/86

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PETROL PRICE FIASCO

Symptom of a broader malaise

When Energy Affairs Minister Danie Steyn said he hoped businesses would react as quickly to the (inadequate) cut in petrol prices as they did to earlier increases, he displayed a naivete that may be deplorable but is hardly surprising in a Cabinet whose grasp of economic reality is hazy at best.

The objective of business is not to cut prices for the sake of cutting prices — even Raymond Ackerman doesn't do that — but to maximise profits, which, in a competitive capitalist society, are considered the mainspring of social welfare. Whether lower cost inputs are passed on to the consumer depends, firstly, on competitive pressures within particular sectors and, secondly, on firms' needs (and ability) to restore their own profit margins.

Considering the battering corporate profits have taken in the recent past (not least because of government's economic mismanagement), it is not surprising that so many firms consider the latter point more important right now. Having said that, it has hardly been edifying to watch the procession of businessmen lining up behind the apologia that, of course, a lower petrol price won't actually enable us to *cut* our prices, but we will be able to *delay* or *moderate* the next increase.

Interestingly, virtually the only sector that claims lower cost inputs *will* be reflected in lower retail prices is the liquor trade, which remains highly competitive despite government's misguided efforts to curb its market power (motivated by the excessive political clout of the wine lobby).

But why should the private sector react any differently from government itself? Have any prices in the State sector been cut as a result of lower fuel prices? Has Sats announced downward adjustments to its recent round of price hikes (the second this year)? Has the Post Office, which less than a week after the petrol price cuts announced a swingeing average 20% increase in tariffs?

The Postmaster-General himself has admitted that his tariff increases will add 0,5% to the overall inflation rate. While administered prices are rising at such rates, what chance can there be of a significant fall in inflation?

The trouble is, too much of our price-fixing mechanism is immune to market forces. When times are hard, the private sector draws in its horns and may be forced to run at a loss for a while. Even De Beers passed its dividends for several years after the slump in the diamond market in the Thirties.

Our State and parastatal enterprises do not accept that discipline. True, they may strive to cut back on uneconomic services and use labour more efficiently. Sats is a good example. But, enjoying monopoly or near-monopoly market control, and feeling the need to avoid losses at all costs, their pricing policies fly in the teeth of market realities.

Even apart from the general question whether the public sector absorbs too great a share of productive resources, there can be no doubt that its pricing policies alone are a significant contributor to endemic inflation and retard the revival of activity in the private sector. They do not help to smooth out the adverse fluctuations of the economic cycle; they exaggerate them.

If our privatisation policy ever gets off the ground, it is to be hoped that it will be accompanied by the realisation that a measure of genuine competition is vital. Otherwise, we will just be replacing harmful State monopolies by equally harmful private monopolies.

A high degree of price determination is incompatible with an efficient market economy. Because it not only affects everybody's pocket, but is highly visible, the petrol price is one of the most obvious manifestations of this. All power, therefore, to Raymond Ackerman's continuing efforts to compete.

But the succession of economic blundering over the past week must be put in a broader context. SA's economic problems do *not* reflect the failure of the market mechanism. As is coming to be increasingly understood, they reflect far more our political masters' failure ever to allow that mechanism to work properly. ■

QUOTABLE

Ambassador Herman Nickel, from a speech delivered at the Industrial Relations Seminar of FSA:

Our (United States) policy rests on a number of fundamental propositions (which include):

☐ Apartheid is not only a moral affront. It is a prime source of internal and regional instability in an area of great importance which opens up targets of opportunity for our global adversary;

☐ We oppose violence from whatever source. This goes for official repression as it goes for terrorist activity. It was the *Washington Post* which put it well in a recent editorial: "A new rule needs to be engraved in everybody's mind: Nobody who uses terrorism as a means is entitled to have his political purpose taken seriously as an end."

☐ We realise that South Africa is inextricably intertwined with, and indeed is, the powerhouse of the rest of the southern African sub-continent. Therefore, we recognise the need for regional stability and security in southern Africa. Improved relations between South Africa and her neighbours and the internal reform process are mutually interdependent;

☐ We realise that the principal impetus for change in South Africa is and will continue to be internal...

and Federated in an unusually complex arrangement. The first phase was to split the relevant companies under Kirsh Industries into three major components: AAMI, AA Mutual Life and AA Mutual International (the UK-based short-term company).

Explains Johannes Hamman, MD of Federated Investments: "Both sides agreed a price for each of the three. Since neither knew who would buy what at that stage, it was a very fair method of valuation."

AAMI lost R9m on underwriting for the year to April 1985, while Federated Insurance lost R2,6m to December 1984. By all accounts, Federated will report much higher losses for 1985. The new company will have a common year-end for December 1986.

Federated-AA now embarks on the difficult task of rationalisation, though Hamman stresses there won't be any lay-offs. Federated's bits and pieces are being moved to the new Diagonal Street office where staff will begin the costly and lengthy process of adding Federated's records to the sophisticated computer system run by AAMI. In time, full computerisation should give the enlarged group a competitive expense ratio.

The advantage for Kirsh is that he has been able to shed a cash-strapped short-term insurer which will benefit from the expansion in capital as a result of the merger. The shareholding of the new group is Federated Life (30%), Fedrated Investments (40%), the AA (26%) and staff (4%).

Growth rates

Says Hamman: "Some five years ago we split our life and short-term operations as we felt that growth rates, management and capital needs were diverging. Through this transaction we went one step further by pushing our short-term company more to the side, so to speak, rather than directly subject to control by the life company."

Before the merger, Federated Life owned Federated Insurance 100%. The authorities had "intimated a preference for the two to be more at arm's length."

In the next phases of the merger, apparently, more rationalisation is to take place, as it is "still not a neat structure."

Federated decided to purchase only the local short-term company, AAMI. Says Hamman: "All life companies are capital hungry animals, and we felt that we had enough on our hands with our existing life company, Federated Life."

The cash that changed hands is a closely-guarded secret and will probably remain so until Federated-AA publishes its first annual report. In referring to a recent press report suggesting Kirsh ended up with R10m in cash, however, a market source says "He got a lot more out of it than that."

This is in addition to Kirsh now holding AAM Life and AAM International. He also still has Constantia, a little-known and oft-forgotten acquisition dating back to 1981. But according to sources, this small short-term company, "on the basis of a gentlemen's agreement, won't be expanded as a competitor over the next three years."

One area of difficulty could be the Automobile Association connection. Though Federated-AA now has access to 600 000 motorists as a marketing opportunity, so has AAM Life. It could become a little tricky if Federated Life begins to nudge its short-term brother to tout for long-term business. ■

PETROL PRICES 7/3/86

FIN MAIL

Short change (244)

The drop in petrol price by almost 10% from March 3 was welcome — though it's no surprise that juggling with the books left the consumer well short of his due. Reef 93 octane, for example, was reduced by 10c/*l* to 92c/*l*. Yet landed cost, the basis for price calculations, fell no less than 21,6% to 51,1c/*l*. That would imply a saving of just over 14c/*l*.

So who got the difference?

The national road fund received an extra 2c; the third party insurance levy was introduced, at 2c; while another new item titled "fire protection," amounting to 0,6c, crept in.

Otherwise, the consumer would be benefiting from a fuel price of 86,2c/*l*. And there's still the little matter of applying gst to all the tax and levy items. As it is, the lower pump price also reflects a saving of 1,1c/*l* on gst. Applying the tax more equitably would save another 1,7c/*l*.

No less than 20 items now make up the petrol price structure; many decided not in the market place, but behind closed doors. It's strange government has augmented existing levies by further imposts, given its desire to reduce inflation.

The government's heated scrap over Pick 'n Pay's attempts to offer discounts on petrol must also support growing scepticism (see box).

Tony Twine, consultant to Econometrix, says a 10% cut on the pump price should reduce inflation by almost 2,5 percentage points over a nine-month period. "This assumes the multiplier effect following lower running costs for transport and so on. This multiplier works when prices are on the up, but may not when prices are falling. The problem is you get 'ratchets' behind prices. I doubt, for example, if Putco would now reduce its prices, while things like bread prices are unlikely to go down."

The petrol price cut is a weak response to dramatic events over the past few months. The rand has appreciated no less than 45% since August, while the crude oil price has collapsed Compared to a ruling rate of around $27/barrel last year, prices for delivery this April are quoted at $13.

The landed cost reflected in the new pump price assumes an average rand-dollar exchange rate of US47c and, it is believed, an average crude oil price of $23,50. So if favourable trends continue, consumers can look forward to further and large cuts in the petrol price.

But, alas, there are still a few administrative snags. Just over half a cent saved from the lower landed cost seems to have gone to reduce the "under-recovery" rate. This refers to the industry "slate," a price-balancing mechanism.

In co-operation with the authorities, the oil companies use it like a bank account to absorb minor fluctuations in landed cost. During December, for example, the oil companies were owed around 6,2c for every litre sold. It is apparent from the latest pricing structure that there is still an under-recovery of some 5,6c/*l*.

FIN MAIL

DISCOUNT BATTLE LINES UP (244)

7/3/86

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3 DAY 7/3/86 (244)

Steel price hike slammed

MICK COLLINS

MINING houses are unhappy with recent increases in the steel price.

While most industries appear to consider the increases as just another annoying factor in a long chain of escalating costs, mining spokesmen are strongly critical.

The increases, which came into effect from March 1, upped the price of flat-rolled steel by an average of 9,5%.

Paul Forbes, deputy chairman of Rand Mine's gold and uranium division, said the increases were "very disappointing".

Escom engineering GM Eddie Ralph said the increases would have a definite impact, but only in the longer term.

TV SETS	DEC 85	MAR 86
31cm BLACK/WH	R399	R299
36cm COLOUR	R1 300	R1 000
51cm COLOUR	R1 500	R1 200

Source: TEK

B. DAY 7/3/86 (244)

Imported TV prices down

CHERILYN IRETON

PRICES of imported appliances, including television sets and videos, have fallen by as much as 20%.

Leading distributors of imported white and brown goods have responded to the firmer rand by cutting prices by between 7% and 20%.

Prices of locally-made products, however, are set to rise a further 6% during 1986, according to Barlow's manufacturing MD, Owen Dinsdale. These goods rose by about 25% in 1985.

Future prices of imported videos, hi-fis, television sets and fridges — which rose by about 50% last year — will depend largely on the rand and dollar exchange rates.

"Most wholesalers buy the imported products in a third currency, so any further strengthening of the rand could be blunted by the weakening of the dollar against the yen or Deutschemark," Tek MD Mike Bosworth warned.

□ Philips is to reduce the price of its television sets by between 8% and 16%, while its small domestic appliances are set to drop 10%, Philips SA announced yesterday.

COFFEE PRICES 7/3/86 FINMAIL (244)

A big stir

Coffee drinkers had better begin hoarding because prices of ground coffee could double in the next few months.

The primary cause is the protracted drought in Brazil, which has halved the harvest to 15m 60 kg bags. Auction prices rose at one stage to $2,60/lb in New York and the London futures market has quoted £3 200/ton for delivery in March. These are the highest prices since 1977. The price of Robusta has jumped by between 120% and 180% since October last year.

Johan Cronje, chairman of the SA Agriculture Union's National Coffee Committee, tells the *FM* that the potential for SA producers is strengthening. Annual production is 1 800 t — mainly Arabica in spite of the fact that the bulk of SA's demand is for Robusta.

Liptons MD Derek Varnals says price increases have been exacerbated by the fall in the rand and SA's non-membership of the International Coffee Organisation (ICO). Under normal circumstances SA can buy at 50%-70% of the ICO member price, but with supplies under strain, a premium is now being demanded. Thus, prices on the shelves have climbed more than 25% in the last nine months. Brands such as Nescafé, which is pure high grade Arabica, make up 10% of the market and will be hardest hit. Some 90% of SA coffee drinkers make do with lower grade chicory blends, which will blunt the blow.

Varnals says the industry is keen to increase the use of SA Arabica now that production costs are in line with world prices. This could benefit Kofkor and its Barberton pulping plant.

Lionel de Roland-Phillips, a director of tea and coffee brokers I & M Smith, believes consumer prices are likely to rise until June.

Although ICO coffee exports soared from 12,3m bags to 15,5m bags in the December quarter of 1985, a stock shortage is forecast because of the low crop. Last year's global crop was 98,6m bags, against world consumption of 93m bags.

The ICO decided in London in January to suspend export quotas from February 19 because the price had stayed above $1,50/lb for 45 consecutive days. The price subsequently rose to $2,24c/lb, but has settled around $2/lb. If the price falls to $1,33/lb, quotas will be re-imposed, but this looks unlikely.

I & M Smith is forecasting a 100% increase in the price of Arabica ground coffee in SA which would take the cost of a 250 g pack to R7-R8. Good quality 50/50 mix instants are set to rise 60%, but the rise in lower quality blends will be lower.

De Roland Phillips says the SA coffee industry has treated the consumer fairly. The full impact of rising prices has been partly absorbed, but price rises in combination with exchange rate factors and doubled finance costs for raw material stock has made the burden unsustainable. ■

Cape Times 11/3/86

79 000 sign petrol petition

Staff Reporter

A PETITION bearing more than 79 000 signatures of people concerned about the high price of fuel was presented to the government yesterday

A pensioner and a housewife from Johannesburg — with no help from any organization — raised the signatures over two months since January 7.

Mr Jack Huber said yesterday "When the price of petrol went up in January, I felt I had to do something. So Mrs Jill Perkiss and I — simply as two concerned citizens — went on a drive to get public support

"The result has been this incredible mass of signatures, which I have presented to the Minister of Transport Affairs, Mr Hendrik Schoeman "

Yesterday morning Mr Huber had a meeting with Mr Schoeman, "who was astounded by our support and promised to take the matter to his colleagues".

The petition reads "We, the undersigned, object in the strongest terms possible to continual increases in the fuel price The government should help to combat inflation by using the massive profits of the oil pipeline to reduce the cost of petrol "

Mr Huber said the petition had first been published in a Johannesburg newspaper, "and then got splash treatment in all the major Transvaal papers.

"And although the price of fuel went down recently, our objections still hold good

"We were inundated by calls for petition forms from as far afield as Somerset West. One man alone brought in more than 1 100 signatures

"I think it high time the government understood the plight of the man in the street I made it clear to Mr Schoeman that this has been purely an effort of the people, and cannot be ignored".

Mr Huber said that Mr Schoeman had said he would make a public statement on the matter once it had been fully discussed.

Now the costs of appliances are starting to tumble

11/3/86 · STAR

244

By Jackie Unwin

Prices of appliances should soon tumble. Last week SA Philips announced it was slashing its prices, and other importers and manufacturers using imported components are doing the same.

The reason given for the price drops are the strengthening rand against the dollar and to a small extent the petrol price decrease.

But some retailers feel consumer resistance to high prices is forcing the market to lower prices.

Retailer Mr Tony Factor said· "In my opinion manfacturers panicked when the dollar rand was lowest.

LAW OF SUPPLY AND DEMAND

"They hiked their prices to such an extent that there became consumer resistance to TVs, hi-fis, washing machines — and as the stocks built up they started getting a bit nervous.

"We are going to see a definite reduction in prices because of consumer resistance The consumer today is no fool. He knows value for money and we are sitting with a lot of stock at the old price. Consumer durables have been out of the consumer's reach If you cannot sell, manufacturers have to bring prices down.

"If I was a consumer I wouldn't buy until the prices drop — they are on their way down. The law of supply and demand has taken over. Manufacturers will make excuses for bringing the prices down, such as a firmer rand and lower fuel costs, but nobody brings down prices unless they are forced to

"There is such chaos in the market at the moment," said Mr Stan Fleishman, managing director of Dion Stores. "We expect the majority of dollar-dominated importers to be bringing their prices down.

"At one stage we had old stock and new stock, and old stock was cheaper. Now we have new stock and newer stock causing a lot of confusion in the marketplace. Retailers are under such pressure that the minute we get a price reduction it will be fed through to the consumer immediately."

Mr Blackie Swart, director and general manager of Barlows Appliance Company, said. "Quite honestly, anybody that doesn't adjust prices will lose out against those who do. Prices will come down purely because the currency situation is improving"

'SA's low postal tariffs must increase to provide services

STAR 11/3/86

PARLIAMENT — South African postal tariffs were too low compared with those of the country's trading partners, Mr Con Botha (NP, Umlazi) said yesterday

Speaking during the debate on the Second Reading of the Post Office Appropriation Bill, he said the low tariffs in South Africa could only be justified by the large percentage of the population that was still developing.

Tariffs had to generate enough income to provide the required level of postal services and there was no alternative to increasing rates, he said

A Government subsidy was not a reasonable alternative as this would seriously curtail the post office's ability to determine its own policy.

Another suggested alternative was privatisation but indiscriminate privatisation would limit expansion in all but the most profitable areas

This policy worked in major Western nations, where the necessary infrastructure had already been supplied and additional requirements could be met from tariff income

In South Africa, however, the basic infrastructure still had to be provided in many rural areas and strategic communications had to be installed and maintained in the border areas.

Mr Botha said the Post Office Savings Bank should aim to increase its share of domestic savings to between five and 10 percent but that substantial tax incentives would have to be offered to encourage savers — Sapa

Price rises due on milk, maize, flour

STAR 12/3/86

By Jackie Unwin

Consumers hoping food prices will come down following the petrol price drop and strengthening of the rand, face expected hikes in the cost of sugar, maize, flour and milk.

Nampo meets today with its price recommendations for maize Sugar price increases are usually announced in March. The Dairy Board this week considers its recommendations for the producer price of fresh milk Flour prices are traditionally announced in September. All these have ripple effects on other foodstuffs.

Supermarkets are fighting — without much success — to bring the prices of goods down. However, they are hopeful the brakes are on price hikes.

"Nobody can afford to put prices up now and manufacturers who do are totally unfeeling," said Mr Richard Cohen, director of Pick 'n Pay.

Mr Ralph Horwitz, director of OK Bazaars, said he had received a unanimous "no" from his buyers when they were asked whether there were any decreases in products because of the lowered petrol price.

Mr Clive Weil, managing director of Checkers, said "We have seen very few drops in prices. A tea company and a cereal manufacturer have dropped prices because of the improvement in the exchange rate and this should be an example to all other manufacturers."

B-DAY 13/3/86

244

Milk and bread price hikes loom

GERALD REILLY

THE price of milk and bread is expected to rise soon.

And a maize price increase is certain from May 1.

The Dairy Board will meet in Pretoria this week to discuss a pressing demand from producers for a higher price.

Producers claim their costs have risen by at least 10% since the last price rise of 3,6c/l last June.

Half a cent was levied to reduce losses on surplus exports, and the levy for the board's administration costs was raised leaving producers with less than a 2c/l increase.

SA Agricultural Union dairy committee chairman J H Grey says most producers are merely recovering costs at the current price of fresh milk.

The Dairy Board will make its price recommendation to the national marketing council later this week.

Meanwhile Finance Minister Barend du Plessis will announce in his budget speech on Monday the extent to which the Cabinet will subsidise the bread price.

The original R200m subsidy ran out in October, and the additional R45m subsidy will run out at the end of this month.

The Wheat Board estimates that it will cost at least R300m to maintain the bread price at current levels for the rest of the year.

Next week the Maize Board meets to consider a price increase. The National Maize Producers Organisation is expected to recommend a 16% increase.

(244)

Wool prices firm

PORT ELIZABETH — For the first time in three months, wool prices were firm and unchanged at the Port Elizabeth wool auction and, according to the Wool Board, "the prices of certain types of wool even increased slightly."

The wool market indicator remained unchanged at 771

The prices of 25 micron wool were 3 per cent higher compared to the previous week's auction, while 24 micron wool and locks increased by one per cent

Bellies, however, decreased by one per cent.

The stability in the wool market can be attributed to a more stable exchange rate market. The rand strengthened only slightly against the wool basket of currencies.

The sales percentage obtained at the auction improved further, and 88 per cent of the more than 12 400 bales of wool was cleared to the trade

Competition was good and it seems as if local processors in particular placed larger orders in the light of low stocks and the forthcoming off-season when no sales will be held

DISPATCH

The following average greasy wool prices fetched for the most important types of wool were (Type, Micron, Clean yield percentage, Price in c/kg)

14/3/86

AM	21,5	66	568
AS	23,5	66	505
BKS	22,5	58	458
CBP	22,0	60	441
CL	20,0	62	556

Next week a total of 18 700 bales of merino and other wool will be offered.—Sapa

Coffee drinkers face another big price rise

17/3/86 (244)

~~Coffee~~

Mercury Reporter

THE cost of that favourite cup of coffee thousands of South Africans consume every morning is expected to be hit by further dramatic price rises, says Mr Gerry Parginos, a top importer of pure Arabica coffees.

Mr Parginos says two factors are responsible for the increases consumers have had to face over the past few months.

One is a drought which halved Brazil's coffee crop and created a worldwide shortage, resulting in the price of coffee doubling.

The other is that world coffee prices are now quoted on the same basis internationally.

South Africa used to have a slight advantage by not belonging to the International Coffeee Organisation, and as such was usually quoted more favourable rates

The levelling off of the prices has now done away with this advantage

Temporary

But an improvement is expected by mid-year if the rand/dollar exchange rate improves significantly and the Brazilian crop improves.

'Consumers who are currently paying about R3,40 for a 250 g pack of pure coffee can expect to pay more than R5 in future

'But,' said Mr Parginos, 'we are hoping that the situation is temporary although other factors such as increased transport costs and wage bills have also affected the South African situation.'

He said that historically the consumer price had dropped while the world commodity price had been reduced

Instant coffees, which did not contain a great amount of pure coffee, would not be affected as greatly by the increase, he added

1 member for 6 months
1 member for 12 months

Using or taking an article issued to or under control of another person
1 member for 120 days

Drunkenness
1 member for 40 days

Common law offence of fraud
2 members for 180 days

Failing to report for or to render military service on account of the religious tenets of his church
64 members for 3 years

Air journeys: free/discounted

499 Mr D J N MALCOMESS asked the Minister of Transport Affairs·

Whether any South African Transport Services staff members and families of staff members have undertaken (a) free or (b) discounted air journeys to Europe, the Americas or the Far-East; if so, how many (i) staff members and (ii) families of staff members undertook such air journeys in the latest specified financial year for which information is available?

The MINISTER OF TRANSPORT AFFAIRS.

1984-85 (a) and (b) Yes

(i) and (ii) The information is not readily available and will take much time and expense to gather

Posts regraded

500 Mr D J N MALCOMESS asked the Minister of Transport Affairs

Whether any positions in the South African Transport Services from the level of assistant director and higher were or are to be regraded in the 1985-86 or 1986-87 financial years; if so, (a) how many, (b) when, and (c) with what salary adjustment, in each case?

The MINISTER OF TRANSPORT AFFAIRS·

Yes

1985-86

(a)	(b)	(c)
1 Assistant Director	1 June 1985	Increased by R4 170 p.a.
1 Assistant Director	1 July 1985	Increased by R4 170 p a
1 Assistant Director	1 August 1985	Decreased by R3 480 p a
3 Assistant Directors	1 January 1986	Increased by R4 170 p.a.
1 Assistant Director	1 February 1986	Decreased by R3 480 p.a.
4 Deputy Directors	1 June 1985	Increased by R5 580 p a.
1 Deputy Director	1 January 1986	Decreased by R4 170 p.a.
1 Director	1 October 1985	Decreased by R5 580 p.a.
1 Director	1 January 1986	Decreased by R5 580 p a.

1986-87· It is not possible to indicate what posts will be regraded during the 1986-87 financial year.

Flying crews: premature retirement

501. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

Whether any South African Airways flying crews have been retired prematurely in the 1985-86 financial year; if so, (a) how many persons in each category and (b) why in each case?

The MINISTER OF TRANSPORT AFFAIRS:

No.

(a) and (b) Fall away

HANSARD 18/3/86

Reduction in fuel price

244

G CW 629.

503. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

(1) Whether the reduction in the fuel price effective from 3 March 1986 will result in any savings for the South African Airways, if not, why not, if so, what is the estimated savings,

(2) whether, in the light of this reduction, he intends reducing any air fares; if not, why not; if so, (a) which fares, (b) when and (c) by what amount?

The MINISTER OF TRANSPORT AFFAIRS:

(1) Yes, R0,3 million on fuel other than aircraft fuel. The fuel price reduction does not apply to avionic kerosene used by aircraft

(2) No, the estimated loss for SA Airways for the 1986/87 financial year is R21 million. In the light of this loss a reduction in air fares cannot be considered

Reduction in fuel price

504 Mr D J N MALCOMESS asked the Minister of Transport Affairs·

(1) Whether the reduction in the fuel price effective from 3 March 1986 will result in any savings for the South African Transport Services, if not, why not; if so, what is the estimated savings;

(2) whether, in the light of this reduction, he intends reducing any rail fares; if not, why not; if so, (a) which fares, (b) when and (c) by what amount?

The MINISTER OF TRANSPORT AFFAIRS:

(1) Yes, R40 million.

(2) No, in view of the vast accumulated losses, a reduction in rail fares is not feasible at present.

National service: foreign citizens

510 Mr B B GOODALL asked the Minister of Defence.

(a) How many citizens of foreign countries registered for national service in 1985 and (b) of which countries were they citizens in each case?

The MINISTER OF DEFENCE:

(a) None.

(b) Falls away.

G CW 630

White males: service

HANSARD 18/3/86

524. Mr G B D McINTOSH asked the Minister of Defence.

(a) How many White males were liable in 1984 and 1985, respectively, to render 120 days' service and (b) how many of them rendered (i) 120 days', (ii) between 90 and 120 days', (iii) less than 90 days' and (iv) no service in each such year?

The MINISTER OF DEFENCE:

Serving members of the Citizen Force who are liable to serve in terms of Section 22 or who have been allotted to the Commandos in terms of Section 89A of the Defence Act, can be required to serve up to 120 days in a cycle of two years. To reply to this question would entail disclosing the total Citizen Force, and a considerable number of Commando strengths. It is, for obvious reasons not policy to divulge Defence Force strengths of this nature.

Land and Agricultural Bank

G CW 630.

591 Mr P A MYBURGH asked the Minister of Finance:

HANSARD 18/3/86

(a) What was the total amount of loans granted to farmers by the Land and Agricultural Bank as at 31 December 1985 and (b) to how many farmers had these loans been granted?

purchaser furnishes the seller with a declaration on the prescribed form (Form VB52). This measure was aimed at tightening up control in regard to the application of the exemption relating to the sale of goods which are exported from the Republic. In addition, the matter of motor vehicles sold in the Republic to purchasers who allege that they are ordinarily resident in Bophuthatswana formed the subject of discussions on an inter-governmental level and certain measures have been proposed in order to put a stop to malpractices in that regard

HANSARD 18/6/86 Gold QCSL 567

*4 Mr L F STOFBERG ~~asked the Minister~~ of Finance.†

Whether his Department exercised any control over the actual gold production of gold mines in the period before exchange and export control in respect of gold; if not, (a) why not and (b) what agency exercised such control, if so, (i) what was the nature of the control and (ii) how did he determine (aa) when and (bb) at what price gold was sold?

The MINISTER OF FINANCE:

The function of buying bullion from the gold mines in South Africa was delegated by the Minister of Finance to the South African Reserve Bank as early as 1925.

This gold becomes the property of the South African Reserve Bank, and is sold on overseas markets in an orderly manner to the best advantage of South Africa in terms of the policy which has been in force for a number of years

Any profits or losses incurred during such transactions are for account of the Treasury as provided for in section 17A of the South African Reserve Bank Act, 1944 (Act 29 of 1944) as amended.

A detailed statement of the "gold price adjustments account" is furnished to Treasury monthly in which are also set out the prices at which the gold transactions have taken place

The South African Reserve Bank itself exercises a strict control on purchases and sales of gold, and a computer printout containing full particulars regarding each individual transaction is furnished daily both to the Governor and to the Deputy Governor in charge of gold and foreign exchange transactions The dialy price of gold is determined by supply and demand on the different markets and there can thus be no meaningful average price for the thousands of transactions taking place over the years

HANSARD 18/3/86 QCSL 568 244

Consumer ~~price index~~

*5 Mr L F STOFBERG ~~asked the Minister~~ for Administration and Economic Advisory Services †

Whether he will furnish the items making up the so-called basket used in the calculation of the consumer price index, if so, (a) what items make up the basket, (b) how was the basket adjusted over the latest specified period of 10 years for which information is available and (c) how is the course of inflation calculated on the basis of these data?

The MINISTER OF ADMINISTRATION AND ECONOMIC ADVISORY SERVICES (Reply laid upon the Table with leave of House)

Yes The so-called basket of items (i e the different goods and services together with their relative importance or weights) which is used in the calculation of the consumer price index was published as a special article in the September 1978 issue of the Bulletin of Statistics and copies of this article are freely available on request. A summarised form of the basket is in fact published in each Statistical News Release on the consumer price index These news releases are issued free of charge on a monthly basis

(a) The basket contains those consumer goods and services purchased by an average urban household. As the consumer price index is separately calculated for the lower, the middle and higher income groups as well as

for all income groups, virtually four baskets exist

In a summarised form, the basket for all income groups compromises:

Food	24,98%
Cold drinks and alcoholic drinks	2,60%
Cigarettes, cigars and tobacco	1,69%
Clothing and footwear	8,77%
Housing and household fuel and power	19,67%
Furniture and equipment	5,98%
Household operation	4,96%
Medical care	2,08%
Transport	14,94%
Communication	0,99%
Recreation, entertainment and reading matter	4,16%
Education	0,82%
Personal care	2,95%
Other consumer goods and services	5,41%
	100,00%

I have a copy of the detailed four baskets for the disposal of the hon member

(b) The consumer price index is calculated on basis of the Laspeyres method of index calculation, which means that the relative importance of the goods and services or the weights is kept constant for a number of years Up to now the weights of the consumer price index have been revised approximately every ten years without interim adjustment. The weights currently in use are based on the 1975 survey of household expenditure which will be revised on basis of the 1985 survey. I have already approved the revision of the basket (i e. including the weights) on a five yearly basis in future

(c) The consumer price index measures the change in prices of consumer goods and services over time The rate of change of an annual basis of this index is usually defined as the annual rate of inflation It is calculated by expressing the increase in the consumer price index of a particular month since the same month of the previous years as a percentage of the value of the index for the month concerned in the previous year In calculating the average inflation rate for a year the arithmetic mean of the indices of the twelve months is compared to that of the previous year

Johannesburg, Wolmarans Street: building purchased

*6 Mr D J N MALCOMESS asked the Minister of Transport Affairs.

(1) Whether the South African Transport Services purchased a building in Wolmarans Street, Johannesburg; if so, (a) from whom, (b) at what price and (c) when,

(2) whether the South African Transport Services did a valuation of the building at the time of purchase; if so, what was the valuation, if not,

(3) whether a valuation of this building was done by a body other than the South African Transport Services; if so, (a) on what date, (b) by what body and (c) what was this valuation?

The MINISTER OF NATIONAL EDUCATION (for the Minister of Transport Affairs):

(1) Yes.

(a) Netherlands Properties (Pty) Limited.

(b) R11,75 million.

(c) 31 January 1986

(2) Yes. R13 million

Bread price rise looms

THE bread price is likely to increase by between 5c and 9c for a brown loaf, following the reduction in the subsidy which was announced in the Budget yesterday.

The Minister of Finance, Mr Barend du Plessis, said the Government had accepted the recommendation of the commission of inquiry into the bread subsidy, the Davin Commission, that the subsidy be phased out.

The subsidy, which amounted to R200 million in 1985-86 will be reduced to R150 million in 1986-87.

Before yesterday's announcement it was calculated that the price of bread would have to go up by 5c if the subsidy was maintained

The present subsidy on brown bread — white bread is not subsidised — is about 16c on a loaf With the cut in subsidy this goes down to approximately 12c.

An announcement on the new bread price is expected by Thursday

Bread 244 SOWETAN 18/3/86.

Ackerman to open more fuel pumps

BDH/20/3/85

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CHRIS CAIRNCROSS

PICK 'n PAY has immediately relaunched its discount petrol coupon scheme after yesterday's landmark Supreme Court victory over government.

Pretoria had attempted to outlaw the practice by executive decree.

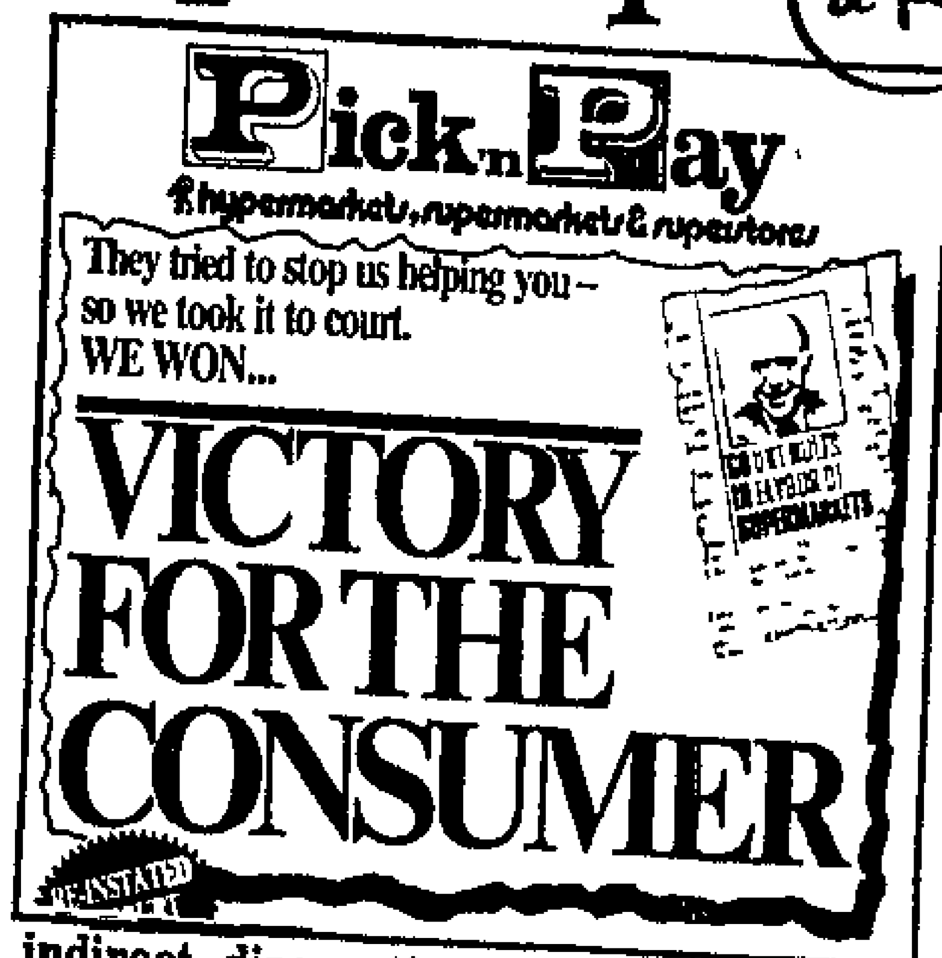
The mass retailer now plans to expand its chain of 12 petrol outlets, extending the coupon scheme to new outlets as well, delighted Pick 'n Pay chairman Raymond Ackerman told *Business Day* last night.

He said the group was also looking at the possibility of dealing with or helping other independent garage-owners to set up similar coupon schemes.

"There are quite a few imaginative garage-owners around the country who want to lower their margins and thus increase their volume of petrol sales.

"This judgment, if it is upheld, gives them the green light," Ackerman said.

This means the stage is set for the



indirect discounting of petrol to take place on a large scale.

"It is a real victory for the man-in-the-street," Ackerman declared.

Counsel for the Minister of Mineral and Energy Affairs, Danie Steyn, gave notice yesterday that an appeal would be lodged against the judgment handed

● To Page 2

Judge sides with Ackerman

● From Page 1

down in the Cape Town Supreme Court by Mr Justice Rose-Innes.

This has to be done within 14 days of receipt of the written judgment.

A spokesman for the Department of Mineral and Energy Affairs said yesterday he could not yet confirm whether an appeal would be lodged.

A decision would be taken only after the judgment had been carefully studied.

Legal opinion canvassed in Cape Town yesterday was that government had little chance of overturning the court's ruling.

Supposing this were the case, it was suggested there were three possible scenarios government could adopt:

- It could quietly accept defeat and let the coupon scheme continue and expand on a free-enterprise basis — as long as discounting did not take place at the pumps;
- It could attempt to introduce amendments to the Petroleum Products Act to give the Minister the necessary powers outlaw the coupon scheme; or
- It could scrap the Act entirely.

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Bread price hike 'possible'

GERALD REILLY

A STATEMENT on a possible bread price increase is expected from Agriculture Minister Greyling Wentzel before the weekend

Sources pointed out yesterday the R150m bread subsidy announced by Finance Minister Barend du Plessis would have to be supported by a price rise if it was to be stretched to the October start of the new wheat season.

Last year's R200m subsidy was exhausted by October and had to be supplemented by a further R45m.

The R150m would thus run out before October and the wheat price was also expected to increase then,

Sources said government would "lean over backwards" to avoid a price increase, but having committed itself to the R50m subsidy cut, there appeared to be little alternative to an early price adjustment.

Jubilation as Pick 'n Pay beats Govt in petrol battle

STAR 20/3/86

244

By Jackie Unwin

Consumer groups and motorists have welcomed the Supreme Court ruling that Pick 'n Pay can continue with its petrol-coupon scheme

A jubilant Mr Raymond Ackerman, joint managing director of the supermarket chain, described it as a "victory for the man in the street and a blow against inflation"

Yesterday a Supreme Court order overturned a Government directive to oil companies to cut supplies to the supermarket chain after the introduction of a 4c redeemable coupon scheme by the chain. The coupon can be used to purchase any item, apart from petrol, at Pick 'n Pay stores

The Supreme Court in Cape Town ruled that the Minister of Mineral and Energy Affairs, Mr Danie Steyn, had acted beyond the scope of his powers in stopping petrol supplies to Pick 'n Pay.

Mr Justice Rose-Innes ordered that the Ministerial directive of February 28 to three major oil companies be set aside immediately and ordered the Minister to pay costs

Counsel for the Minister gave notice of intention to appeal.

Pick 'n Pay immediately began distributing its coupons at all its petrol stations throughout the country.

Mr Ackerman said· "It is fantastic It is victory for the consumer, who feels squeezed between big business and big government In most Western nations, the consumer feels totally powerless. From this point of view, we are really thrilled

"The move is also fighting inflation because petrol is one of the big determinants Although we are not cutting prices at the pump, people will reveive a discount on food, which will help people at a time when they desperately need it

CONGRATULATIONS

"From a personal point of view, I have been fighting like mad against monopolies, collusion and cartels for 20 years In fact, it was my reason for going into retailing I feel it is the vindication of years of fighting

"The phone just hasn't stopped ringing and people have been pouring in with messages of congratulation"

Yesterday was a double celebration at the Boksburg hypermarket — which had been discounting petrol for 10 years before being stopped — for it also celebrated its 11th birthday. Some motorists received birthday cake as well as their 4c coupons when they pulled up at the pumps

"It's the best ~~birthday~~ present we could have had," said general manager Mr Mike van de Merwe

Motorists at Boksburg yesterday were delighted. Comments were

"I'm very happy — this place is for the people and not for the Government," said Mr Frik Viviers

"It's beautiful. I'm delighted about it," commented Mr Tony Cloete of Benoni.

"I am very glad I hope many more petrol stations do the same," said Mr Adam Esterhuizen of Impala Park.

Mr Brian Goodall, PFP spokesman on mineral and energy affairs, said "It is a pity that Pick 'n Pay has had to resort, because of the law, to a system whereby people are given coupons rather than just being given a cash discount on their petrol"

Mrs Betty Hirzel, chairman of the Consumer Union, said "Anything towards the free market system and making competition work is for us

Mrs Joy Hurwitz, president of the Housewives' League, said "I am pleased that Pick 'n Pay has won its case"

Mr Sarel Steyn, managing director of supplier Trek, said he was unable to comment at this stage as he had received no formal advice

Courts

rt's petrol ruling: price war looms

STAR

now

20/3/86

244

By Jackie Unwin

A petrol price war could follow the Cape Town Supreme Court decision allowing Pick 'n Pay to sell discount fuel.

Members of the Motor Industries Federation are upset over the supermarket chain's redeemable petrol coupon system being allowed to continue, says Mr S Druckman, chairman of the Southern Transvaal division

The 4c-a-litre coupons are redeemable on purchases at Pick 'n Pay stores.

"There could be reaction, with petrol stations making special offers to compete with the supermarket chain," says Mr Druckman

"It's early days I don't think this will develop at this stage. People will lie low for a while There may be an appeal This is why I don't feel there will be a tremendous reaction right at the moment

But, he added, a battle "could easily happen in the future"

The MIF is bitterly opposed to the discounting of petrol and self-service garages.

The managing director of the oil division of Shell, Mr John Drake, said the court decision could result in "retaliation from other sides"

But it would be up to individual dealers and the big pumpers of petrol to decide if they were going to compete for sales. This would depend on factors such as locations

"It depends on how effective the voucher scheme is It has had a lot of publicity, but it may not be effective," he said.

He felt dealers would wait for a decision on any appeal by the Government

The Star's Political Staff report that existing legislation might be changed to prevent petrol coupon schemes

This was predicted by an Opposition spokesman today, but a Department of Mineral and Energy Affairs official said it could be considered "as a last resort"

The department is to study the court decision before deciding on an appeal.

It objects to the discounting of petrol because of the effect it could have on petrol stations in certain areas and on work opportunities for pump attendants.

Progressive Federal Party MP Mr Brian Goodall said today that it was a pity the Government could not accept that the public wanted price competition

21/3/86. WEEKLY M.

THE ECONOMY

244

Can reality face the Barend challenge?

FINANCE Minister Barend du Plessis's Budget seems to have sidestepped the inflation trap.

Economists say the Budget coped with the problem of trying to breathe life into the economy and of increasing spending on necessary social services like housing, in the face of South Africa's foreign debt crisis and the prospect of further boosting already high inflation

However, Progressive Federal Party MP Harry Schwarz has criticised the Budget for "the almost total absence of measures designed to combat inflation".

Then too, the government has in the past been consistently over-optimistic about its ability to stay within its Budget. Why should spending estimates match reality this time round, ask sceptics?

In the Budget, Finance Minister Barend Du Plessis said the aim was to keep the deficit before borrowing to R3 944-billion, or 2,7 percent of the gross domestic product.

Total estimated spending for this financial year is 13,9 percent above the final level for 1985/86.

This is well below the worryingly high inflation rate of around 20 percent — too low to be true, say critics, who feel Du Plessis will be forced to increase spending during the year.

But with the Budget comes an important new anti-inflationary device: the adoption of money supply growth targeting.

The implication of this, in brief, is that the Reserve Bank will be, in a

BUDGET '86

Reg Rumney on the area Barend dodged: inflation

sense, indirectly monitoring government spending

If government spending exceeds the estimated amount, pushing money supply growth up, interest rates will have to be allowed to rise to bring money supply growth within the 16 to 20 percent target limits set for 1986 And high interest rates, in turn, are generally unpopular with voters.

The Budget is "reflationary" rather than inflationary, according to Nedbank economist Ian McFarlane, and "seeks to rekindle economic activity, albeit in the context of the current account restraint and inflation"

The stress is on modest stimulation

"In itself the Budget will not aggravate inflation. It's a cautious Budget."

The issue of only R893-million (R1 566-billion in 1985/86) of new government stock means that the feared "crowding out" in the capital market of both public and private sector borrowers will be avoided.

It had been feared that interest rates would soar as the government and public and private sector borrowers competed for scarce money, in the light of the drying up of foreign finance.

Faced with high capital market interest rates public sector borrowers like Escom, which would previously have gone overseas to raise loans, would be forced to raise tariffs instead — fuelling inflation

Bill Lacey, economist of the Associated Chambers of Commerce (Assocom), agrees Du Plessis did not address himself specifically to the inflation problem

"The prime objective was to get the economy off its back, and to address unemployment.

"On the other hand, he could not afford to go on a spending spree while foreign bankers were waiting at the door to be paid"

Du Plessis did this by "putting more cash in consumers' pockets with tax concessions".

Disappointment has been expressed that General Sales Tax was not reduced, a move which would aid the lower income group and the unemployed

And a bread price hike seems unavoidable after the R50-million cut in the bread subsidy from R200-million to R150-million.

Moreover the maize price subsidy has been more than halved — from R250-million to R120-million — this year, and this may translate into a higher price for this basic foodstuff.

Still, the Budget, while it is no fireworks display, is largely non-inflationary and, as Lacey points out, its aim of 3 to 3,5 percent growth will supply overseas bankers with one of the signs they want to see.

It is up to President P W Botha to supply the political reforms they are pressing for, if he can.

21/3/86 Weekly M.

THE ECONOMY

Taking subsidies from the mouths of the poor

BUDGET '86

The staple diet of the poor is bread. The staple diet of the even poorer is maize. With the cut-backs in subsidies, those on the poverty line are simply going to have to eat even less.

PAT SIDLEY reports

MORE widespread hunger, malnutrition and starvation will follow the government's cut-back of R170-million in subsidies on basic foods.

The government has announced it will remove R50-million from the bread subsidy and, it appears, wipe out R130-million from the maize subsidy.

Exaggerating the problem, the government has claimed it cannot find enough needy families to qualify for its food aid programmes and has taken back into the ailing treasury more than R6-million which had been earmarked for the country's destitute.

These moves can only lead to more widespread hunger and starvation among the poor.

Conservative estimates of two years ago claimed that about three million people were malnourished. But since then the cost of living has increased phenomenally and unemployment has risen drastically.

World Vision director David Cuthbert says he believes about six million people are in need of basic assistance for food, clothes and shelter. Other studies show that between 21 percent and 30 percent of the country's potential black workforce is under-employed or unemployed.

The subsidies on bread and maize directly help poorer consumers to buy basic foods and there is a direct correlation between the size of the subsidy on bread and its consumption

Both bread and maize prices are expected to increase soon. The Maize Board is currently discussing price increases and a bread price increase is said to be imminent.

The vast majority of South Africa's needy eat maize as a staple diet. Bread is generally eaten a rung up the economic ladder.

In periods of high unemployment, more poverty and high inflation, the poor tend to eat less of everything so that those who ate bread, switch to maize. Those eating maize, simply eat less.

The R50-million decrease in the bread subsidy (which was R200-million) is likely to add at least 6c to each loaf of brown bread The controlled price of a brown loaf is 50c That of a white loaf is 70c. About 13c of the price of the brown loaf is the subsidy

In 1974/75 the R35-million subsidy on bread was split almost evenly between white and brown loaves In those days 738-million white loaves and 378-million brown loaves were sold. A white loaf cost 20c, brown16c.

Around 1978 the government decided to switch its focus from white bread to brown and provided R40,3-million for brown bread and and R5,4-million for white That year 900-million loaves of brown bread were sold and 379-million loaves of white were sold. The subsidy that year kept the price of brown bread down to 16c a loaf and white bread rose to 25c.

In 1982/83 the R200-million subsidy was paid almost entirely on brown bread and sales shifted Of the 1,6-billion loaves of bread sold, about 75 percent were brown and 25 percent were white. The price of the brown loaf was 35c and a white loaf was 53c. (This included GST which has since been dropped on fresh foods.)

At the moment, the Wheat Board says, about 1,740-billion loaves are eaten annually. About 75 percent of them are brown and the subsidy of about 13c a loaf is entirely on brown bread.

These figures show dramatically that when the size of the subsidy keeps prices down, eating patterns change radically in line with it. And they also show that in spite of the population increase, bread consumption has hardly changed.

Additionally, the size of the loaf has decreased from 900gms to 850gms and this has failed to increase sales of bread.

This should indicate that more maize is being consumed However, data compiled by consumer expert Vita Palestrant for Checkers' submission to the Davin Commission on the bread subsidy, illustrates that maize consumption has dropped as well.

"It is reasonable to assume that consumers switching from brown bread to maize were taking the place of those maize consumers who were being forced, of necessity, to eat far less," says Palestrant.

The Davin Commission looked at whether subsidies benefited underprivileged consumers. It argued that it benefited middle and upper-income groups.

Checkers' submission to the commission argued forcefully that the subsidy was correctly targeted. Justifying this, it said blacks consumed about 72 percent of all bread in South Africa, with coloureds and Indians taking another 12 percent.

The maize picture has been gloomier than the bread one. For a decade until 1984/85 its annual average growth rate was 0,6 percent During that period the bread price rose by 246 percent against the white maize price, which increased by 378 percent. The consumer price index for that period rose by 232 percent and the food index by 256 percent.

At the moment producers fetch R218 a ton for maize and sell it for R265 a ton. About R16 a ton is subsidised for handling and storage

About three million tons of maize in the form of mealie-meal is consumed annually.

The Checkers submission to the Davin Commission ended on a note of warning that the cutbacks in subsidies were occurring against a backdrop of widespread unrest and deep recession

It noted that between October 1984 and May 1985 a decline in bread consumption took place in several areas hit by unrest — before the introduction of consumer boycotts.

"We wonder whether hunger itself acted as part of the trigger mechanism setting off the disturbances," the submission says.

FIN MAIL 21/3/86.

PRICES 244

Ups and downs

The stronger rand has brought prices of some consumer durables sharply down, but food prices, if anything, are still going up. Suppliers blame their inability to cut prices on unchanged rail rates.

Retailers say they have given up the battle to get lower prices from food suppliers. "I intended to name those who refused to reduce prices," says Checkers MD Clive Weil wearily. "But it's not worth it — not one single manufacturer has agreed to adjust the list price."

He says suppliers justify their stance by pointing fingers at Sats, a big beneficiary of the lower petrol and diesel prices, which has not reduced rates. "The suppliers have taken their lead from government's shoddy example," complains Weil.

The other argument used by food suppliers is that the petrol and diesel costs make up an infinitesimal part of a product's price. "It's about 0,07% on each product," says Anglovaal Industries executive director John Bryant. But Weil says he suggested companies reduce prices "on specific strategic products so that the cut means something."

Bryant says that when product prices come up for periodic review, increases won't be as steep as they would have been if the fuel price had not been cut. But he emphasises that most blame should fall squarely on Sats' shoulders because most products travel a greater part of their total delivery journey by rail. "Total distribution costs account for 6% to 7% of the selling price. If Sats had dropped rail rates we could have cut our prices."

Meanwhile, prices on imported consumer durables have come down between 7% and 14% in the last month because of the improvement of the rand, says Domestic Appliance Manufacturers' Association chairman Owen Dinsdale. He adds that the lower prices are likely to hold until mid-year. Philips has already announced cuts of between 10% and 18% on a range of more than 140 appliances.

Checkers' Weil ... no response to call

Dinsdale says brown goods (hi-fi and TV equipment) have fallen most, while white goods vary. "Washing machines and refrigerators have the highest imported content, and their prices have been adjusted downwards and will remain stable." But, he points out, stoves, which have the lowest import content, will probably have to carry price hikes because of higher steel prices.

More relief can be expected on goods with a high plastic content because of the weak oil price, says Dinsdale. Manufacturers are negotiating with oil companies for reductions.

"However, this has nothing to do with the petrol price," he emphasises.

If fuel was the only factor, manufactures would probably not have been able to cut prices ■

Half a victory on book prices

WEEKLY M. 21/3/86 (244)

BUDGET '86

Book sellers won one victory in the Budget. Now they're chasing after GST. BARBARA LUDMAN reports

THE abolition this week of a surcharge on the price of imported books means the battle has been only half won, says a representative of the Book Trade Association.

"Now," says Pamela Wood, "we're going after GST."

It's not Christmas yet: the disappearance of the 10 percent surcharge won't mean a literary windfall for the consumer.

Despite an admission that book prices had soared past the limits of consumer tolerance, publishers, importers and booksellers said this week there were no plans to cut prices until new, surcharge-free stocks arrived.

"There are lots of books out there on the shelves on which the surcharge has been paid, and this will have to be passed on to the book buyer," says Wood. "When the surcharge was first imposed at the end of September, books imported earlier continued to be sold at the prices at which they had been imported, and that price did not include the surcharge."

"If we were selling stacks of underpants, we could go through and reprice everything," says Exclusive Books' Jeremy Gordin. "But when you're sitting with a million rands' worth of books, each one a specific product at a specific price, it becomes a little unwieldy."

In the book trade, publishers set a suggested retail price, then sell to retailers at a discount; the difference between the two is the booksellers' profit.

Imported books were priced — and the surcharge added — at the discounted price, not the retail price. So when prices fall, they will drop by 10 percent of the discounted price only.

What will the price difference be?

"One of our major novels would sell for R34,50, if all taxes were excluded," says Wood. "With surcharge and GST it sold for R42,50. If we brought it in today, you would pay R38,64, including GST."

"It's too early to say what effect the surcharge has had on academic books, because the universities have just reopened," says Cory Voigt, academic subcommittee chairman for the Overseas Publishers' Representatives Association. "But I know there has been a lot of photocopying of books by students.

"The principle of books being taxed is a bad one. Books are a basic commodity, like food."

Pick 'n Pay's sales of petrol in SA 'treble'

244

Cape Times 21/3/86

Staff Reporter

PETROL sales at Pick 'n Pay's 12 service stations country-wide were yesterday up to three times higher than normal as the retail chain resumed its food coupon system — with, however, mixed reaction from independent garage owners.

Mr Alan Gardiner, executive director of Pick 'n Pay, said yesterday that when the coupon system was first introduced, sales had trebled compared with petrol sold at the normal price.

Late yesterday afternoon he said there were queues at every pump at the Brackenfell hypermarket service station.

"We have a long-standing intention to expand service stations to other Pick 'n Pay centres, as well as opening garages on free-standing sites So there is a possiblity there will be more Pick 'n Pay garages, but we are waiting until the coupon scheme is well established," he said.

Mr George Beckman, national chairman of the South African Motor Traders' Association, said most members of his association felt the situation was an unfair trading practice He called on garage owners to act responsibly and not to start a price war with Pick 'n Pay by starting similar schemes "We should wait for the government to make its move," he said

A survey of independent garage owners showed that most people in the vicinity of the hypermarket were upset at what they called a "gimmick" on the part of Pick 'n Pay, while opinions in other areas varied.

Mr Frank Weetman, owner of a Kuils River garage, said his profit margin was 5,2 cents "How can I afford to give 4c away?" he asked

Mr H Osman, manager of a Mitchells Plain garage, said he felt it was unfair, as the small dealer could not join the bandwagon "I can't offer anything to the community I serve, and they are losing out if they remain loyal to me," he said.

Coupon petrol sales treble

21/3/96 STAR 244

CAPE TOWN — Petrol sales at Pick 'n Pay's 12 service stations throughout the country were up to three times higher than normal yesterday as the retail chain resumed its food coupon system.

Mr Alan Gardiner, executive director of Pick 'n Pay, said that when the coupon system was first introduced, sales had trebled, compared with petrol sold at the normal regulated price

He said Pick 'n Pay had been approached by several independent garage owners asking if they could share in Pick 'n Pay's coupon system

"We are considering this, and we have a longstanding intention to expand service stations to other centres, as well as opening garages on free-standing sites

ESTABLISHED

"So there is a possiblity there will be more Pick 'n Pay garages, but we are waiting until the coupon scheme is well established," he said

Mr George Beckman, national chairman of the South African Motor Traders' Association, said most members of his association felt the situation was an unfair trading practice which they could not accomplish themselves

He called on garage owners to act responsibly and not to start a price war with Pick 'n Pay by starting similar schemes.

"We should wait for the Government to make its move," he said. — Sapa.

Sugar price goes up

(244)

Mercury Reporter

CONSUMERS face another round of price increases following the announcement that the sugar price goes up by 13,5 percent today

Housewives can expect to pay about R2,15 instead of around R1,89 for a 2,5 kg packet of white sugar, according to the managing director of Spar, Mr Brian Beavon

'It's an absolute disgrace Hundreds of items on supermarket shelves will be directly affected, not to mention fast foods, bakery items and cool drinks,' said the general manager of Pick 'n Pay Hypermarket, Mr Martin Rosen

'We will try to hold our prices for a few weeks if we can buy sugar which is already in the pipeline and therefore not affected by the announcement,' he said

Mercury 21/3/86.

Mr Beavon said that Spar could probably hold out at existing prices for a maximum of four weeks

'Food people have been trying to control inflation It's time the manufacturers played their part,' he said

CAPE TIMES 27/3/86 264

Two stations selling petrol at discount

Staff Reporter

AT LEAST two local service stations have followed the Pick 'n Pay Hypermarket lead in selling petrol at a discount on a coupon system, and many more could follow

Rocklands Service Station in Mitchells Plain has begun selling petrol at a discount of 4c a litre in co-operation with the Wembley Supermarket nextdoor where coupons may be cashed against goods

The service station manager, Mr A Isaacs, said they were "the first to follow" the lead given by Pick 'n Pay chief Mr Raymond Ackerman

'Catch fire'

"I think it will catch fire," Mr Isaacs said "There's been a lot of talk. Three or four service stations have approached us to find out how we have gone about it

"People will be more aware and will be looking for this type of discount I think maybe if you don't join in you will soon be out of business."

Mr Pierce Commerford, managing director of Rhoville Motors near the hypermarket in Brackenfell, agreed.

"Raymond Ackerman managed to get this thing through and I figured that what he is doing — getting a square deal for consumers — is good and I agree But he is going to get all the business and we'll get nothing"

Attendants

So Rhoville Motors is also offering petrol at a discount on a coupon system These coupons are redeemable against goods (excluding petrol) or services from Rhoville Motors

The difference is — these small service stations are keeping on their petrol pump attendants while the hypermarket offer is on a self-service basis

"We are keeping our people employed," said Mr Isaacs, while Mr Commerford said he was dead against self-service

"You have to look at the human factor. About 40 000 blokes would be out of work if we all went self-service," he said.

Surprise as Govt shelves bread-price rise

244

Political Staff

THE bread price is to stay unchanged for the time being, it was announced today

The announcement came as a surprise after widespread expectations that brown bread would go up soon

There were fears that it could cost as much as 9c a loaf more after Finance Minister Mr Barend du Plessis slashed the bread subsidy in the Budget last week.

Now the Agriculture Minister, Mr Greyling Wentzel, said "The bread price increase has for the present been averted"

This was a result of funds being made available by the Wheat Board, he said

According to sources in the Agriculture department the price is likely to be reconsidered only in October

Mr Wentzel said "It remains the Government's aim to keep the price of bread as low as possible, especially during this time of unfavourable economic conditions which are imposing a heavy burden on the less-privileged

An apparently inevitable rise in the bread price drew severe condemnation last week.

Mr Wentzel's announcement added "The reduction in interest rates is continuously taken into account where the payment of financing costs on the Wheat Board's stocks is concerned.

"Millers' and bakers' margins will similarly be reduced from April 1 as a reult of the lower interest rates

"Besides these savings, the improvement in the exchange rate of the rand should result in the cost of wheat soon to be imported being considerably lower than originally expected"

Announcement on bread price

SMK 24/3/86

CAPE TOWN — The bread price is due to go up in terms of an announcement expected today

163 244

Government officials were preparing the announcement this morning.

A price rise was heralded in the Budget last week when Finance Minister Mr Barend du Plessis cut the bread subsidy from R200 million to R150 million

Brown bread could increase in price by between 5 c and 9 c a loaf

White bread is not likely to be affected as its subsidy has already been removed — Political Staff

BDM 24/3/87 (153) (244)

Big mid-year food price rises feared

ALL government-administered basic-food prices would be substantially higher by mid-year to load living costs of poor people intolerably, consumer organisations have warned.

The increases would be due partly to slashed government food subsidies.

The maize subsidy has come down by R130m to R120m, that for bread by R50m to R150m and for sugar by R17m to R4m.

On Friday SA Sugar Association GM Peter Sale announced a white sugar price rise of 13,5% and 15% for brown.

This week — probably today — Agriculture Minister Greyling Wentzel might announce a bread price increase of about 6c a loaf.

Wheat Board sources in Pretoria said it was possible the increase could be delayed until later in the year.

GERALD REILLY

Also on the minister's desk are demands from maize producers for a price rise from May 1, and from the Dairy Board for a milk price rise — almost certain to be granted from June.

Sale said the price of a 2,5kg pack of white sugar would rise from R2,15 to R2,44, and a 1kg of brown sugar from 80c to about 92c.

Sale said the increases were partly due to the subsidy cut from R21m to R4m.

On the bread price issue, sources said the R10-a-ton decrease in flour and meal prices and a remainder from last years R245m subsidy could avert an immediate price rise.

However, a big increase was certain in October when the new and higher producer wheat price would be announced.

Earnings increases outstrip the cost of living

244

Public sector pay rate zooms

24/3/86. BDAY.

PUBLIC-SECTOR pay is growing at a much faster rate than that of the rest of the economy.

This is despite claims that there has been no increase in public-sector salaries and wages since January 1984.

In the two years to September 1985, the average public-sector pay packet increased by 39,86% compared with general price increases over the same period of 30.7%.

With the recently-announced 10% pay increase, the average public-sector pay packet will be R985,19 a month, 53,8% higher than in September, 1983. The full restoration of annual bonuses for public servants will boost average remuneration levels even further.

These figures emerge from calculations based on data published by Central Statistical Services. They include all races.

By comparison, the private sector has generally not managed to beat inflation.

JOHN TILSTON

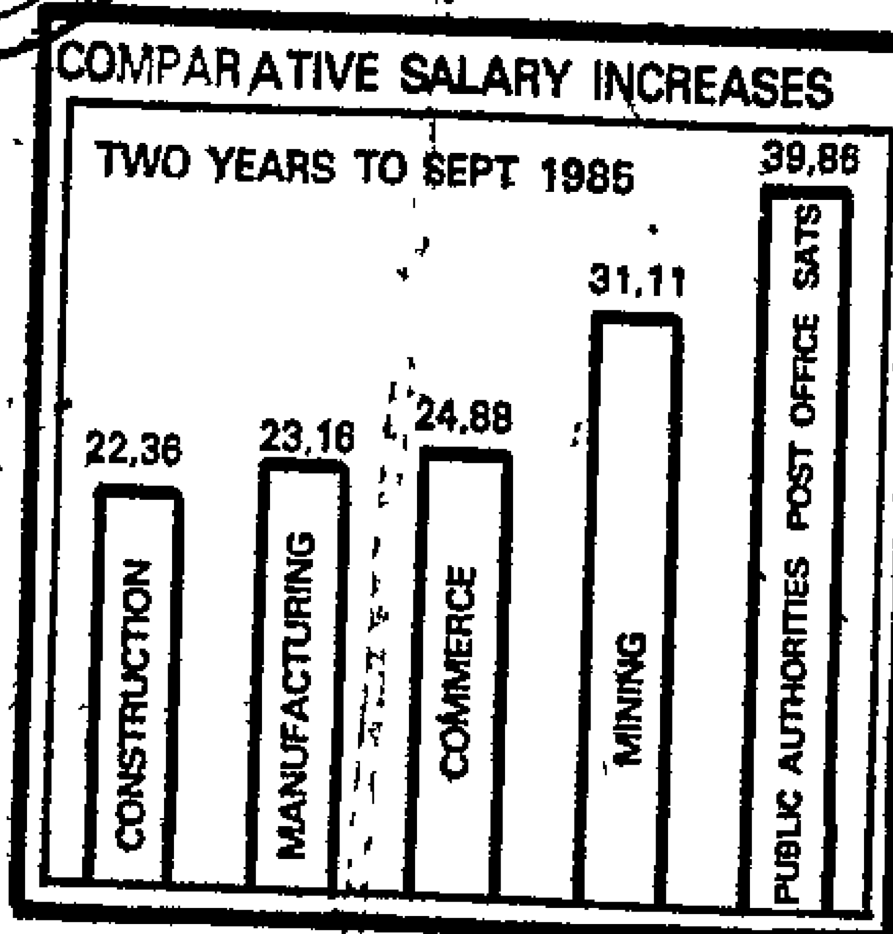
Average pay in the commercial sector increased by 24,88% to September last year. Similar increases were recorded by the construction and manufacturing sectors of the economy.

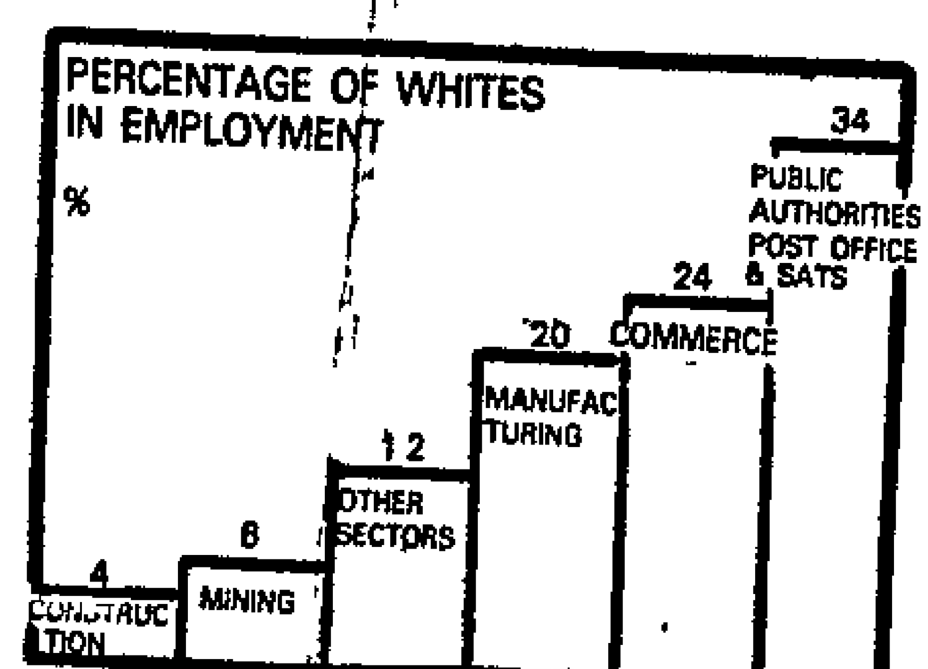
Even average wages in the buoyant mining sector have increased by only 31,11% over the same two-year period.

Nevertheless, public-sector pay still lags behind that of the rest of the economy in absolute terms. The average wage in the private sector — excluding agriculture — was R1 012,10 a month in September. This is likely to increase by 12%, the most common estimate of private-sector pay increases this year, to R1 133,55.

A sectoral analysis shows that the highest-paid sector of the economy is commerce, where the average wage is

● To Page 2





BDAY 24/3/86.

244

Public pay rate grows

R2 023,40 a month, twice as high as average public-service rates.

Commercial pay rates have grown by only 24,88% in the two years to September, way below the rate of inflation, and by 15% less than public-sector pay. Average monthly pay in the manufacturing sector was R806,40, in the construction sector R623 and in the mining industry R562.

Between September 1983 and September last year the number of people employed by "public authorities, the Post Office and SA Transport Services (Sats)" declined by 0,75% to 1,198-million.

During the same period the total wage bill, the gross remuneration of employees but excluding any payments in kind, increased by 38,82% to reach R3,2bn a quarter. The average wage, therefore, is R895,63 a month. The recently-announced 10% increase takes this figure to R985,19.

The higher average pay rates in the public sector and in commerce (R2 266,20, assuming the generally-supposed 12% increase), than in other sectors of the economy, are the result of significantly higher proportions of whites in them.

● From Page 1

Of the total workforce in each of these sectors, 42% are white. In the construction (13%), mining (16%) and manufacturing sectors (23%) the proportion of white to other employees is much lower.

Despite the decline in employment, the public sector is still the largest employer of whites at 34% of the total. Employment of all races in the construction industry dropped 3,85% over the two-year period, in the manufacturing sector it declined by 3,52% and commerce shed 1,05% of its workforce. Only the mining sector took on more people (5,16%).

In last Monday's Budget speech Finance Minister Barend du Plessis said that 71% of State employees earned less than R10 000 a year (R833,33 a month) in 1985, and 94% under R20 000 (R1666,66 a month).

24/3/86.

Inflation drops but caution stays

JOHN TILSTON
Economics Editor

THE sharp decline in the rate of inflation in February to 18,05% from January's record 20,72% was largely a statistical phenomenon and should not yet assuage fears about SA's high inflation.

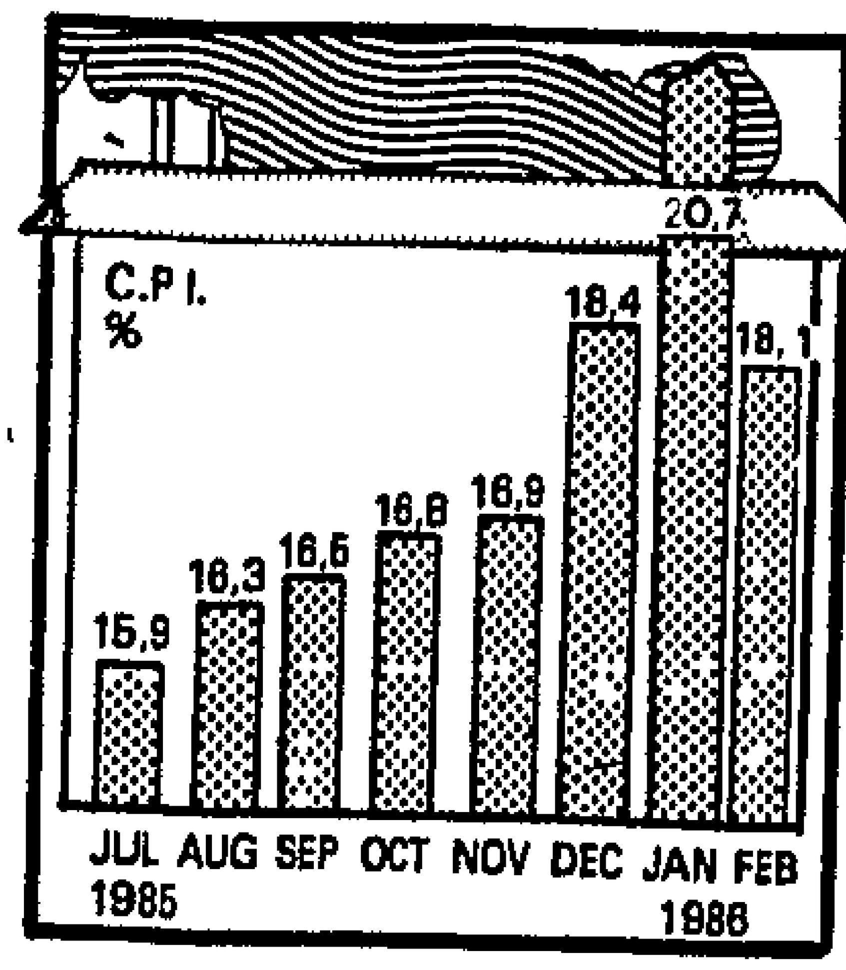
But there was some comfort from the significant fall in the monthly increase in the consumer price all-items index (CPI) to 0,93%. It was the lowest month-on-month increase since July last year. January's monthly increase was 3,09%.

On an annualised basis the February increase represents an inflation rate of just under 12%.

One reason for the slowdown in the increase was lower food prices in February, which Nedbank economist Ian McFarlane said was one of the most encouraging aspects of the latest figures.

But the economy is certainly not yet out of the grip of the upward inflationary spiral. Some statistical variations need to work their way out of the CPI calculations. McFarlane expects the year-on-year inflation rate in March to increase again, if only because the corresponding increase in March last year was a low 0,4%.

With the rand again under $0,50, cost-push pressures are still present and the moderate stimulation of the economy in last week's Budget may cause some rekindling of domestic demand-pull inflationary fires. The latter will be moderated, though, by the money-supply targeting announced by the Reserve Bank.



But the only possible short-term effect of the targeting will be on inflationary expectations, which may now have been curbed slightly.

Sapa reports that the index for food reached 213,5, down from 214,7 in January, and above the 180,8 for February 1985, while the commodity index rose to 212,9 compared with 211,2 in January and 177,5 in February 1985.

The year-on-year inflation rates by income groups for February are:

☐ Lower income group: inflation rate of 17,3% (CPI: February 210,4, January 209,3, February 1985, 179,3);

☐ Middle income group: 18,1% (CPI: February 218,0, January 216,1, February 1985, 184,6);

☐ Higher income group: 18,2% (CPI: February 216,1, January 213,8, February 1985, 182,8).

MONDAY, 24 MARCH 1986

†Indicates translated version.

For written reply.

General Affairs

Illegal employees

306. Mr R A F SWART asked the Minister of Constitutional Development and Planning:

(a) How many persons were arrested for illegally employing Blacks in each specified Development Board area in 1985 and (b) what was the total number of Black employers involved in that year?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(a) None.

(b) None.

Q COL 665

Railway coaches open for all ~~race groups~~

HANSARD 24/3/86 ~~(259-261)~~

502. Mr D J N MALCOMESS ~~asked the~~ Minister of Transport Affairs:

(1) Whether he intends opening any further railway coaches on trains for occupation by all race groups, if not, why not; if so, (a) which coaches and (b) when;

(2) whether he or any member of the South African Transport Services has received any representations regarding the opening of such coaches for occupation by all race groups since the first multiracial coaches were introduced in 1985; if so, (a) from whom and (b) what was the nature of these representations?

The MINISTER OF TRANSPORT AFFAIRS:

(1) (a) and (b) The occupation of passenger coaches by the various population groups is continually monitored and adjustments are made as the need arises.

(2) Yes

(a) Bergvliet Meadowridge Rate Payers Association, Meadowridge Baptist Church, the President of Kontak as well as three individuals

(b) The opening of all passenger coaches to all races.

Herbicides

521. Mr R W HARDINGHAM asked the Minister of Agricultural Economics:

(a) What amount was spent on herbicides for the control of noxious plants during the latest specified period of 12 months for which figures are available, (b) what noxious plants were involved and (c) what amount was spent on each of these plant varieties?

The MINISTER OF AGRICULTURAL ECONOMICS:

(a) R595 160 was spent by the Department for the period 1 February 1985 to 31 January 1986.

(b) and (c)

Jointed Cactus	R465 354
Imbricate Cactus	R 14 320
Prickley Pear	R 62 286
Nassella tussock	R 53 200

Milk ~~[illegible]~~ 244

541. Mr P A MYBURGH ~~asked the~~ Minister of Agricultural Economics:

HANSARD 24/3/86 Q COL 666.

(a) What was the producer's price of (i) fresh milk and (ii) industrial milk as at 1 June 1985 and (b) what price increases have come into effect in respect of each category since that date?

The MINISTER OF AGRICULTURAL ECONOMICS:

(a) (i) *Fresh milk* — *cent per litre with effect from 1 June 1985*

Bloemfontein:	44,29	Prices paid by distributors to the Board for producer's mild with 3,5% butterfat.
Cape:	47,42	
Natal:	45,12	
Transvaal:	45,13	

(ii) *Industrial milk* (according to grades and chemical quality)

Grade A plus bulk facilities:	466 cent per kg butterfat and protein
Grade A	407 cent per kg butterfat and protein
Grade B	394 cent per kg butterfat and protein
Grade C·	378 cent per kg butterfat and protein

(b) Fresh milk — None.
Industrial milk: (with effect from 85/12/01)

Grade A plus bulk facilities:	20 cent per kg butterfat and protein
Grade A:	None
Grade B	None
Grade C	None.

HANSARD 24/3/86
3 GEN (74) Q COL 667 ·

Production/exports

542. Mr P A MYBURGH asked the Minister of Agricultural Economics·

What was the value of the Republic's agricultural (a) production and (b) exports in 1985?

The MINISTER OF AGRICULTURAL ECONOMICS:

(a) R10 641 million.

(b) R2 200 million (preliminary estimates)

Q COL 667 ·

Marketing Act

(49) 3 GEN HANSARD 24/3/86

543. Mr P A MYBURGH asked the Minister of Agricultural Economics:

What percentage of South Africa's total agricultural production in the 1984-85 production seasons was not under the control of any board established under the Marketing Act No 59 of 1968?

The MINISTER OF AGRICULTURAL ECONOMICS:

28,6 per cent

HANSARD 24/3/86 Q COL 668.
3 GEN 63

Marketing boards: bursaries

633 Mr P R C ROGERS asked the Minister of Agricultural Economics:

Whether any marketing boards made grants to his Department for bursary purposes in 1985; if so, (a) which marketing boards, (b) how many grants were made by each such marketing board and (c) what was the amount of the grant in each case?

The MINISTER OF AGRICULTURAL ECONOMICS·

(a) Marketing Board	(b) Number of Bursaries	(c) Amount of Bursaries
Potato Board	2	R3 600 per bursary
Wheat Board	6	R3 600 per bursary
Dairy Board	2	R3 600 per bursary
Meat Board	11	R3 600 per bursary
Wool Board	7	R3 600 per bursary

The allocation of bursaries during 1986 to all four Departments of Agriculture is receiving attention.

Q COL 669 .

Bread/maize/butter: subsidies

3 GEN HANSARD 25/3/86

652 Mr E K MOORCROFT asked the Minister of Agricultural Economics:

What amount was paid out in subsidies in respect of (a) bread, (b) maize and (c) butter for consumer use in the 1984-85 financial year?

The MINISTER OF AGRICULTURAL ECONOMICS:

(a) R194 285 276.

(b) R215 million, including R48 803 790 in respect of losses on imported maize

(c) None.

Q COL 669 .

Black Transport Services Act

(267) HANSARD 25/3/86

673 Mr D J N MALCOMESS asked the Minister of Transport Affairs.

What was the total amount collected in terms of the provisions of the Black Transport Services Act, No 53 of 1957, in contributions from employers between July 1957 and 31 March 1985?

The MINISTER OF TRANSPORT AFFAIRS

R259 011 557,49

3 GEN (58)

Land and Agricultural Bank

HANSARD 25/3/86 Q COL 669.

699. Mr D J N MALCOMESS asked the Minister of Finance:

(1) How many (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks are employed by the Land and Agricultural Bank,

(2) whether any such employees are in receipt of housing loans from this Bank; if so, how many in respect of each race group;

(3) whether any of these housing loans exceed R70 000; if so, how many,

(4) what is the amount of the highest housing loan received by an employee of this Bank;

(5) in respect of what date is this information furnished?

The MINISTER OF FINANCE:

(1) (a) 993.

(b) 27

(c) None.

(d) 129.

(2) Yes—Whites 495, Coloureds 6 and Blacks 1

(3) Yes—41

(4) R97 500

(5) 31 December 1985

TUESDAY, 25 MARCH 1986

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†Indicates translated version.

For oral reply:

General Affairs:

Question standing over from Tuesday, 18 March 1986:

Birkenhead

*31 Mr R M BURROWS asked the Minister of National Education:

(1) Whether the National Monuments Council has received any applications for permits for divers to (a) inspect the wreck of the *Birkenhead* and (b) recover wreck material from it; if so, (i) when and (ii) from whom;

(2) whether any permits were granted; if so, (a) to whom and (b) when;

Funds stave off bread price rise

BDM 244

25/3/86

[illegible]

A BREAD price increa[illegible]as been averted — for the present — Agriculture Minister Greyling Wentzel said yesterday.

Last year's R220m bread subsidy had been reduced to R150m, but it was possible to avoid an immediate price increase because of funds made available by the Wheat Board.

The price-rise reprieve is expected to last until the start of the new wheat season on October 1, according to Pretoria sources.

Wentzel said government's aim remained to keep the bread price as low as possible during the economic slump.

The phasing out of the bread subsidy was in keeping with government's initiative to grant more direct assistance to those suffering hunger.

The reduction in interest rates was taken into acount in the payment of the Wheat Board's financing costs on stocks. Millers' and bakers' margins would also be reduced from April 1 because of lower interest rates.

Petrol coupon battle looms

GH Times 25/3/86

Own Correspondent

JOHANNESBURG. — South Africa's retailing giants are gearing themselves up for a petrol discount coupon war with Pick 'n Pay.

Retailers Clicks, Checkers and Dions yesterday confirmed that preliminary planning was under way with a view to launching similar coupon schemes to that of Pick 'n Pay at its 12 petrol outlets at the end of February.

OK Bazaars and Spar are also believed to have expressed interest.

Investigations into various petrol coupon schemes started as soon as Pick 'n Pay won its landmark Supreme Court action last week against the government's executive banning of the practice in terms of the Petroleum Products Act.

Finalized

Independent garages also wanting to offer discount coupons soon contacted chairman Mr Raymond Ackerman

Mr Ackerman said his company was prepared to assist independent garages wanting to reduce profits and increase turnover. But he said Pick 'n Pay would wait for the matter to be finalized before taking negotiations any further

Meanwhile, dissatisfied garage owners near Pick 'n Pay's popular Boksburg filling station say the company's move to provide discount vouchers for supermarket products to people buying petrol is unfair to independent operators without a retailing empire to back them up.

A spokesman for the Boksburg Pick 'n Pay said it would welcome competition from supermarket chains or independent operators.

Enticements

Mr Tony Corrolo of Belaphil Motors said he had noticed a drop-off of about 1 000 litres a day in the past week.

He had introduced a 24-hour service to counter Pick 'n Pay competition, but would consider taking customer enticements further if the competition "prevents me from making a living".

A Motor Industries Federation spokesman, asked if Pick 'n Pay's move could set a precedent for new petrol marketing strategies, said an MIF committee was looking into the issue.

Some garages on the Reef have introduced redeemable vouchers for workshop or garage services and for raffles

Minister says bread price won't go up yet

244 25/3/86 Mercury

Mercury Reporter

IN SPITE of the reduction in the Government's bread subsidy, the price of bread would not rise at present, Mr J J G Wentzel, Minister of Agricultural Economics and Water Affairs, announced yesterday.

The Minister of Finance, Mr Barend du Plessis, announced in the Budget that the subsidy on bread, which was R220 million during 1985/86, would be reduced to R150 million for the 1986/87 financial year.

Mr Wentzel said funds made available by the Wheat Board meant a rise in the bread price could be avoided

From April 1, the interest on financing costs on the Wheat Board's stocks would be lowered, as would the millers' and bakers' margins

He said that besides these savings, the improvement in the exchange rate of the rand should result in the cost of imported wheat being considerably lower than expected, and a profit might be made on imported wheat.

'It remains the Government's intention to keep the price of bread as low as possible, especially during the current unfavourable economic conditions which are placing a particularly heavy burden on the less privileged of the population

'It must, however, be remembered that the phasing out of the bread subsidy is in keeping with the Government's initiative to grant more direct assistance to that section of the population suffering physical hunger

'Under the present economic conditions in which we have to contend with unemployment and physical hunger, the Government is giving careful attention to all possible measures which could help keep the price of bread as low as possible,' Mr Wentzel said

Mr Wentzel said an 850 g loaf cost R1,22 in America, 88 c in Britain and R2,37 in France This was compared with 70 c and 50 c for white and brown loaves respectively in South Africa

Decision to peg bread price welcomed

25/3/86
DISPATCH
244

Political Correspondent

CAPE TOWN — A bread price rise would have been "disastrous", Mr Harry Schwarz, chief opposition finance spokesman, said yesterday in welcoming the announcement that there would be no increase in spite of a R70 million cut in government subsidies

Days of speculation were ended yesterday by the Minister of Agricultural Economics, Mr Greyling Wentzel, who said funds made available by the Wheat Board had made it possible to retain current prices.

However, he said that while the government was doing everything it could to keep the bread price down — specially in the current economic circumstances — it remained policy to phase out bread subsidies in keeping with the government's initiatives to give more direct aid to hunger victims.

"I am very happy they have found enough money to keep the bread price down as an increase now would have been disastrous," said Mr Schwarz.

He pointed out, however, that flour subsidies to neighbouring countries from the Department of Foreign Affairs had been reduced by R6 million.

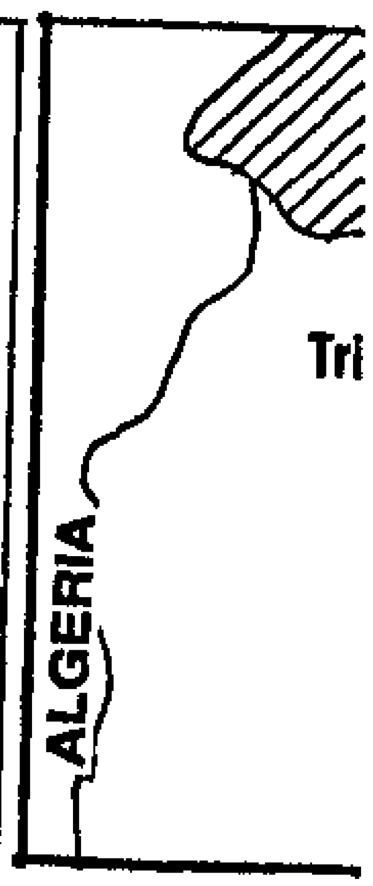
"We will have to do something to help them," he said.

Mr Wentzel said reduced interest rates were continuously taken into account where the payment of financing costs on the Wheat Board's stocks was concerned and millers' and bakers' margins would be reduced from April 1

Apart from these savings, the improvement in the rand's exchange rate meant that imported wheat would be cheaper,

The Wheat Board and the milling and baking industries were maintaining an efficiency level which made it possible to produce bread cheaper than in most other countries.

INSIDE



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Obi

STAR 25/3/86

244

The Star Tuesday March 25 1986

Price could rise later

By Estelle Trengove

Funds made available by the Wheat Board will temporarily prevent an increase in the bread price, but it could still rise after September

It was announced yesterday that the board would contribute to the bread subsidy to stave off a price increase after a cut in the Government subsidy from R220 million to R150 million.

The board had decided to use money from its reserve fund, said its general manager, Mr Dennis van Aarde.

However, the wheat season ended in September and it was possible producers would then ask for an adaptation in the wheat price due to rising production costs, he said.

If granted, this would affect the bread price.

The board had acted for humanitarian reasons and also in the hope that by staving off a bread price increase, it would stimulate higher consumption.

26/3/86

STAR

244

Falling oil price could mean cheaper fuel

Govt backs off on cut-price petrol sales

Cape Town

The rapid spread of discount coupons with petrol sales can be expected now that the Government has backed away from official intervention.

At the same time, falling oil prices on the world market are pointing towards a further drop in the petrol price within the next three months

Reports from Bahrain say that, according to industry analysts, oil prices could slide to below $10 a barrel because of the failure of Opec Ministers to agree on curbing production.

A marathon nine-day meeting in Geneva broke up on Monday without a firm agreement on production quotas for members of the 13-nation organisation

In the Assembly yesterday, Energy Affairs Minister Mr Danie Steyn made it clear that the Government does not intend appealing against the court decision last week which allowed the Pick 'n Pay supermarket group to discount petrol with a coupon system The Government also does not intend changing the law

Reacting to questions from Mr John Malcomess (PFP, Port Elizabeth Central), he said that the Government was studying the court decision When this was completed, a decision on further action would be taken.

He added that as far as he knew the way in which the coupons were offered was not a transgression of the Trade Practices Act

He was also asked if, in view of the lower crude oil prices, he had any intention of reducing the petrol price in the near future

He replied that he felt his department had already proved that it brought down the price as soon as this was possible

The matter was being investigated When it was possible to bring down the price again, his department would do so

Mr Steyn said general directives had been issued to all oil companies that no petrol should be supplied to retailers intending to offer it at a discount This was done on February 28 and on March 6

This was to ensure a stable petrol distribution network countrywide, to protect employment and the interests of the small businessman; and to prevent vertical integration

Welcoming Mr Steyn's answers, Mr Malcomess said today that the Government seemed to be regretting its decision to try to stop the public obtaining cheaper petrol.

See page 13

New pay TV service could cost R15 a month

By Ian Gray

South Africa's first independent subscription television service could cost you as little as R15 a month — if you live in a block of flats.

The service, due to come on-stream in the Johannesburg area in October, will cost householders about R30 a month. But for those living in "multi-unit dwellings" — blocks of flats or hotels — it will cost less

This was announced in Johannesburg last night by Mr Ton Vosloo, chairman of M.Net, the newspaper-funded consortium that will provide South Africans with their first independent all entertainment channel.

He was "unveiling" the decoder, which will cost individual subscribers about R200 before they can receive the signal beamed by the service via SABC transmitters

The decoder is a high-security device, which will block off the new station's signal, not only to non-subscribers, but to individuals who have not paid their monthly subscription, more or less on the same basis of telephone rentals

Because the production process is not yet far enough advanced, the price of the decoders has not yet been finalised

The M.Net service will be launched in Johannesburg on October 1 (test transmissions are due to start in three months) and in Pretoria on January 1

Hey! Sc

Father and baby are shot

Crime Reporter

A Permanent Force father, Mr Michael Jackson (24), and his 17-month-old baby daughter Chantelle, were taken to the Kempton Park Hospital yesterday morning after shots were fired following a family argument.

An East Rand police spokesman said Mr Jackson was reported to be in a serious condition with a bullet wound in the roof of his mouth

Power from Koeberg costs nearly triple

Cape Times 26/3/86

244

By BARRY STREEK

ELECTRICITY generated by the Koeberg nuclear power station cost nearly three times more than electricity from Escom's 21 coal-fired stations, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, said yesterday.

Mr Steyn said electricity from Koeberg cost 5,2 cents a kilowatt-hour for the 1984 financial year. But the average cost of electricity from Escom coal-fired power stations was 1,89 cents a kilowatt-hour.

The cost of the coal-fired stations had been made possible by the pooling of costs under the national transmission grid system.

Mr Steyn, who was replying to a question tabled in the House of Assembly by Mr Roger Hulley (PFP Constantia), said the cost of electricity from the 21 Escom coal-fired power stations depended on the station's age, size and distance from coalfields.

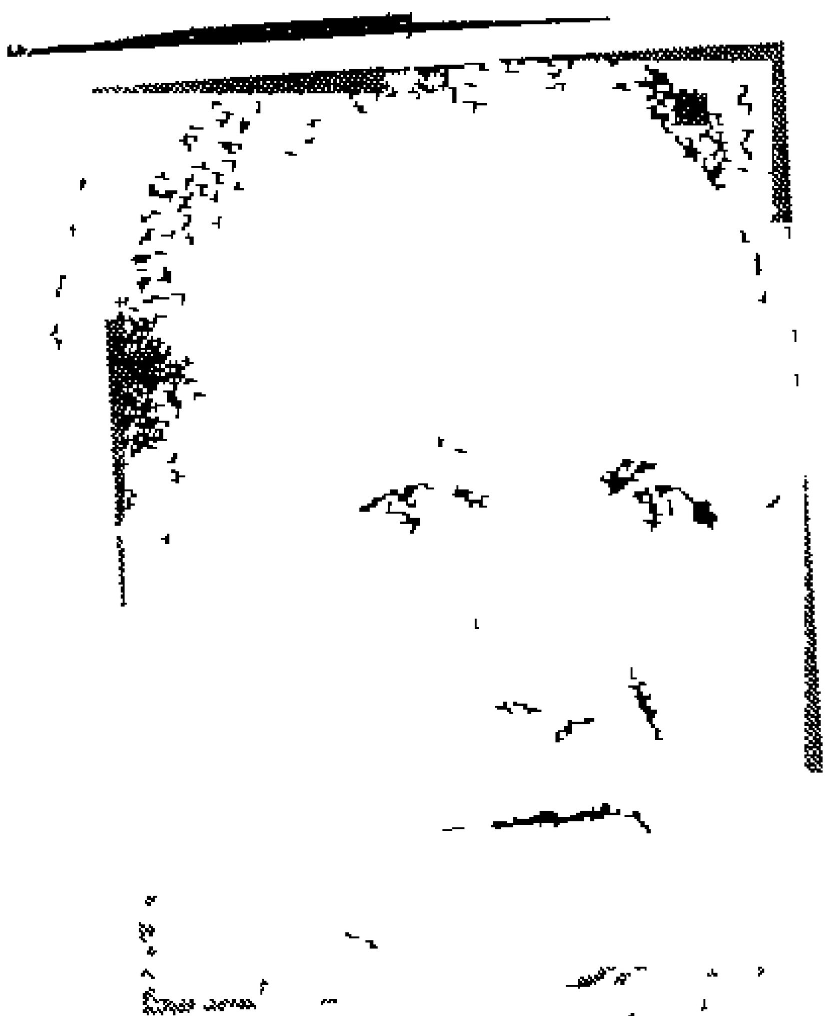
"For a new coal-fired station taken into service during 1986, the generating cost in 1986 would be in the order of 4 cents a kilowatt-hour sent out. Allowing for transmission losses, the delivered cost in the Western Cape would be 4,12 cents a kilowatt-hour."

Psychology

However, as a result of the transport cost of coal, "a new coal-fired power station in the Western Cape would provide electricity at 6,59 cents a kilowatt-hour", Mr Steyn said.

In reply to another question, Mr Steyn told Mr Brian Goodall (PFP Edenvale), that Escom did conduct standardized psychological tests for the selection of people for positions subject to licensing requirements by the Atomic Energy Corporation.

The tests were administered once before appointment, and, as a minimum six-monthly follow-up, interviews pertaining to psychological apsects were conducted, Mr Steyn said.



Mr Schwarz . . . "neither practical nor financially efficient".

Petrol price drop as soon as possible

STAR 244 26/3/86

PARLIAMENT. — The Government would allow a further drop in the fuel price as soon as it became possible, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, said yesterday.

Answering a question by Mr **John Malcomess (PFP, Port Elizabeth Central)**, Mr Steyn said the Government had already shown that it would reduce the price when possible

Mr Malcomess had asked whether the Government had considered a further decrease after the new drop in world crude oil prices

Mr Steyn said the Government was monitoring the situation Any drop in prices would be implemented "the minute" it became possible financially. — Sapa

BUS DAY 27/3/86

244

Researcher foresees further rises

Car prices to beat CPI

ALAN RUDDOCK

CAR-PRICE increases will stay slightly ahead of the consumer price index this year, despite optimistic noises from some car manufacturers.

"We expect car prices to rise slightly higher than a CPI average of 21% for this year and we would not be surprised to see price increases of 25%," says Tony Twine of economic research consultants Econometrix.

Last week market leader Toyota issued a statement saying that "runaway increases in car prices are at an end and increases for the rest of the year could be held at between 8% and 10%".

Toyota's Bert Wessels based his prediction on "an improvement in the value of the rand and production strictures that have been implemented".

However, on his estimate for the rest of the year, Toyota's increases for the December 1985 to December 1986 period would be 21-23%.

Toyota's prices increased at the end of December and at the beginning of March

Twine, however, does not hold out a great deal of hope for the rand and says it will not maintain a level of $0,50 to the year-end. He says the recent gains of the rand have been largely offset by the strengthening of the yen against the dollar and Japanese-sourced car manufacturers have experienced little relief.

Toyota, as market leader, does have a large influence over other manufacturers' price increases, but Twine says most manufacturers suffer from roughly the same cost pressures and it is unlikely that Toyota could avoid increases required by other manufacturers.

Sluggish sales in the first quarter of the year have also put a strain on manufacturers' cost structures and unless volumes pick up significantly, that strain will increase and could affect car prices.

ADE price row boils

27/3/86 BUSDAY 244

ALAN RUDDOCK

A MAJOR confrontation over diesel engine price hikes is looming between heavy vehicle manufacturers and Atlantis Diesel Engines.

ADE notified manufacturers at a meeting on Tuesday that it would increase prices by 6% next month and a possible further 6% in the third-quarter of the year. ADE imposed a 9,75% increase in January.

Manufacturers dispute the increases, saying that they will be unable to pass on any further cost increases. They say that in an industry where all manufacturers are making losses, ADE should shoulder its share of the burden and not pass off massive price increases on a captive market.

David Beck, head of the National Association of Automobile Manufacturers Association of SA (Naamsa) heavy commer-ial vehicle division, said yesterday that he was "extremely dissatisfied with

● To Page 2

Truckmakers' anger grows

ADE's proposed price increases in what is a thoroughly depressed heavy vehicle market. If ADE continues to pass on such increases it cannot help recovery".

"As an industry we are in the unfortunate position of facing a monopoly. There is a dispute between us and ADE and a situation of extreme unhappiness but we have not reached the end of the road and have not yet exhausted all channels of communication."

A spokesman for ADE yesterday referred *Business Day* to a speech made last Friday by ADE managing director Hartmut Beckurts in which he said that "manufacturers have long since ceased to criticise ADE's engine prices" and that since 1980, ADE engine prices have

BD 27/3/86

● From Page 1

244

increased by only 68%.

With a new local content programme for heavy commercial vehicles about to be introduced by government, ADE's decision to increase prices comes at an exceptionally sensitive time for the industry.

The slump in heavy commercial vehicle sales — January sales were the worst for 24 years — has resulted in heavy losses for most manufacturers. Intense competition in the marketplace has forced manufacturers to absorb cost increases and all say they are under-recovering costs.

BUS DAY 27/3/86

244

Researcher foresees further rises

Car prices to beat CPI

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28/3/86.

BREAD STAYS PUT

244 FINMAIL

Government has decided not to increase the price of bread for the time being, despite a lowering of the bread subsidy this year from R220m to R150m

Making the announcement in Cape Town this week, Agricultural Economics and Water Affairs Minister Greyling Wentzel said it was possible to avoid a bread price increase at present "as a result of funds made available by the Wheat Board" Government aimed to keep the bread price as low as possible to help underprivileged people, he said A white loaf costs 70c, brown 50c

PRICES - CONTROLS

+ CONTRAVENTIONS

APRIL - MAY

1986

FIN MAIL 25/4/86

INFLATION (244)

What goes up. . .

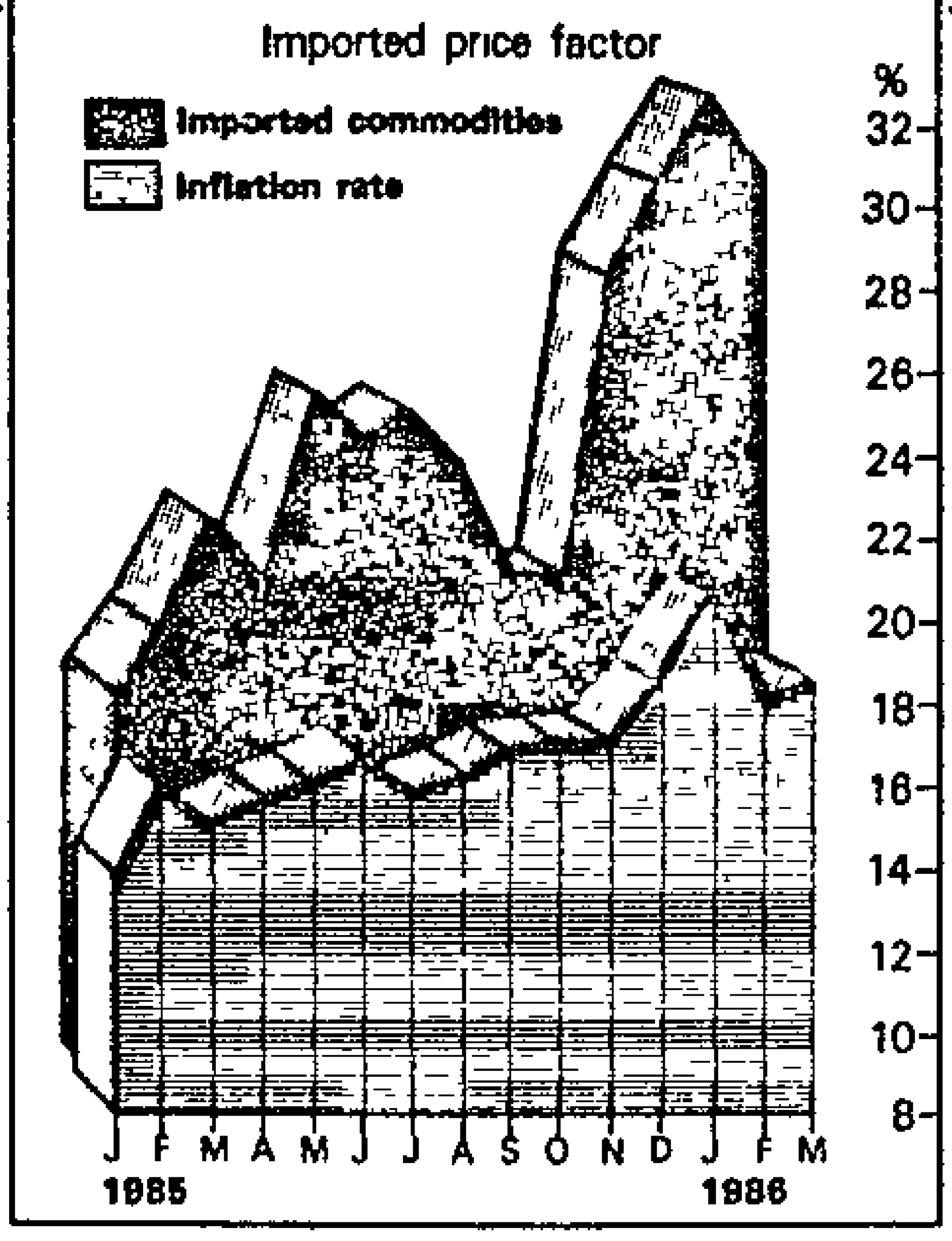
It is a sign of the times that when the consumer price index (CPI) increase is at its second highest post-war level, economists sigh with relief The all-income group year-on-year March CPI increased to 18,9% after falling to 18,1% in February from January's record 20,7%.

Most economists were expecting a rate between 18,5% and 19%. But Jim Buys, economic consultant at Anglo American, expresses disappointment. "For technical reasons we were expecting an increase, but it was more than we expected given the March drop in the petrol price."

Indeed, without the March 3 petrol price reduction, CPI could have been up 19,3%

One reason for the larger-than-expected increase is statistical catching-up. Housing and education, both collected annually, were reviewed for the latest figures. Overall, CPI for March increased 1,2% from 215,8 in

FILTERING THROUGH



February to 218,3. housing was the major contributor, at 0,3 points The year-on-year increase for education was 24,5%, or 0,2 points

The latest jump may be the last for some months. Rand Merchant Bank economist Rudolf Gouws notes that 1985's monthly CPI for April rose 2,1% as a result of the GST increase "It is unlikely to rise anywhere near this much in April, so the next year-on-year CPI hike should be significantly lower," he says.

Nedbank economist Ian MacFarlane says the latest figures, along with those for February, are "the first signs that the underlying rate is slowing." But, he warns, there is "no room for complacency."

Statistical benefits of the petrol price cut on April 14 will not be reflected until May — calculations are based on prices ruling during the first seven days of each month

Long-term, however, Wits economist Stephen Gelb notes that CPI will be hit by demands from labour for real wage increases, and price increases from manufacturers in an attempt to "catch up on lost ground." Gelb says these groups will include inflationary expectations in their bargaining

With SA's main trading partners experiencing single digit inflation the purchasing power of the rand and competitiveness of local exporters are still being undermined Exacerbating the problem is that falling oil prices will reduce inflation in these countries even further.

The imported price component of the production price index showed a modest but welcome decrease from 32,7% in January to 30,8% in February (see graph). Jim Buys says we should continue to see benefits filtering through from this. "Imported goods ultimately influence some 25% of CPI. We've already had the benefits of cheaper oil, one of the more direct effects More generally, imported costs should work gradually through the system "

However, Buys points out that the dollar price of goods is only part of the picture. "The rand's depreciation against the yen and D-mark will hardly help imported costs of motor parts and spares, for example "

DD 30/5/86 [illegible] 244 [illegible]

COMPARISON OF EXISTING TO PROPOSED INCREASED TARIFFS						
INDUSTRIAL RATES	**SEWERAGE**	**REFUSE**	**ELECTRICITY**	**WATER**	**TOTAL P/M**	**% INCREASE**
GATELY	R c	R c	R c	R c		
22 551,59 (Existing)	2 142,00	—	578 101,20	15 112,80		
1 879,30 (Existing p/m)	178,50	—	48 175,10	1 259,40	51 492,30	
23 697,17 (Proposed)	3 855,60	—	644 582,84	17 335 89		
1 973,26 (Proposed p/m)	321,30	—	53 715,24	1 444,66	57 454,46	11,57
FLEET ST						
4 484,72 (Existing)	325,00	—	25 533,36	724,20		
373,72 (Existing p/m)	27,08	—	2 127,78	60,35	2 588,93	
4 708,96 (Proposed)	585,00	—	28 469,70	830,73		
392,41 (Proposed p/m)	48,75	—	2 372,48	69,23	2 882 87	11,35
BUFFALO ST						
7 013,65 (Existing)	878,00	286,00	5 148,48	232,56		
584,47 (Existing p/m)	73,16	23,83	429,04	19,38	1 129,88	
7 364,33 (Proposed)	1 580,40	314,60	5 740,56	266,77		
613,69 (Proposed p/m)	131 70	26,22	478,38	22,23	1 272,22	12,60
CBD						
10 511,87 (Existing)	1 905,00	1 996,80	9 696,84	—		
875,98 (Existing p/m)	158,75	166,40	808,07	—	2 009,20	
11 037,46 (Proposed)	3 429,00	2 196,48	10 811,98	—		
919,79 (Proposed p/m)	285,75	183,04	901,00	—	2 289,58	13,95
UPPER OXFORD						
4 696,71 (Existing)	483,00	249,60	2 887,80	79,56		
391,39 (Existing p/m)	40,25	20,80	240,65	6,63	699,72	
4 931,55 (Proposed)	869,40	274,56	3 219,90	91,26		
410,96 (Proposed p/m)	72,45	22,88	268,33	7,61	782,23	11,79
NAHOON						
2 517,87 (Existing)	404,00	124,80	4 203,36	91,80		
209,82 (Existing p/m)	33,67	10,40	350,28	7,65	611,82	
2 643,76 (Proposed)	727,20	137,28	4 686,75	105,30		
220,31 (Proposed p/m)	60,60	11,44	390,56	8,78	691,69	13,05
DOMESTIC RATES						
VINCENT						
1 070 22 (Existing)	72,00	43,20	1 671,32	513,32		
89,19 (Existing (p/m)	6,00	3,60	139,32	42,78	280,89	
1 123,73 (Proposed)	129,60	48,00	1 864,10	588,83		
93,64 (Proposed p/m)	10,80	4,00	155,34	49,07	312,85	11,38
S/WOOD						
445,32 (Existing)	72,00	43,20	485,08	101,32		
37,11 (Existing p/m)	6,00	3,60	40,42	8,44	95,57	
467,59 (Proposed)	129,60	48,00	540,86	116,22		
38,97 (Proposed p/m)	10,80	4,00	45,07	9,69	108,53	13,56
CAMBRIDGE						
298,52 (Existing)	72,00	43,20	454,92	102,68		
24,88 (Existing p/m)	6,00	3,60	37,91	8,56	80,95	
313,45 (Proposed)	129,60	48,00	507,24	117,78		
26,12 (Proposed p/m)	10,80	4,00	42,27	9,82	93,01	14,90
BEREA						
223,95 (Existing)	72,00	43,20	272,00	79,56		
18,66 (Existing p/m)	6,00	3,60	22,67	6,63	57,56	
235,15 (Proposed)	129,60	48,00	303,28	91,26		
19,60 (Proposed p/m)	10,80	4,00	25,27	7,61	67,28	16,89

A table showing existing and proposed increased tariffs for East London's industrial and domestic consumers.

14 pc average hike in rates, tariffs

DD 30/5/86

244

EAST LONDON — Rates and tariffs combined are to go up between 11 and 17 per cent

By MATTHEW MOONIEYA
Local Affairs Reporter

This emerged from the budget speech delivered last night by the finance portfolio leader Mr Errol Spring, at a special meeting of the city council to finalise the estimates

"Increases in rates and tariffs have been kept far below the 20 per cent inflation rate and ratepayers can expect a lowering of standards in some sections of the municipal service" Mr Spring warned, and outlined how the R8 666 929 deficit would be offset to balance the city's nearly R100 million budget.

The nine steps announced included

- Rates to go up five per cent to net R597 110
- Electricity up 11,5 per cent to net R4 097 108.
- Sewerage tariff up 80 per cent to net R1 968 000
- Cleansing tariff to go up between 10 and 20 per cent to net R179 946
- Water tariffs to go up 14,5 per cent to net R1 000 000
- Bus fares to go up to accrue R75 000 that will help to minimise the loss incurred on the service which is estimated at R1 6 million for the year
- Trade effluent tariff to go up 80 per cent to accrue R56 000
- House rentals to go up between R1 and R6 a month to net R62 604.
- R631 161 to be transferred from the unappropriated surplus

Dealing with non-productive municipal services, Mr Spring said the bus loss was cause for grave concern and that 13,4 per cent from the R12 million rates income would be used to subsidise the service

He said council would see what action to take to stem the loss when research being undertaken by Rhodes University into the service was completed

Other non-productive services would also come under close scrutiny to decide whether the losses were warranted

"Attention is drawn to the deficit on the fire service amounting to R1,84 million Although this is an essential service which we are proud of it is considered that council should seriously investigate the cost of the service to the ratepayer

On specific increases in tariffs, Mr Spring said electricity tariffs had to go up to meet the R44 093 351 increase to the municipality due to Escom increases from July 1

"Unfortunately this will have to be recovered from electricity consumers," Mr Spring said

On the increase in sewerage tariffs, Mr Spring referred to the fact that expenditure on the new sewerage scheme had increased by R2 million while there had been a R352 546 deficit in housing

He said the roads and pavements in the city were in a shocking state and in addition to the normal amounts set aside on the estimates for maintenance, an amount of R1 million was provided for maintaining roads and pavements

See also page 2

SA on point of breakthrough?

ROME — South Africa could be on the point of the big power sharing breakthrough the world has been waiting for, Chief Mangosuthu Buthelezi said here yesterday

He told a meeting of leading Italian media representatives and academics that President P W Botha's proposed National Council had this potential, regardless of whether the African National Congress (ANC) took part in it.

He said the National Council could defuse South Africa's now endemic violence — but only if it were possible for all black organisations, including the banned ANC the Pan Africanist Congress (PAC) and others to join it if they chose

The KwaZulu Chief Minister and Inkatha president repeated that he would participate only if the ANC's Nelson Mandela, the PAC's Zeph Mothopeng and other political prisoners were freed. Otherwise

Whether or not the ANC eventually took part in the council would have to be sorted out between Mr Mandela and the president of the ANC Mr Oliver Tambo

Chief Buthelezi said black South Africans regarded Mr Tambo as simply a caretaker president and that a released Mandela would assume the leadership

He quoted the gazetted intention of the council as being "to provide for participation in the planning and preparation of a constitutional dispensation which provides for the participation of all South African citizens in the process of government"

Those were the words that South Africa and the whole world had been waiting for, he said

There would be "a massive black South African input" if the National Council actually ...

Rock star Rod Stewart and his girlfriend Kelly ... London airport on their way to Mexico same quarter last year.

FIN MAIL

INFLATION 30/5/86 244

Waging a war

After April's inflation figure of 18,6%, economists are getting "a little nervous about their projections," as one put it. Compared with March, at 18,9% year-on-year, April does reflect a fall, but not as much as expected.

Big increases came through for food and clothing, while the petrol price cut was too late to be included. Public transport, however, was also up significantly — new tariffs began on April 1.

Certainly, domestic cost pressures appear more important, as pressures from imported costs ease The wage settlement at Pick 'n Pay which, for some, increased basic earnings by around 22% could have far-reaching repercussions.

"It's extremely difficult to pinpoint price rises following wage deals," comments one economist "But if the trend spreads across the board, there's going to be upward pressure on CPI " He says this is a major reason why economists are increasingly pessimistic about inflation

The National Union of Mineworkers has asked for a 45% wage increase Though costs here relate largely to export orders, it could have a "demonstration effect "

Apart from this, the rand has weakened significantly this month and now makes a further petrol price cut unlikely "It's even possible we'll get a fuel price increase," suggests one

Political events

Jim Buys, economic consultant to Anglo American, now looks for a 17% CPI rise for 1986 as a whole, slightly above his earlier estimate "But political events dominate the situation, and we are living from day to day.

"Our forecasts assumed a fairly stable exchange rate for the rest of the year The currency has not only lost ground against the dollar, but against the background of a weak dollar the situation against other currencies, notably the D-mark and yen, is very unstable "

Despite the apparent lower rate for April, the monthly index shows a significant jump One has to be careful in looking at monthly figures in isolation, but the move from an all-income index of 215,8 in February, to 218,3 in March and then a big jump in April to 222,2, is significant

Annualising the February-March change gives 13,9%, annualising the March-April change 21%, a disquietening turn of events The food-only index was static through February and March, then leapt a monthly annualised rate of over 29%, presumably through a mix of statistical distortions and administered price increases

In its *Economic Survey* for March, Sanlam also predicts an average CPI of 17% this year, but says it could fall to about 13,5% for 1987

Factors that should contribute to a lower tendency include lower international inflation rates, the drastic slump in the oil price, lower financing and bond costs, moderate increases in wages, greater control over growth in money supply, and the fact that demand inflation will not be a force

Johan Louw, Sanlam's economist, points out that "although increases in CPI have been the decisive factor in wage increases in the past, labour remuneration over the past year or so has tended to be more based on the financial results of companies "

But, he says, demands for steep pay hikes could materialise in 1987 if the recovery in the economy gains momentum. Strict discipline is obviously required to succeed in our battle against inflation ■

14-1 in favour of non-racial city council

NM 23/5/86

244

Pietermaritzburg Bureau

THE Pietermaritzburg City Council voted overwhelmingly in favour of the ideal of a non-racial council yesterday

A motion introduced by Mr Rob Haswell, chairman of the Town Planning Committee, was adopted by 14 votes to one.

The only person to vote against it was Mr George de Beer, who said during debate that he did not believe the council had a mandate from the public to vote in favour of 'such a major change'.

● See Editorial Opinion

Rates rise of 10% approved

EVE POST 30/5/86

244

Post Reporter

PROPERTY rates in Port Elizabeth will go up by 10% on July 1, but the increase needed to finance the city's R267,16 million 1986-87 budget was not approved without debate

The budget was, however, approved without amendments at the City Council's special budget meeting yesterday afternoon

The security of the city's property, which is worth about R1 billion, and staff was the issue that caused the debate and prompted veteran councillor, Mr Graham Young to propose a cut in the budget.

The question of spending about R1 million on security — an amount that is equivalent to a 2% rates increase — was raised by Prof Les Simpson, who opposed the inclusion of amounts in the budget without the council knowing in detail what it would be spent on

In addition to the R1 million on the operating budget, R500 000 will be spent annually on capital works over the next three years for security.

However, the chairman of the Policy and Resources Committee, Mr H van Zyl Cillié, said it had been agreed at the committee meeting the money would not be spent before details of the proposed projects were approved by the committee

His explanation that, if unspent, the money could be used for various other purposes, prompted Mr Young to say that it appeared the Policy and Resources Committee simply wanted to build slack into the budget

The City Treasurer, Mr Amandus Strydom, warned, however, that the council was experiencing serious problems obtaining re-insurance for its assets with Lloyds of London It was imperative that the security arrangements at municipal buildings and installations be improved.

Mr Strydom pointed out that the original draft budget would have necessitated a 32% increase in rates "By trimming the budget down to a 10% rates increase, it meant cutting many essential items"

The budget also provides for a 10% increase in electricity charges on July 1 with another 10,91% increase likely to follow on January 1, 1987

The water tariff will go up by 13,55% on July 1

The council expects to end the current financial year on June 30 with a surplus of R1,6 million, a saving of 1,8%.

The council's expenditure had been contained by strict control over staff levels, greater use of computers and general financial and budgetary discipline

He said the decision to increase rates by only 10% had been determined primarily by what the council believed the ratepayers would be able to afford

The budget provided for a 13,6% increase in staffing costs However, no provision had been made for a general salary adjustment Instead salary grades would be restructured to bring them into line with the market related rates and remove certain anomalies

Capital spending in the next financial year will amount to R54,3 million

EVENING POST, THURSDAY, MAY 29, 1986

Council to debate the budget today

29/5/86

244

Post Reporter

THE Port Elizabeth City Council will have two meetings this afternoon — the normal monthly meeting as well as the special budget meeting at which it is expected to approve a 10% rates increase

The budget meeting, at 4pm in the City Hall, is being held to approve the R267,21 million operating budget and a capital budget of R54,29 million for the 1986-87 financial year starting on July 1

Apart from the rates increase it has also been proposed that the water tariff be increased by 13,5%.

Although the electricity tariff will not be increased, consumers' bills will increase by 10% in July and again in January, 1987, due to the withdrawal of the State subsidy and the reintroduction of the cost of energy surcharge which was suspended for April, May and June

The monthly council meeting will follow the budget meeting, at 5pm

The proposed 10% rates increase will mean that the rates on all non-residential property will be 4,3687c per rand of valuation The 23% rebate on single residential and sectional title properties means that the new rate for these properties will be 3,8535c per rand of valuation

The draft capital budget provides for R29,1 million to be spend on the rate and general service, including R14,15 million on roads. The capital provision for housing is R9,62 million, electricity R8,88 million, gas R197 000, market R25 000 and water R6,38 million

The agenda for the monthly meeting proposes a number of tariff and charge increases, including

- Surcharges ranging from 5,52 to 14,67% on the gas tariff to meet cost increases resulting from an increase in the pithead price of coal and in coal railage.
- Increased library charges, including increasing the fines for overdue books to 30c for the first week and 40c for every subsequent week up to a maximum of R3,50 a book
- Increased hire charges for library halls
- A 15% increase in the charges for sewer connections and clearance

Other items up for consideration include

- The expropriation of land in Cape Road and First Avenue, Newton Park, Aragon Road, Durban Road and Kempston Road for the proposed construction of Langenhoven Drive to link Kempston Road with Cape Road
- The appointment of consultants to undertake the detailed design and preparation of tender documents for the construction of headland extensions at Humewood and Hobie beaches as a means of combating beach erosion

29/5/86 BUSDAY (244)

Price flexibility wanted

DAVID FURLONGER

CIVIL aviation officials want a restructuring of the aviation fuel price.

While welcoming recent major price reductions, some officials believe there is a need for greater flexibility in the price structure.

Unlike petrol, aviation fuel prices are not government-controlled. Like petrol, however, they are based on international crude oil prices and the landed cost of crude in South Africa.

The government's Commercial Aviation Advisory Committee is understood to be investigating prices.

Executive director of the Commercial Aviation Association Cor Beek wants particular attention paid to "tax-on-tax" — the payment of GST on government levies within the price

Prices of aviation gasoline (avgas) and turbine fuel (Jet A1) have come down twice this year — by about 12c/l and then a further 23c/l — as suppliers have benefited from the stronger rand and tumbling world oil prices.

According to Magnum Airlines MD Sandy Ord, pre-GST prices range from 55,2c (A1) and 65,8c (avgas) in Durban to 62,9c and 73,4c at Jan Smuts Airport.

Beek says prices are back to the levels of two years ago, but Ord would have liked to see them fall earlier.

"Our concern is that price changes are held in line with overall car fuel prices Aviation fuel is not a controlled commodity and so prices should fluctuate more freely The price came down 23c/l recently. Producers held on to their over-recovery margins until the general fuel price decreased They should have done it before"

According to Comair MD Pieter van Hoven· "The aviation fuel price isn't controlled, but it is. Oil companies operate an unofficial 'slate'"

South African Airways (SAA) and other international airlines, which use up to 98% of SA's aviation fuel, operate a different price structure The price is adapted monthly, based on latest landed costs, so there is no short-term price balancing

Govt petrol price 'notice'

29/5/86

Own Correspondent

JOHANNESBURG. — The government is poised to strike at petrol price discounters in a new bid to pull rebel retailers into line with its fixed-price policy.

The Department of Mineral and Energy Affairs (DMEA) has sent a legal notice to about 8 000 service stations telling retailers to stick to official prices in the country's 30 petrol zones.

The department's deputy director, Mr Theuns Burger, said the circular was an "early warning" to petrol retailers to stop discounting.

"The only purpose of the notice is to fix the price of petrol," Mr Burger said. "Previously there was an agreed price between the department, the MIF (Motor Industries Federation) and the oil wholesalers. Now there is a legally determined price."

'Self-service'

Industry watchers believe the move is the result of a Supreme Court ruling in March allowing Pick 'n Pay to continue its petrol coupon scheme.

The MIF is worried that widespread discounting will lead to more self-service petrol stations.

Mr John Malcomess, the PFP energy affairs spokesman, said the DMEA was not adhering to government's call for a freer market system.

Mr Malcomess said he could understand why vested interests like the MIF wanted one price for petrol but he believed that the general interest of the consumer was paramount.

Pick 'n Pay general manager Mr Richard Frieslich was "worried and confused" by the DMEA circular.

"There was no mention of coupon schemes in the circular, so legally we are doing nothing wrong. But government is building up to something," he said.

The supermarket's pump prices are the same as the DMEA's. But a coupon system offering a 4 cents a litre voucher — reclaimable on any Pick 'n Pay purchase — is offered at 13 petrol outlets.

"Government must make the next move and we will fight any action against our coupon scheme," said Mr Frieslich.

DD 29/5/86

EL's rates, tariffs to rise?

Dispatch Reporter

EAST LONDON — Residents can brace themselves for an all round increase in municipal tariffs when the city council holds a special meeting tonight to finalise the estimates for the 1986-1987 financial year

Although the method in which the city's house-keeping account will be kept for the ensuing year is a closely guarded secret, municipal rates and tariffs are set to rise

The city's 12 000 ratepayers face a possible five per cent hike while the 58 000 electricity users face a possible 15 per cent hike.

In view of the R30 million sewerage system under construction, increases for these charges are likely to be the highest and are expected almost to double

The increases are set to come into effect on July 1.

Municipal housing scheme tenants can also brace themsevles for a rent hike ranging from R1 a month to almost R6

DD 29/5/86 (223) (244) (183)

Help sought for Milner Estate rents

Dispatch Reporter

EAST LONDON — A total of 169 Milner Estate families face rent hikes of about 50 per cent — but moves are under way to get a government subsidy

The city council has agreed to the rent hike proposal from the property department with suggested subsidy relief measures to be submitted to the government

The council has also decided to send a three-man deputation to Cape Town if necessary to outline the case for the sub-economic scheme

The chairman of the action committee, Mr Donald Card, said the increase was the result of extensions being built onto the houses

"The area's rents were assessed against the background that the buildings cost about R800 each when they were built more than 30 years ago Now kitchens are being built onto the old structures at a cost of about R6 000 each

"This has necessitated a major hike in the rentals, but council realises that many of the occupants are pensioners and lower income earners This is why council decided that some sort of government relief must be sought to try to ease the burden on the people of Milner Estate," Mr Card said

Mr Card said a similar subsidy request for Buffalo flats had been rejected and as a similar reply was expected, it had been proposed that as the existing rentals in Milner Estate were being subsidised, application should be made to further subsidise the interest and redemption on the difference between the present rental and the new increased rental

It had also been proposed that the hikes be phased in to ease the burden

BUSDAY 28/5/86

244

Car prices set for 6% increase

HAMISH McINDOE

THE year's third round of vehicle price increases is set for June 2, with market leader Toyota expected to up prices by 4,5%-6%.

National Automobile Dealers Association director Bob Thomas said he viewed the impending June increases with alarm "It is vital government grants the industry fiscal relief in the current climate of low new vehicle sales"

A Toyota spokesman said the average June price increase "could be around 5% if the excise duty on imported motor parts is reduced".

Ford yesterday informed its dealers of a 5%-6% rise in Sierra, Bantam, Husky and Triton prices from early June.

And MMI prices for the Mazda 626, Rustler and Mitsubishi L300 will rise by the same margin.

A Volkswagen spokesman said no definite price increase had been fixed.

General Motors marketing director Hal Carpenter said "We are waiting to see what the competition does, not government."

Nissan has no plans to increase prices next month after a 5% hike on certain models this month

BMW was working on new prices, unlikely to be implemented in June, a company spokesman said

Car prices rose 8% at new year and 5% at the begining of March, making total increases for the past 12 months to June nearly 30%

Trade and Industry Minister Dawie de Villiers is expected to make a formal response to the industry's representation early next week. Board of Trade and Industry officials could not be reached for comment yesterday.

to the question today, but next week when he will be here [Interjections]

†Mr F J LE ROUX Mr Speaker, further arising out of the hon the Deputy Minister's request, since when is it the custom that replies to questions stand over until the hon member who posed the question is present in the House?

†The DEPUTY MINISTER Mr Speaker, the hon member for Jeppe asked me whether I would not reply to the question next week, as he is not able to be here today It is at his request that the question stands over further The reply is however already available [Interjections]

[Reply standing over]

New Questions

SABC

*1 Mr L F STOFBERG asked the Minister of Foreign Affairs †

(1) To what extent is the State liable for losses suffered by the South African Broadcasting Corporation on films produced in partnership with foreign companies,

(2) whether a case of this nature occurred recently; if so, (a) what film was involved and (b) what steps does he intend taking in this connection,

(3) whether he will make a statement on the matter?

The DEPUTY MINISTER OF FOREIGN AFAIRS

(1) The State is not responsible for any losses suffered by the South African Broadcasting Corporation

(2) and (3) In terms of article 3 of the Broadcasting Act, No 73 of 1976, as amended, the business of the South African Broadcasting Corporation is managed and controlled by the Board of the Corporation

Consequently I have forewarded the hon member's question to the Chairman of the Board of the South African Broadcasting Corporation and I will make his reply available to the hon member as soon as it is received

I might add that in terms of the Broadcasting Act, the South African Broadcasting Corporation is obliged to submit a report to Parliament in which amongst other things, its balance sheet appears as well as a statement of income and expenditure of the previous financial year which has been properly audited

Kimberley/Diskobolos: members transported

HANSARD QCOL 1964

*2. Mr L F STOFBERG asked the Minister of Defence†

27/5/86

(1) Whether any members of the South African Defence Force were transported between Kimberley and Diskobolos on or about 1 April 1986 in buses belonging to Black companies; if so, (a) where are these companies registered and (b) to which population group do the bus drivers concerned belong,

(2) whether it is the policy of the South African Defence Force that members of the Defence Force be transported in this way, if so, (a) in what cases, (b) since when and (c) why;

(3) whether he will make a statement on the matter?

†The DEPUTY MINISTER OF DEFENCE:

(1) Yes.

(a) Bophuthatswana

(b) Black

(2) No

(a), (b) and (c) Fall away.

(3) Yes Normally in the conveyance of SA Defence Force members by road on official journeys, only Defence Force vehicles are used If a situation were to arise in which the SA Defence Force may be forced to make use of civilian road transport, the circumstances of the case will dictate which means of conveyance will be used In the case in question the members were not on duty but on week-end leave and it was a private journey which was arranged by the unit The unit in question has a contract with a White controlled bus service to transport National Servicemen to their homes and back, over weekends at a reasonable tariff It, however, occurs at times that this firm does not have enough buses available to transport the servicemen to different destinations In such a case it hires buses from the SA Transport Services In emergencies where the SA Transport Services cannot assist or cannot provide the number of buses required, the firm hires buses from a Black controlled firm, because these buses are mechanically sound and the interior appointments are of an acceptable standard for the unit National Servicemen who make use of these buses do so voluntarily without any duress from the side of the Defence Force.

Mr H H SCHWARZ· Mr Speaker, arising out of the hon the Deputy Minister's reply, as I understand a company to be a juristic person on its own, would he like to tell us what a Black company actually is?

QCOL 1965
27/5/86

Imported parts

244

*3. Mr L F STOFBERG asked the Minister of Trade and Industry †

HANSARD

(1) Whether the retail prices in South Africa of parts imported from European countries are higher than those at which such parts are sold in the countries of origin; if so, (a) to what extent, (b) why and (c) what cost factors are responsible for this;

(2) whether his Department has instituted and/or will institute an inquiry in this connection, if not, why not, if so, (a) when and (b) what were the findings,

(3) whether he will make a statement on the matter?

The MINISTER OF TRADE AND INDUSTRY

(1) It is accepted that the question refers to motor vehicle parts

(a), (b) and (c) The Department of Trade and Industry does not keep record of prices of commodities in other countries. It can be expected, however, that the retail prices of motor vehicle parts imported from European countries will be higher in South Africa than those in the countries of origin because, among other things, cost factors such as freight charges, import duties, import levies, insurance cost and the cost of financing purchases are taken into account when determining the local price for imported goods The same applies to parts in general

(2) No Such an investigation is not to the point At issue is rather the local content programme in respect of motor-cars and light commercial vehicles and, as has already been announced, this programme is being reinvestigated at present Furthermore, it may be noted that sound competition exists in the motor industry

(a) and (b) Fall away

(3) No

Poison BHC

*4. Mr P G SOAL asked the Minister of Agricultural Economics:

(1) Whether, with reference to his reply to Question No 18 on 15 April 1986, the poison BHC was banned in the Republic at any stage, if so, (a) when and (b) why;

Car manufacturers won't be slashing their prices yet

OE POST 24/5/86

Business Editor

THERE was no sign today that car manufacturers were going to follow the lead set by Samcor in reducing the retail prices on some of its models by up to 16,7%.

Industry spokesmen said they were not planning any price reductions.

Samcor's price drop was announced by managing director, Mr Spencer Sterling, who said that models in the Mazda 626 range would be reduced by between R2 410 (13%) and R3 210 (16,7%).

The decision to reduce prices had been taken with dealers because of the continued decline in sales this year

"There are indications that sales in May will be even lower than last month," he added.

Samcor's public affairs manager Mr Ruben Els said no further price cuts were planned for MMI products or for Ford models

Spokesmen for Volkswagen, General Motors and Nissan said their companies were not planning any price reductions "at this stage"

Capital's rates to go up 15 percent

NM 24/5/86

Pietermaritzburg Bureau

MUNICIPAL rates in the capital are to go up by an average of 15 percent this year to enable the city council to balance a record budget of R170 million.

Presenting the estimates for 1986/87 yesterday, the chairman of the Finance Committee, Miss Pamela Reid, said steps would be taken wherever possible to save money, and this included the immediate 'freezing' of all posts within the municipality

Miss Reid said vacancies would be filled only after special motivation had been made by heads of departments No retrenchments were envisaged 'at this stage'

Severe restrictions are to be placed on all municipal departments and the worst hit will be the bus service, which is expected to run at a R2 500 000 loss this year

Miss Reid said the city's Transport Director would be asked to look at ways of rationalising the service as ratepayers could no longer afford to keep subsidising the losses

Apart from the overall rates hike, monthly service charges are to be increased Domestic refuse removal charges will go up from R3,85 to R4,43 and domestic sewerage charges from R4,80 to R5,52.

Price of eggs goes up 12c a dozen

24/5/86

244

Egg prices in the Transvaal and the Free State are to be increased by an average of 8,7 percent or 12 cents a dozen, with immediate effect, South Africa's largest egg producer, Golden Lay Farm, announced yesterday.

Golden Lay said the monthly maize price increase and higher costs announced for oil cake — the source of protein in layer feeds — necessitated the increase in egg prices.

The company stressed that the increase had been delayed for as long as possible.

Executive secretary of the SA Poultry Association Mr Zach Coetzee described the increase in the egg price as "reasonable", but Housewives' League president Mrs Lyn Morris called it "massive".

Inflation down, food prices up

SMR 244

23/5/86

By Jackie Unwin

The year-on-year inflation rate for April dropped to 18,6 percent from March's rate of 18,9 percent — but the drop was expected by economists due to technical reasons. Food prices, however, showed an above-average rise.

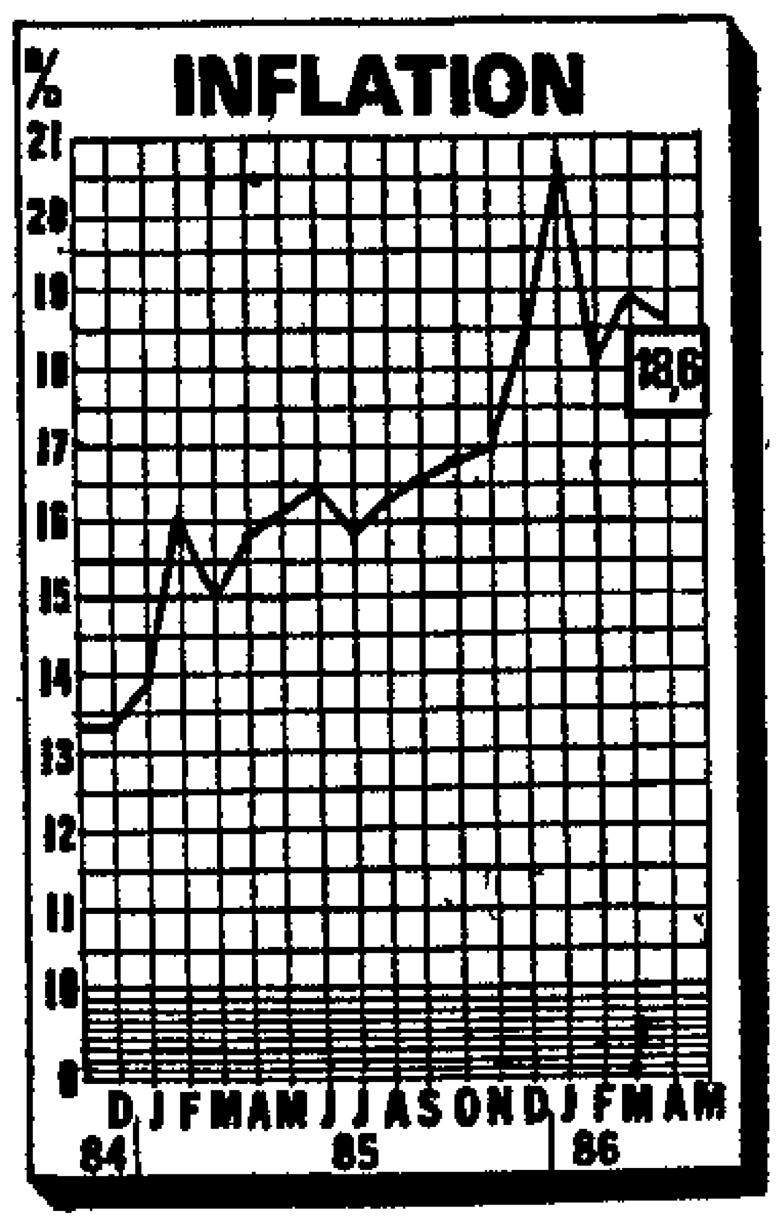
The statistical distortion was caused by 1985's monthly CPI for April rising 2,1 percent as a result of the increase in GST.

Figures released by Central Statistical Services in Pretoria yesterday show the food-only index rose to 218,7 from 213,5 in March and 182,7 in April 1985 — a monthly rise of 2,4 percent and 19,7 percent year on year. There were increases in grain products, meat and fats and oils during April.

Market comment was "The food index rise is probably attributable to the delayed effects of the non-appearance of the rains this year.

"Since September last year, the food index has shown a trend to accelerate.

"I don't think the food rise was caused by the rand, which appreciated in the first quarter. It was probably because of drought rather than excess demand."



Mr Rudolf Gouws, group economist of Rand Merchant Bank, said. "The impact of the petrol price reduction of April is not yet included in the CPI. If it had been included, the fall in the year-on-year rate of change would have been quite a bit larger.

"The rise in the CPI was very broadly based among many subject categories, which shows that inflation is very much with us. But I do believe the basic trend of the inflation rate this year is slightly downwards. An average rate of about 17 percent is quite possible with the year ending at 15 percent."

Dr Hans Falkena, chief economist at the United Building Society, said "The April inflation rate is higher than expected.

"We have very low real interest rates at the moment. If you subtract the inflation rate from the ruling interest rates this must be extremely inflationary. I am not very optimistic. The inflation rates may come down for technical reasons, but we will have high inflation for quite some time ahead."

390- BRUSH AND BROOM MANUFACTURING INDUSTRY, CERTAIN AREAS

Superceding w.d. no : 341

AREA A : Oudtshoorn

AREA B : East London

AREA C : Bellville, The Cape , Goodwood, Kuilsriver, Port Elizabeth, Simonstown, Wynberg, Durban, Alberton, Benoni, Boksburg, Brakpan, Germiston, Johannesburg, Kempton Park, Krugersdorp, Nigel, Oberholzer, Pretoria, Randburg, Randfontein, Roodepoort, Springs, Vanderbijlpark, Vereeniging, Westonaria, and Wonderboom.

Weaker rand could push up petrol price

23/5/86 STAR 244

Pretoria Bureau

There is speculation that the price of petrol could rise as a result of the fall in the rand which followed this week's SADF raids.

The rand slumped to about 42 US cents on Monday as a direct result of the raids but intervention by the Reserve Bank helped the ailing currecncy recover slightly to just over 44c

A strong rand/dollar exchange rate is vital if South Africa is to buy oil at reasonable prices

The authorities have been taking advantage of recent low oil prices to stockpile and a spokesman for the Department of Mineral and Energy Affairs said it was hoped that this would act, for a while, as a buffer against a higher petrol price.

Escom tariff rises 'will be kept below inflation'

SWL

22/5/86

244 266 88

By Kym Hamilton, Pretoria Bureau

Escom tariff increases for 1987 and onwards will be kept at about 1 or 2 percent below the inflation rate.

Speaking at an Engineering conference in Pretoria, Escom's senior general manger, Mr I C McRae pointed out that in the last 20 years, electricity tariffs have been constant in real terms.

Research shows that electricity usage in South Africa should be about three percent above the gross domestic product, which should be 1,5 percent more than the population growth, he said.

The present situation showed the GDP was not keeping up with the population growth.

Mr McRae said this situation was unacceptable and Escom had started a programme to supply sufficient electricity to support an acceptable GDP growth rate while keeping electricity tariffs reasonable.

These approaches include

- Off-peak and interruptable tariffs,
- Promoting energy-efficient equipment;
- Extending the life of power stations; and
- Purchasing power from outside sources

These measures, plus the new bulk and rural tariffs, will reduce electricity prices and stimulate growth, said Mr McRae.

so, what was the purpose of this road block,

(2) whether this road block was manned by members of the South African Police, if not, (a) by whom was it manned and (b) why;

(3) whether any persons were (a) arrested, (b) detained and (c) questioned at this road block, if so, (i) how many, and (ii) why, in each case,

(4) whether he will make a statement on the matter?

The MINISTER OF LAW AND ORDER

(1) (a) Yes, to prevent crime and to trace law-breakers

(b) Falls away

(2) Yes. (a) and (b) Fall away

(3) (a) to (c) No

(4) No

Zwide: person visited

HANSARD

984. Mr A SAVAGE asked the Minister of Law and Order

(1) Whether, in 1986, any members of the South African Police visited the home of a certain person in Zwide near Port Elizabeth, whose name has been furnished to the South African Police for the purpose of the Minister's reply; if so, (a) on what dates, (b) what was the purpose of each visit, (c) how many policemen were present on each occasion and (d) what is the name of this person

(2) whether the police took any action as a result of any of these visits, if so, (a) what action and (b) with what result:

The MINISTER OF LAW AND ORDER:

(1) Yes

(a) 10 March 1986

(b) Routine police investigation

(c) 2 policemen

(d) Mrs Joyce Mthimkulu

(2) No (a) and (b) Fall away

Disappearance of person

985 Mr A SAVAGE asked the Minister of Law and Order·

(1) Whether the South African Police have received any information during the current year regarding the (a) disappearance in 1982 and (b) whereabouts of a certain person, whose name has been furnished to the South African Police for the purpose of the Minister's reply, if so, (i) what information, (ii) when, (iii) in what manner was this information obtained, (iv) in respect of what date is the information furnished and (v) what is the name of this person;

(2) whether any information has been received that this person (a) is alive or (b) was alive following his disappearance; if so, (a) what information, (b) when and (c) in what manner was this information obtained

(3) whether the police have communicated to the relatives of this person any of the information they obtained about him, if not, why not; if so, (a) when and (b) what information was communicated to these relatives?

The MINISTER OF LAW AND ORDER·

(1) (a) and (b) No.

(i) to (v) Fall away

(2) (a) and (b) No.

(a) to (c) Fall away.

(3) No, since no such information has been obtained

(a) and (b) Fall away

Farms

HANSARD

1011 Mr P R C ROGERS asked the Minister of Agricultural Economics·

(1) Whether his Department has the capability of monitoring (a)(i) sales and (ii) purchases of farms and (b) the prices obtained in respect of such sales and purchases, if not, (aa) why not and (bb) what steps are being taken to create such a capability; if so,

(2) how many farms were (a) sold and (b) put on the market in each of the latest specified three years for which figures are available?

The MINISTER OF AGRICULTURAL ECONOMICS

(1) Sales of immovable properties in rural areas are registered with the Deeds Office from where the information is submitted to the Central Statistical Service The information covers a 12 month period ending 31 March and the publication thereof by the Central Statistical Service appears 9-10 months after 31 March

(bb) Discussions with the Registrar of Deeds and the Central Statistical Service have taken place with the object of obtaining the information on a more regular basis Monthly acquisition of the information is being investigated

(2) (a)

1982-83	9 414
1983-84	9 642
1984-85	9 437

(b) Particulars are not available

Maize HANSARD 244

1035. Maj R SIVE asked the Minister of Agricultural Economics

(1) Whether an increase in the price of white and yellow maize was announced recently; if so, (a) when and (b) what was the price per ton of (i) white and (ii) yellow maize with effect from 1 May 1986 and (c) what is the increase per ton on the 1985 price in respect of white and yellow maize, respectively,

(2) whether this increase in price has been fixed for the next 12 months; if not, (a) why not and (b) what increases per ton on white and yellow maize, respectively, are contemplated during that period,

(3) whether these increases will be on a (a) monthly or (b) quarterly basis; if not, (i) on what basis and (ii) when will these increases take place; if so, when are the increases due to take place,

(4) (a) how will these price increases be calculated and (b) what will be the increased price per ton of white and yellow maize, respectively, following each increase,

(5) what will be the (a) price per ton of white and yellow maize, respectively, on 1 April 1987 and (b) the percentage increase at that date over prices on 1 April 1986,

(6) whether he will make a statement on the matter?

The MINISTER OF AGRICULTURAL ECONOMICS.

(1) Yes.

(a) 22 April 1986.

		(i) White maize R/ton	(ii) Yellow maize R/ton
(b)	Producer's price	240,35	225,27
	Board's selling price	280,89	266,27
(c)	Producer's price	21,75	10,62
	Board's selling price	34,29	23,62

(2) Yes, as far as the producer price is concerned No, as far as the Board's selling price is concerned

(a) The available subsidy of R129 million is insufficient to provide fully for the handling and storage costs of the Board on maize for local consumption

(b) R5 per ton per month on both white and yellow maize as from 1 June 1986

(3) Monthly as from 1 June 1986

(4) (a) Increases of R5 per ton per month

(b)

	White R/ton	Yellow R/ton
1 June 1986	285,89	271,27
1 July 1986	290,89	276,27
1 August 1986	295,89	281,27
1 September 1986	300,89	286,27
1 October 1986	305,89	291,27
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1 December 1986	315,89	301,27
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1 February 1987	325,89	311,27
1 March 1987	330,89	316,27
1 April 1987	335,89	321,27

	White maize R/ton	Yellow maize R/ton
(5) (a)	335,89	321,27
(b)	36,2%	32,4%

The average monthly selling price for 1986-87 is 25,1% higher in the case of white maize and 21,1% higher in the case of yellow maize The effective increase could even be lower if more maize is bought early in the season

(6) No, a news release has already been issued on 22 April 1986.

HoA

Own Affairs

Welfare organisations

HANSARD

86. Mr R M BURROWS asked the Minister of Health Services and Welfare

Whether there has been any delay in the payment of increased administration subsidies to private welfare organisations employing social workers, if so, (a) what was the cause of the delay, (b) what was the delay in paying the 1985-86 increased subsidies and (c)(i) what is the current delay in paying these subsidies and (ii) in respect of what date is this information furnished?

The MINISTER OF HEALTH SERVICES AND WELFARE

Yes

(a) The delay was caused by the failure of welfare organisations to submit their estimates of expenditure timeously which is necessary for the calculation of increased subsidies, the submission of erroneous or insufficient information by organisations and continuous requests by organisations to amend their estimates

(b) Between 9 and 12 months depending on the dates on which complete information was furnished

(c) (i) Currently there is no delay in payment of subsidies for 1986-87

(ii) A current date

Social workers

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(1) Whether increases in the remuneration of social workers were announced recently, if so, (a) when and (b) what is the nature of these increases,

(2) whether these increases (a) have been paid to all social workers employed in his Department and (b) have been paid over to private welfare organisations for the payment of social workers in their employ; if not, why not in each case; if so, (i) with effect from what date were these increases paid and (ii) what total number of social workers received increases in each case?

The MINISTER OF HEALTH SERVICES AND WELFARE

(1) Yes

HoA

(a) On 26 February 1986 in the case of social workers in the service of the Department and on 22 April 1986 in the case of social workers in the service of private welfare organisations

(b) A ten per cent increase in salaries and reinstatement of service bonuses

(2) (a) Yes

(b) Not yet The increase for each individual case is still being calculated

(i) 1 April 1986

(ii) 378 Social workers in the service of the Department received increases and 899 in the service of welfare organisations will receive increases with retrospective effect

FRIDAY, 23 MAY 1986

†Indicates translated version

For written reply

General Affairs

HANSARD Housing

598 Mr P G SOAL asked the Minister of Constitutional Development and Planning:

Whether his Department spent any money in the 1985-86 financial year on the construction of housing for Blacks in (a) Cape Town, (b) Durban, (c) Pietermaritzburg, (d) Pretoria, (e) Port Elizabeth, (f) Kimberley, (g) East London, (h) Bloemfontein and (i) Johannesburg; if not, why not; if so, what amount in each case?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING·

(a) Yes—R221 086

so, what was the purpose of this road block,

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HoA

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The MINISTER OF HEALTH SERVICES AND WELFARE

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The MINISTER OF HEALTH SERVICES AND WELFARE

(1) Yes

HoA

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For written reply

General Affairs

HANSARD Housing

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Whether his Department spent any money in the 1985-86 financial year on the construction of housing for Blacks in (a) Cape Town, (b) Durban, (c) Pietermaritzburg, (d) Pretoria, (e) Port Elizabeth, (f) Kimberley, (g) East London, (h) Bloemfontein and (i) Johannesburg; if not, why not; if so, what amount in each case?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(a) Yes—R221 086

Rates, light, water all set for big hikes

244

EVE POST 21/5/86

NEXT week the PE City Council will consider a 10% rates and electricity increase and a 13,5% water tariff hike

The Policy and Resources Committee yesterday spent seven hours debating PE's operating and capital budgets for 1986/87

Three options for the electricity increase were given to the committee by the City Treasurer, Mr Amandus Strydom, and the committee opted for a 10% increase from July 1 and a 10,91% increase from January 1

Consolation for home-owners is that PE is the third cheapest of SA's eight major cities Rates, sewerage, refuse, electricity and water cost R149,93 a month for a 225 square metre house on a 1 050 square metres plot compared to costly Cape Town at R206,31 a month for the same formula

Credit demand down but people are saving more

21/5/86 STAR. (244)

By Gareth Costa

The state of the economy is clearly reflected in the steady decline in the demand for credit in the form of HP and lease agreements, which fell by six percent over the past twelve months

A year ago South Africans owed the banks R16,2 billion for outstanding leases and HP, but in March the amount had shrunk to R15,3 billion.

Nedfin says the BA-9 returns for the March quarter show that lease agreements held fell by 10,5 percent to R5 billion, and HP receivables, which were reasonably steady over the year, are still 3,4 percent lower than last March at R10,3 billion.

The quarter just past accounted for a large portion of the decline, which intitially appeared to be slowing during the December quarter, but it gained momentum at the beginning of the year in spite of the lower interest rates.

Nedfin's MD, Mr Ron Rundle comments " If any businessman needs confirmation of how depressed our economy really is, these figures will provide it

"The bread and butter business of most of the general banks is the provision of finance for motor vehicles, for both the consumer and fleet operator. As can be seen from last months sales figures, to put it mildly this industry is in the doldrums"

He adds that there is little or no demand for capital goods finance, since usually when capacity utilisations reach 90 percent industrialists start reviewing their capital expenditure plans

"However, capacity utilisations barely exceeds 80 percent and we've not seen anyone dusting off their capex plans"

Looking at the other side of the bank's balance sheets one can see that the public has added almost R1 billion to its savings in the past year

At the end of March 1985, banks held R5 billion in savings, while this year the figure has grown to R5,9 billion, despite a marginal fall during this March quarter

Bus fares to rise in June

DD 23/5/86

Dispatch Reporter

EAST LONDON — Municipal bus fares, except for scholars' weekly tickets, will increase by 5c for all stages from June 2

Scholars' weekly tickets will rise by R1 on the same date

The municipal transport manager, Mr Dennis Jenkinson, said the fare increase for scholars was irrespective of distance travelled

He said the budget had been reviewed and it was decided it was time for an increase The last increase was approximately a year ago but the increases were not fixed on an annual basis, he said

In spite of the huge fuel increases, which took place over a year ago, plus the subsequent additional fuel increase, the municipal bus fares stayed the same

If the fares had been increased each time there was a fuel increase, the present fares would have been much higher

He said although the fuel prices had come down, the tariffs could not be reduced because of the increasing costs of spare parts, particularly tyres, and maintenance costs

This meant that the tariffs did not necessarily come down because the fuel prices were reduced, he added ment and (b) in respect of what date is this information furnished?

†The MINISTER OF HEALTH SERVICES AND WELFARE (for the Minister of Education and Culture)

(a) (i) and (ii) Such detailed statistics are normally not kept and are dependent on a variety of factors, for instance the choice of subjects by pupils for a particular year and the school timetable which is drawn up accordingly While it can be argued that in a Latin class of 15 pupils the same number of vacancies exist, this would be a misrepresentation Statistics regarding the exact number of pupils that can be accommodated in each class in each school are not kept and are therefore not readily available The same applies to smaller primary schools where standards are grouped together The planning is done according to local needs and vacancies which exist elsewhere do not influence the provision in local needs,

(b) falls away

For written reply

General Affairs

Q COL 1791
20/5/86 HANSARD
Oil
244

803 Mr R R HULLEY asked the Minister of Mineral and Energy Affairs

In respect of the latest specified date for which figures are available, (a) what was the landed cost in South Africa of crude oil in United States dollars per barrel, (b) what, in respect of 93-octane petrol, was this cost expressed in cents per litre at the pump and (c) what elements comprised the marketing margin in the latest petrol price composition?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(a) USA $ 14,01 per barrel for April 1986

(b) The landed cost as reflected in the price on 14 April 1986 was 41,50 c/ℓ

(c) The petrol price contain a wholesale margin and a retail margin which in both cases are aimed at receiving normal operational costs as well as a reasonable return on funds employed

G COL 1792

Staff establishment

~~HANSARD 20/5/86~~

813 Mr M A TARR asked the State President

(1) (a) What was the authorised staff establishment of his Office in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of his Office regarding the promotion of Blacks, Coloureds and Indians to higher grades,

(2) whether staff of different race groups belong to the same staff association, if not, why not?

The STATE PRESIDENT

(*See* reply to Question No 839 in col 1802)

Q COL 1792

Staff establishment

HANSARD 20/5/86

814 Mr M A TARR asked the Deputy Minister of Information:

(1) (a) What was the authorised staff establishment of the Bureau for Information in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of the Bureau regarding the promotion of Blacks, Coloureds and Indians to higher grades,

(2) whether staff of different race groups belong to the same staff association, if not, why not?

The DEPUTY MINISTER OF INFORMATION

(*See* reply to Question No 839 in col 1802)

HANSARD

Staff establishment

817 Mr M A TARR asked the Minister of Transport Affairs

(1) (a) What was the authorised staff establishment of the Department of Transport in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of this Department regarding the promotion of Blacks, Coloureds and Indians to higher grades,

(2) whether staff of different race groups belong to the same staff association, if not, why not?

The MINISTER OF TRANSPORT AFFAIRS·

(*See* reply to Question No 839 in col 1802)

Staff establishment

818 Mr M A TARR asked the Minister of Constitutional Development and Planning

(1) (a) What was the authorised staff establishment of his Department in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of his Department regarding the promotion of Blacks, Coloureds and Indians to higher grades,

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The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING.

(*See* reply to Question No 839 in col 1802)

Staff establishment

819 Mr M A TARR asked the Minister of Foreign Affairs.

(1) (a) What was the authorised staff establishment of his Department in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of his Department regarding the promotion of Blacks, Coloureds and Indians to higher grades,

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The MINISTER OF FOREIGN AFFAIRS:

(*See* reply to Question No 839 in col 1802)

Staff establishment

820 Mr M A TARR asked the Minister of National Education·

(1) (a) What was the authorised staff establishment of his Department in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of his Department regarding the promotion of Blacks, Coloureds and Indians to higher grades,

Own Affairs

HANSARD 20/5/86

Arson/riot damage

78 Mr L F STOFBERG asked the Minister of Education and Culture †

(1) (a) Which institutions for tertiary education which fall under his Department are covered by insurance policies in respect of (i) arson, (ii) riot damage and (iii) other specified risks and (b) in respect of what date is this information furnished,

(2) whether any of the risks of these institutions are underwritten by the State, if not, why not, if so, which (a) institutions and (b) risks?

The MINISTER OF EDUCATION AND CULTURE

(1) (a) (i) and (ii) Technikon OFS and Technikon RSA are fully insured The University of Natal (in respect of their academic buildings), Technikon Natal, the Cape Technikon and Port Elizabeth Technikon are insured at 15% of the value of the property The hostels of the University of Natal are insured at 50% of the value of the property,

(iii) the contents of the J S Gericke Library of the university of Stellenbosch and the motor vehicles of the following institutions are insured against political riot

University of Pretoria
University of South Africa
University of Stellenbosch
University of Port Elizabeth
University of the Witwatersrand
Rhodes University
University van Natal
Port Elizabethse Technikon
Technikon Natal
Technikon Pretoria

(b) 15 May 1986,

(2) no On 3 June 1981 and 13 December 1982 Treasury approved that applications from universities and technikons for a subsidised loan authority, concerning such cases as the damaging of university and technikon properties as a result of political riots, when it occurs, be considered according to merit, as an extraordinary contingency,

(a) and (b) fall away

Note The councils of universities and technikons are themselves responsible for the control and management of the institutions Insurance cover of property and buildings belonging to these institutions, therefore, is their own responsibility This includes cover against arson and riot damage. All the universities and technikons have the normal comprehensive insurance for, amongst other, floods, etc Premiums for insurance against political riots are expensive It was estimated in 1981 that the premiums for all the universities would amount to R1,0 million

The subsidy formula does not provide for funds for insurance against political riots

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TUESDAY, 20 MAY 1986

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†Indicates translated version

For oral reply

General Affairs

HANSARD 20/5/86 Qu 1756 244

Sugar

*1. Mr L F STOFBERG asked the Minister of Trade and Industry †

(1) Whether international sugar prices firmed recently, if so, (a) to what extent and (b)(i) what is the current dollar price of sugar per ton on the world market and (ii) in respect of what date is this information furnished,

(2) whether the price of locally produced sugar was increased recently to compensate for export losses, if so, (a) when and (b) what is this price per ton,

(3) whether he intends reducing the price of locally produced sugar, if so, when, if not, why not?

The DEPUTY MINISTER OF TRADE AND INDUSTRY

(1) Yes

(a) The price of raw sugar has firmed on the London market from approximately 60 US dollar per ton (free on board) on 3 July 1985 to approximately 204 dollar per ton on 8 April 1986 Subsequently, the price declined again to 168 dollar per ton on 16 April 1986 and thereafter fluctuated around 180 dollar per ton

(b) (i) 169 US dollar per ton on the London market

(ii) 19 May 1986

(2) No, not to compensate for export losses Allegations which are made that the local consumer subsidises or has subsidised losses on export sugar are unfounded This aspect received specific attention during a recent investigation into the sugar industry by an independent company of management consultants which did not find any indication of such alleged subsidisation On the contrary, the investigation revealed that the sugar industry had subsidised the local consumer by a total amount of some R200 million during the period 1974 to 1985

(a) and (b) The industrial price of sugar for local consumption was, in fact, increased in accordance with the existing norms to R758 per ton and R698 per ton for refined (white) and unrefined (brown) sugar, respectively, on 21 March 1986 These norms apply only in respect of production for the local market On 1 May 1985 an A and B-price and production pool system was introduced in terms of which production is divided into an A and B-pool The A-pool is mainly for internal consumption while production under the B-pool is destined for export only and solely at the risk of the producers (growers and millers) During the past few years and since the introduction of the pool system the international price of sugar has been and still is at a level which is to such an extent below the production cost that several growers have ceased production for the B-pool

(3) No The price of sugar for the local consumer is determined on the basis of the production costs, which at present does not leave room for a price reduction It may be added that the price paid by the local consumer is not influenced by the return on exports As mentioned in the reply to Question No 2, the price obtained for export sugar is at the risk of the producers. These producers therefore bear any losses sustained on account of the changing and mostly low international price Consequently, it is also only reasonable that the advantage attached to any rise in the international price of sugar will accrue to the producers

Black training: money from USA/Germany

*2. Mr L F STOFBERG asked the Minister of Education and Development Aid †

(1) Whether he (a) has been informed of and/or (b) has investigated allegations that millions of rands voted by the Governments of the United States of America and Germany for Black training are administred by a certain body, the name of which has been furnished to the Minister's Department for the purposes of his

BUS DAY 19/5/87 (3) DAIRY 244

Producer milk price rise seems imminent

GERALD REILLY

AGRICULTURE Minister Greyling Wentzel is expected to announce a producer milk price rise of between 3c-5c/l this week.

He is also expected to announce the strategy to get rid of the 5 000-ton butter surplus.

There are two options: either the surplus can be exported at a loss or disposed of locally at cut prices.

The Consumer Council's Lou van der Merwe said the only reasonable option was to give people the benefit and sell locally at reduced prices.

He said butter consumption was dropping and the sale of cheaper butter locally would also assist the Dairy Board in promoting sales.

The producer price of fresh milk was last raised in June — from 42,85c/l to 45,13c. However, the producer had to pay part of the increase into a levy to cushion export losses.

In February milk distributors raised their price to the consumer by 6c/l.

Stores' prices to be probed

Labour Reporter

THE House of Delegates is to investigate allegations by unemployed people in Chatsworth that stores contracted to the Government to supply them with groceries have been overcharging.

Mrs Devi Moodley, a voluntary social worker in Chatsworth, told the Mercury yesterday that many unemployed people were issued with grocery vouchers up to a certain value by the House of Delegates, but because of the inflated prices the goods they could exchange them for were insufficient.

Citing examples of the high prices, she said one supermarket which is contracted to the Government, was selling 5 ℓ cooking oil at R11,99 (excluding tax) for those presenting the Government vouchers, while the same oil was being sold at R9,99 to its cash customers

'Surely these people tendering vouchers are as good as cash customers — payment is guaranteed,' she added

Defeated

She said that because of the inflated prices, many families of the unemployed were still facing difficulties

'The whole idea behind the House of Delegates assisting the unemployed is actually being defeated. The only people who appear to be gaining are the businessmen,' she added.

Dr J W J van Rensburg, chief director of Health and Welfare in the House of Delegates, said yesterday that he would order an immediate investigation into allegations.

'If this is in fact the case then the whole purpose of us assisting the unemployed is pointless,' he added.

Former clothing factory worker and mother of four Mrs L Reddy said she had been given a voucher valued at R104 which she took to one of the nominated supermarkets in Montford but she received goods worth only about R84.

'I was not even given a cash sales slip. The vouchers are as good as cash and payment is guaranteed I cannot understand why we are being overcharged,' she said

2/4/19/1986

been restructure...

Waiting for council's final verdict today, residents of Dunelands, who were handed a 1 200 percent rent rise, are (from left) Judy Olding, Margaret Tunnell, D H Baggaley, N R Yorke, Bea MacIntosh, Rhita Feitelberg, Lorraine Yeats, Jean and Jack Stroud, Denis Yeats, Victor Shirley, Eddie Mazor, and Louie Feitelberg.

Manco hoping to satisfy residents hit by rent rises

Municipal Reporter

A SOLUTION to satisfy the elderly residents of Durban's North Beach flats — whose rents were increased by up to 1 200 percent in 1984 while other lessees' rents, including that of hotels, remained static — will be proposed by Manco in today's open City Council meeting

Of 65 council-owned beachfront leasehold properties, 32 are on 90-year-leases revised every 10 years and 33 on 65-year-leases with fixed ground rentals

In both cases land and buildings revert unconditionally to the council when the leases expire

It was the flats leased under the 90-year system that suffered the massive rent increases when their rents were revised

Rapid escalation of property values has made a mockery of the lengthy leases the council granted in the forties and fifties to develop the beachfront

Nothing can be done to bring the fixed rents into line with current market values until the year 2025 when the 65-year leases begin to expire

Manco's current offer, based on the proposals of the North Beach residents' association, gives people the option of converting their flats from leasehold to freehold at 35 percent off the market value

But residents will still be paying out more than the 38,09 percent which is the City Valuator's break-even point, says Mr Len Rabinowitz, a member of the group representing the 26 shareblocks on the North Beach

Under the proposed system, those who cannot pay for conversion must pay rents equal to 6 percent of the market value of the land or lose their properties

Mr Rabinowitz said at the weekend that people could afford it

'It's tough on fixed-income people, but quite clearly, conversion means at least they will pay for an increasing asset as opposed to a diminishing asset which would ultimately be worthless'

The proposed increase in ground rents had meant people would lose everything whereas the conversion, said Mr Rabinowitz, 'might mean digging a little into their pockets but if they wish to dispose of their flats, they have a valuable asset'

Manco recommendations include the following

The price flat-owners will pay for the conversion from leasehold to freehold of their beachfront properties will be 65 percent of the market value of the land as assessed at the date of their application to convert

The land valuation will remain unchanged for six months from the date of the application, and the 65 percent of the valuation which the lessees must pay will remain static until it comes up for review by council in five years' time

244 BUSDAY 18/5/88

McCarthy hopes for lift

ALAN RUDDOCK

VEHICLE sales this month are expected to receive a modest boost in the last 10 trading days as motorists buy before June's price increases, says the McCarthy group.

However, it says sales so far this month have not been encouraging, with daily car sales down 10% on April and light commercial vehicle sales down 22%.

"Although daily sales last month were fairly steady, they can vary significantly and it would be wrong to read too much into the first 10-days' results," said a group spokesman.

The third round of car price increases this year will take effect at the beginning of June. Prices went up 8% at new year and 5% at the beginning of March The June increase will be 4%-6% — making total increases for the past 12 months to June 30%

Car sales react quickly to announced increases, with consumers rushing to buy before increases strike. A major buy-ahead in November and December last year before the 8% increase caused a sharp drop in January and February sales and also misled some manufacturers into over-optimistic predictions — and stock orders — for this year.

Manufacturers say the low volume of car sales could lead to drastic short-term measures by manufacturers.

"We will be forced to move towards increased short-time and, if conditions do not improve, we will have to look at retrenchments," one leading manufacturer said.

FIN MAIL 16/5/86

PRODUCTION PRICE FALLS

244

Another welcome drop in the increase in the production price index (PPI), to 19,6% year-on-year, is reported for March. More significant is that the imported price component has fallen to 27,9%. This compares to 30,8% the previous month and the peak of 32,7% in January.

The indices for the components hardly changed. The all-commodities index remained at 206,9, while the index for the imported component actually fell from 227,8 in February to 227,6.

Says Barclays' economist Alan Doyle: "It definitely points to a further cut in fuel prices; maybe we will see a fall in the CPI for April, from the March 18,9%." He points out that whether the steady reduction in imported inflation is passed on to the consumer depends very much on the government.

The authorities have already withheld some benefits of falling oil prices. For example, excluding the present over-recovery position and additional levies introduced by government since January, Reef 93 octane would cost just 68,4c/l as opposed to 83c currently.

However, at least some benefits from the improvement in the PPI position should filter through to CPI.

In its latest monthly tape subscription service, *Economic Comment*, Barclays expects only a slow erosion in the reported year-on-year CPI, but the January 1987 figure may reveal a major fall because it will be compared to a major jump in CPI in January 1986

The bank points out that in times of price volatility, year-on-year rates are not necessarily indicative of overall trends. Annualising the month-on-month increase may make the pattern more clear. The CPI for March on this basis, for example, suggested an annual inflation rate of just 8,4%.

Argus 6/5/86

Butchers angry as meat prices soar by up to 100 pc

By HENRI du PLESSIS
Staff Reporter

MEAT prices have soared by up to 100 percent since October — one store charged R12,60 a kilogram for lamb chops this week — and the Meat Board dealt consumers another blow today with a warning that a 10 percent increase is on the way

The rise in the maize price and higher input costs would push up the price of meat, a spokesman for the board said in Pretoria

Butchers blame the already high Cape Town prices on suppliers who, they say, are manipulating the market to increase profits

Mr Chris Joubert, a city councillor and the owner of a Sea Point butchery, said the main cause was the shortage of wholesale meat.

ABATTOIR

He said the abattoir had been enlarged to handle up to 8 000 sheep a day, but supply was between 2 000 to 3 000 carcasses

"It's ridiculous Farmers should be made to provide a more even supply to the market in Cape Town when they apply for licences

"Where is the Meat Board? They call themselves a control board, so it is time they started controlling something"

Mr Peter Billings, owner of a butchery in Hout Bay, agreed

"Meat should be a lot cheaper What is the Meat Board doing about it?"

Mr W Gautche, chairman of the Cape Retail Meat Traders' Association, said there were shortcomings in the supply system, but people were quick to blame the Meat Board

"Farmers always send their meat to the markets where the prices are right

Mr P Fahrenfort, manager of the Cape Town branch of the Meat Board, confirmed the shortage but said there was nothing the board could do

"We cannot do anything if producers do not deliver to markets"

Prices of lamb at the Sea Point branch of a national supermarket chain were described by butchers as "ridiculous" and a "disgrace"

The supermarket was charging R12,60 a kilogram this week for B1-grade lamb loin chops compared to an average of R9 at two city-centre stores and two butcheries

Beef fillet was cheaper at R12,56 a kilogram

The Sea Point store's price for super-grade braai chops (shoulder) was R11,40 and stewing chops were R8,49 a kilogram

A spokesman said: "Our store bought a large quantity of stock last week when the prices were high A lot of this meat was left over and had to be sold at the high retail price

"Our stores have now marked down prices to R9,98 a kilogram for lamb loin chops"

10 percent meat price hike looms

STAR 4/5/86 (244) MEAT

The price of meat is set to rise about 10 percent due to recent increases in the price of maize and farmers' input costs.

According to the Meat Board, however, the increase will be phased in gradually over the next year to 18 months.

A spokesman said the increase in the price of yellow maize was one of the major factors contributing to higher meat prices.

Livestock farmers also had to deal with soaring input costs which had to be recouped.

He added that the board had successfully sold off the 37 000 frozen carcases it had recently bought up — without affecting prices. — Pretoria Bureau.

15/5/86 BUS DAY

Escom promises minimum increases

Own Correspondent

ELECTRICITY tariffs will probably not be increased by more than 10% next year, chairman of Escom's Electricity Board John Maree said in Cape Town yesterday.

Addressing the Afrikaanse Sakekamer, Maree said Escom was committed to keeping electricity tariff increases between 2% and 3% below the rate of inflation.

"So, if the rate of inflation is 12% next year, electricity tariffs will not be increased by more than 10%," he said.

In an interview with the *Cape Times* before his address, Maree said that "mismanagement of Escom is something of the past".

He said that, although recent negative publicity had had a demoralising effect on staff, it was "nonsense" to say millions of rands were still being wasted by the organisation

Escom and its assets were now managed more effectively than in the past when "staff members were in the seats of power".

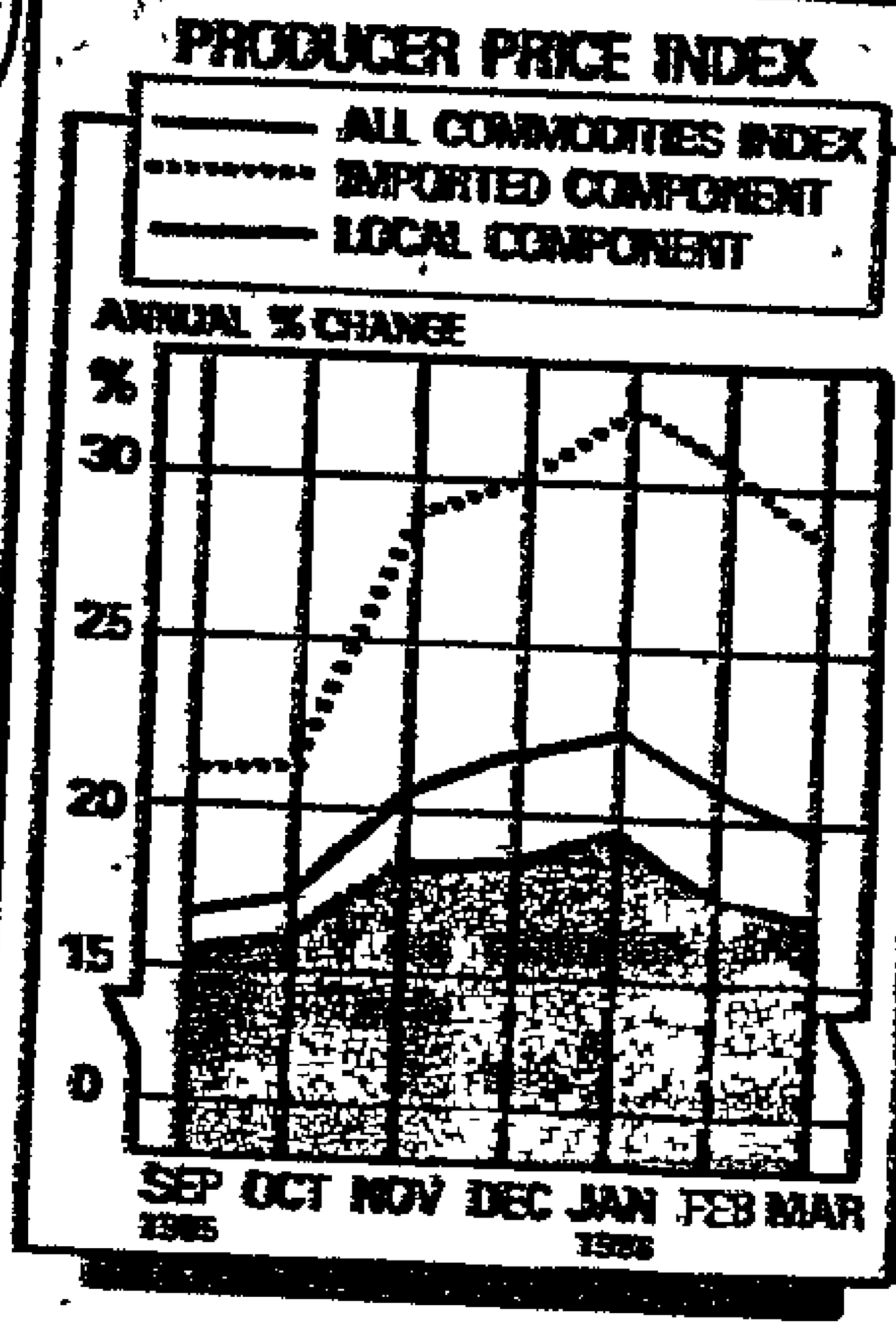
He told the sakekamer Escom had not exceeded its budget for the first quarter of this year

A decision had been made to cut capital spending by R1,3bn over the next three years after it became clear that an overseas loan of R1,5bn would not be available this year.

Apart from substantial cuts in capital spending, Escom was also in the process of reducing the number of its employees by about 5 000.

It had a staff of 65 000 and many had already been given early retirement. Another 3 000 would have to go.

Maree predicted that in two years' time the priorities and objectives set when the new management structure was announced last year would have been achieved.



PPI drops for second consecutive month

BUDDAY
14/3/86
244

GERALD PROSALENDIS

INFLATION, as measured by the Producer Price Index (PPI), eased further in March this year to a year-on-year rate of 19,6% from 20,78% in February.

This is the second consecutive decrease since January's high of 22,21%.

Although the annual figure is still unacceptably high, the monthly rate of increase has slowed significantly from 1,6% between January and February to zero between February and March. And this could signal further drops in both the PPI and the Consumer Price Index (CPI) — the official measure of inflation — in coming months.

The imported component of the PPI rose by a hefty 27,9% in March compared with March the previous year, mainly because of last year's dramatic deterioration in the rand. But the trend is downward — in January the figure was 32,7% and in February 30,8%.

However, it appears the depreciation of the rand is no longer influencing the month-on-month statistics.

The imported component, which in past months has shown alarming rates of increase, actually dropped from February to March, though by a minimal amount of less than 0,1%.

Although local commodities increased from February to March by 0,5% — the year-on-year increase was 17,1% — this was offset by the drop in the price of imported commodities.

In the medium term, changes in the PPI can lead to changes in the CPI. This could mean further drops in the CPI, though it is possible reductions in wholesale prices may not be passed on entirely to consumers as embattled producers attempt to inject some health into their balance sheets by increasing profit margins.

over of R1,3m, and Rem-

African delegation held any talks with any leaders of foreign states on this occasion; if so, with the leaders of what states,

(3) whether, on this occasion, he extended any invitations to any persons to visit the Republic, if so, (a) to whom and (b) what was the response?

†The STATE PRESIDENT:

(1) (a) and (b) My wife, the Minister of Foreign Affairs and the Deputy Minister of Defence and of Law and Order, and their wives, as well as officials who are normally involved in an occasion of this nature

(2) Yes It is public knowledge that Pres Machel of Mozambique and I held discussions. However, I do not deem it in the interest of South Africa to announce the names of the other persons with whom I held discussions

(3) (a) and (b) Yes I invited Miss M Reagan, as well as other persons, to visit South Africa Likewise, I do not deem it in the interest of South Africa to announce the names of the other persons or any reaction to the invitations

Ministers

Non-White persons: inflammatory speeches

*1 Mr L F STOFBERG asked the Minister of Law and Order:†

(1) Whether the South African Police recently received representations and/or complaints about non-White persons making inflammatory speeches directed against the White population group; if so,

(2) whether he intends taking steps in this connection; if not, why not; if so, what steps;

(3) whether he will make a statement on the matter?

The MINISTER OF LAW AND ORDER:

(1) No, no specific complaint by members of the public in this regard has been laid at the South African Police Pronouncements of persons which may harm relations between race groups and which may constitute a transgression of the law, are normally investigated by the police.

(2) and (3) Fall away

Foreign loans

HANSARD

*2 Mr L F STOFBERG asked the Minister of Finance †

13/5/86 Q col 1684

(1) Whether, with reference to his reply to Question No 232 on 7 April 1986, the Republic has raised loans in the United States of America since the 1982-83 financial year at an interest rate that was on average between 4% and 5% higher than that at which German and Swiss loans were offered, if so, why,

(2) whether he will make a statement on the matter?

†The MINISTER OF FINANCE:

(1) No, the State raised loans in other markets which were denominated in US dollars but no loan was raised in the United States of America since the 1982-83 financial year It should be noted that interest rates in the international markets are, for a variety of reasons, not directly comparable

(2) No

13/5/86 Q col 1684

HANSARD

Oil

*3. Mr L F STOFBERG asked the Minister of Mineral and Energy Affairs:†

(1) Whether, in view of decreasing oil prices, the State intends proceeding with the establishment of further synthetic fuel projects; if so, what further projects are being considered at present;

(2) whether it is proposed to guarantee the profitability of such projects by means of subsidised prices and other concessions; if so, (a) what level of profitability is envisaged and (b) in what manner will the State ensure that these projects are cost-effective,

(3) whether the Republic is at present experiencing a greater shortage of diesel oil than of other locally manufactured fuels, if so,

(4) whether preference is given to projects directed mainly at diesel oil; if not, why not,

(5) whether he or his Department has any knowledge of other countries which have (a) undertaken and (b) abandoned petrol-alcohol projects, if so, which countries in each case,

(6) whether his Department has made a study of the results of these projects, if so, with what result?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) Detailed design studies in respect of the Mossel Bay project are proceeded with In addition the AECI/Amcoal and Gencor torbanite project are being investigated

(2) The Government follows a policy where incentives are offered, if required, in respect of fuel produced from domestic raw materials In the case of Sasol the incentive amounted to 3,6c per litre which is, however, not granted at present. The approach to be followed with the proposed schemes is currently being determined by the Central Energy Fund (Pty) Ltd in consultation with the interested parties.

(a) No decision regarding this has yet been taken

(b) The Government envisages the creation of a climate wherein correct planning decisions may be taken and optimal financial practices and management techniques may be followed

(3) No, there is at present no shortage of diesel As a result of refinery processes which are aimed at satisfying the demand for diesel there is currently a slight over production of petrol

(4) Yes, technologies aimed at a higher yield of diesel will receive preference

(5) (a) and (b) Brazil, USA, Canada, New Zealand, Australia, Germany, Sweden, Norway, France, the Philippines and other countries have alcohol/petrol projects and/or demonstration programmes in various stages of development. The Department does not have knowledge of countries which have abandoned petrol/alcohol projects

(6) Yes Although the RSA can learn from other countries' experience, each country has to consider its own unique circumstances when the desirability, or otherwise, of alcohol/petrol projects are evaluated.

Q col 1686

Dieter Gerhardt

HANSARD 13/5/86

*4. Mr J H VAN DER MERWE asked the Minister of Defence:†

(1) Whether ex-Commodore Dieter Gerhardt had been convicted of any crime before he joined the South African Defence Force; if so, (a) of what crime and (b) what sentence was imposed upon him as a result;

(2) whether this information was known to the South African Defence Force at the time of his appointment?

†The DEPUTY MINISTER OF DEFENCE:

(1) Yes.

(a) Use of a vehicle without the

After 10 years, the Housewives' League has changed its leadership

12/5/86 STAR

244

By Jackie Unwin

The Housewives' League has come a long way from the time its members were described as "economic terrorists" and scorned as a bunch of women who spent hours discussing the price of toilet rolls

Now its opinions are respected and its voice powerful

After 10 years at the helm, Mrs Joy Hurwitz has handed over the presidency to Mrs Lyn Morris

Mrs Morris has been the League's national treasurer since 1977 and vice-president for eight years She intends combining the functions of president and treasurer until the end of the financial year

Mrs Morris said "We have been called names in the past I think that initially people were suspicious and wary of us because they didn't understand what consumerism was

"They felt threatened and reacted accordingly.

"But over the years we have been particular to ensure that we have done our homework

Mrs Lyn Morris ... "Consumerism is an ongoing way of life."

When we talk to Government and business we have our facts behind us

"We have conducted lots of intensive investigations

"We have established for ourselves a reputation of knowing what we are talking about as well as of being fair.

"Consumerism is ongoing and it is not always easy to show progress. You achieve little bits which, when all added up, make a big picture

"People say we haven't brought prices down but it isn't our function to bring prices down It is the Government's function to cut our inflation

"We are here to highlight and make the responsible authorities aware of what we feel is a problem in the marketplace — and we keep trying until we get the problem solved "

She intends to visit all the League's branches to get to know members better and would like to recruit more younger women

"I know a lot of young women work and have hassles with children but I do feel the older members could pass on the benefit of their experience.

"We need younger women They are our future "

Mrs Morris believes "all women work — the difference is some get paid for it".

She reads newspapers avidly and was encouraged to expand her interests by her late husband Malcolm, who signed her up as a League recruit.

"He was keen to encourage me to do things and I made sure his home ran smoothly

"A woman has to have some interests or she becomes a cabbage I have always taken an interest in world affairs and feel it is very important to be up to date and know what is happening not only in one's country but in the rest of the world "

British-born Mrs Morris came to South Africa with her parents just before the war and later worked as a secretary in London, returning to work in Cape Town and Johannesburg before joining the British Colonial Service

She served in Nigeria then Swaziland, where she met her husband, who was also in the British Colonial Service.

They left Swaziland 13 years ago when Malcolm joined the British Embassy in Pretoria

Mrs Morris has three children and one grandson

She has always enjoyed immersing herself in the League's demanding work and the firm friendship of its members helped her withstand the shock of her husband's death three years ago

Mrs Joy Hurwitz: "I enjoy a good battle."

The fight will still go on, vows Joy Hurwitz

By Jackie Unwin

Though Joy Hurwitz has retired as president of the Housewives' League after 10 years in office, she has no intention of hanging up her gloves — and certainly not in the current recession.

She still enjoys a good battle and is willing to take on on anyone she believes is exploiting consumers

"I am tenacious and won't let the bone go When the battle starts it must continue The League's members are the same type of women — devoted to the cause of the South African consumer. We have taken up the cudgels and fought at every level we could "

As immediate past-president and senior vice-president she will remain very active in the organisation

BUSINESSLIKE BASIS

"I will never leave the League It is part of my life, but I won't be so heavily involved," she said. "I have devoted my life to consumerism — so much so that it became a full-time job I loved it and wouldn't have missed it for the world "

The first goal she set herself on becoming president was to put the League on a businesslike basis The sale of the League's first cookery book provided the capital to open a national office with paid employees to deal with the expanding work

"The League's strength comes from the backing of its members — the grassroots system which gives feedback and has been there since it started in 1935," she said

"When we started expanding, consumerism was a term that was looked down upon but the League's work has put consumerism on the map, though it has been an uphill battle

"Now most newspapers in the country have consumer reporters Radio has helped considerably, though I cannot say the same of TV, which has done little on the consumer front "

FIRST CONSUMER-SUPPLIER CONFERENCE

Among the League's victories she rates

- Persuading Escom to reduce the surcharge put on electricity bills — many consumers are unaware this was ever done
- Ensuring the improvement in the quality of bread
- Calling the first consumer-supplier conference at which consumers, suppliers, manufacturers and retailers talked together for the first time about the compulsory price of all commodities
- A cheese and butter boycott in 1976, which achieved results
- The "quite remarkable" change in big business towards consumerism and recognition of the customer
- The standardisation of school uniforms, which was a direct result of a conference with the Minister of Education and manufacturers and retailers

Only now reaching fruition is its appeal against retail price maintenance and collusion with the banning of these practices and the investigation into control boards — "I hope the League was instrumental in bringing it about"

One of Mrs Hurwitz's most vivid and exciting memories was "speaking to the 3 000 irate farmers in Maritzburg who wanted to join hands with housewives to do something about the cost of their products"

But it isn't a total success story.

She has failed to get a member of the League on a control board as a consumer representative or to get all food exempted from GST.

But she's working on it

BUSDAY 12/5/86 244

NEWS FOCUS

Oil concerns cushioned against lower prices

WHILE the oil crisis has plunged oil companies worldwide into despair, those operating in SA are protected from plummeting prices, writes PETER WALLINGTON.

OIL companies in SA remain largely unaffected by the world oil glut — unlike companies abroad — and critics here allege this is because they are protected by a guaranteed 15% return on their assets employed.

The critics also point out that other concerns important to the economy do not enjoy similar protection and challenge the need for so many multinational oil companies to remain in SA.

The apparently healthy state of oil companies at home contrasts with many abroad.

In the US, oil states such as Texas, Oklahoma and Louisiana have been severely affected Bankruptcies and layoffs plague the oil business and nearly every industry connected with it.

Though the US Labour Department announced recently that unemployment had dipped to 7,2% in March — down from February's 7,3% — the jobless rate has stayed unexpectedly high at least partly because of the oil slump. Unemployment in Louisiana has reached 13,2%. In fact, oil giants such as Chevron and Exxon recently announced plans to lay off between 15% to 25% of their staff.

Oil industry sources say SA companies are better off because they are not involved in oil exploration, and therefore do not have the same degree of capital invested.

A BP South Africa spokesman said the company concentrated on oil refining and marketing "where a more stable result is still being achieved. We are under some pressure from high inflation and increased operating costs but as long as we can retain profitability we have no intention of retrenching staff".

John Drake, oil division MD at Shell SA, said his company has suffered "substantial stock losses in SA" because of the fall in crude oil prices.

However, Shell is in business for the long-term and aims to keep its customers supplied. "To do so we have to carry certain minimum levels of inventory and it is inevitable that in times of falling prices we make stock losses, and conversely stock profits when prices rise," he says.

"Numbers of staff are tightly controlled and we have no oil exploration or oilfields in SA that could face closure, so I do not think there is much scope for redundancy programmes in the oil business."

But the critics say the 15% return on assets has helped sweeten the pill even further, and allows oil companies to expand their asset base by building expensive garages

Furthermore, one critic says at least one refinery should have been closed — SA's refineries are under-utilised — but says no company will do so because it forms part of its asset base.

The Department of Mineral and Energy Affairs' Director of Energy, Lourens van den Berg, denies the 15% return is guaranteed, but says it is an "average yardstick" that government is prepared to allow them at present.

He said it had been agreed no adjustments would be considered until their average return on assets employed fell below 10%, or increased above 20%

"Taking into account the method of calculation of the industry's return on assets employed, the profits allowed the industry are very conservative."

AA director-general Peter Elliot argues that the wholesale profit margins need to be urgently revised because it has led to "inefficiency and a multiplicity of garages at a tremendous cost".

He adds that the inclusion of filling stations in the asset base leads to filling station rentals and, therefore, profit margins, becoming a key factor in the retail price of petrol

He says, too, that the balance sheets of the multinational oil companies are not publicly disclosed Only Sasol and Trek disclose their balance sheets, and Elliot says Trek shows huge profits in relation to its capitalisation and in relation to its level of activity.

MR X, who has seven children, tried to throw himself under a train after he was fired from a R90-a-month job as a gardener in Sandton. He was stopped by concerned passers-by who brought him to the Black Sash advice bureau There he sat for two hours in a catatonic state.

"He broke down and cried," recalls Black Sash adviser Buelah Rolnick, as she was talking of the hundreds of workseekers who appeal daily to the advice bureau for help.

She is among other advice bureau staff who come face to face with the trauma of unemployment increasingly faced by thousands of workers — looking for work, dismissed or retrenched

Apart from the economic suffering faced by these people, the psychological effects of losing one's image and respect as a father and breadwinner are devastating, she says

The level of unemployment has reached critical proportions with more and more people seeking assistance from advice bureaus, the Industrial Aid Society and trade unions

Many resort to crime, others depend on relatives and friends, and eking out an existence in the informal sector has become increasingly popular

Bread, fresh milk price rises on the cards

95 86 · Subsidy (244)

GERALD REILLY

CONSUMERS can brace themselves for increases in the price of bread and fresh milk within the next few months.

A Dairy Board recommendation for a price rise for fresh-milk producers is now being processed by the national marketing council before being submitted to Agricultural Minister Greyling Wentzel.

An increase of at least 3c/l is expected to be approved by the cabinet food committee.

And the first move in what is certain to be a big bread price hike from October 1 will be taken early next month — a meeting between the Wheat Board and producers on the new wheat price

The bread price was raised last October by 5c a loaf — white to 70c and brown 50c

Wheat Board funds were used to avert a price rise from April 1 when the 1985/86 R220m subsidy ran out and the subsidy for the current financial year was cut by R70m to R150m.

The R150m will be exhausted by October and unless government agrees to further substantial subsidisation — an unlikely move according to sources — a bread price hike of as much as 10c a loaf is likely.

The Davin Commission last year recommended that the bread subsidy be abolished from October.

The price of wheat was raised by 8,7% last October.

tomorrow.
Tour manager Ian Kirkpatrick said ... all out," he said ... the laws of the game, said yesterday that

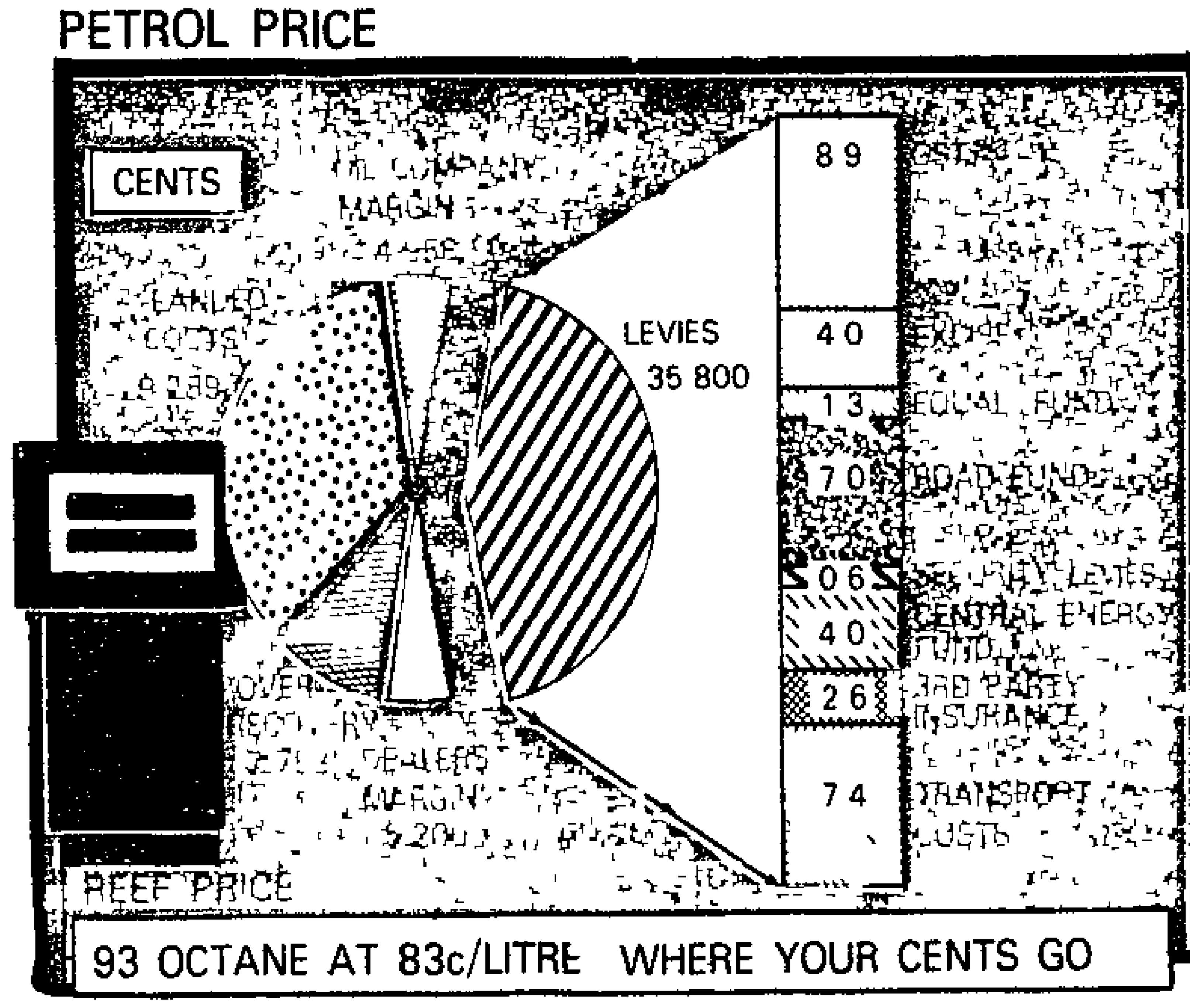
Millions lost in GST as pump prices follow oil down

BUS DAY 244 9/5/86

Govt seeks ways to protect fuel revenues

DAVID FURLONGER

PETROL PRICE



GOVERNMENT is examining ways of protecting tax revenues in the face of falling oil prices

The state has lost millions of rands in general sales tax (GST) as petrol pump prices have dropped in line with the collapse of world oil markets

Senior fuel industry sources say they expect government, faced with the prospect of even greater revenue losses, to scrap GST on fuel and replace it with a higher excise duty

Immediate effects of such a move would be to slow further reductions in pump prices countrywide and push up the price at the coast

The Department of Mineral and Energy Affairs says no decision has been reached yet on changes to the pricing structure

Confirming that "a lot of analysis is going on", a spokesman said yesterday "We have considered alternatives and discussed them with the Department of Finance, but there is no finality at this stage"

While reports from Britain and the US yesterday said certain crude prices were showing unexpected recovery, analysts say the full effects of the recent decline — most crudes fell to around $10/barrel, compared with the official Opec (Organisation of Petroleum Exporting Countries) level of $28/barrel — have yet to trickle through to SA pumps

Recent reductions in petrol pump prices have already cost government millions of rands in GST

At 106c/l, the state was taking 11c in GST At 83c, this is down 2c/l, or a rand a tankful

Reef motorists who pay 83c for a litre of 93-octane petrol are contributing 8,9c

● To Page 2

BUS DAY (244) 9/5/86

Fuel tax plan sought

● From Page 1

of that in GST and a pre-determined 4c in excise duty. To protect its income, say the sources, government wants to abandon GST and increase excise duty by about 10c

Pump prices in SA are worked out on a complicated formula (see graph).

In spite of local production, costs are based on world prices and the landed cost of the commodity.

Once the oil companies and dealers have taken their pre-set margins, the state takes another huge slice in various levies, including Third Party, central energy fund, security, road fund, equalisation fund and excise duty.

In the case of inland petrol pumps, there is a further levy imposed for transport costs from the coast where, in theory, fuel is landed.

A certain margin is allowed for over- and under-recovery of costs. While the Department of Mineral and Energy Affairs subsidised (under-recovered) prices by up to 19c/l in 1984, it is now over-recovering by nearly 8c while world oil prices are low

On top of all this comes GST. Where it touches the levies, it is in effect a tax on a tax.

The department spokesman said government was aware of criticism of the "tax-on-tax" and transport cost components of the fuel price and was looking at ways to overcome them.

The effect of the suggested new pricing system would be to slow the benefit for SA motorists of further reductions in international oil prices.

An 8c fall in the pre-GST price at present would be followed by an approximate 1c fall in GST. Under the new, inflexible excise payment, the basic price would have to fall considerably further before any advantage was seen.

Equally, any potential increase in the fuel price would be delayed by the new system.

Coastal motorists could expect to pay more under the new formula. A price of 75c/l, including 12% GST, would rise to nearly 77c when incorporating 14c excise duty.

The new formula would be a reversal of the trend nearly two years ago, when excise duty was reduced from over 10c/l to 4c/l because of the increase in GST.

Journalists in court for treason trial reports

STAR 7/5/86 (243)

An editor of the *Weekly Mail* and a freelance reporter appeared before Delmas treason trial judge Mr Justice K van Dijkhorst yesterday in an attempt to show reports in the *Mail* did not constitute contempt of court.

Mr Justice van Dijkhorst instructed co-editor Mr Anton Harber and reporter Miss Jo-ann Bekker to show cause why they should not be convicted of contempt for reports on May 2. These allegedly:

- Wrongly described notes made by an attorney as "judge's notes" made while watching a video shown during the trial;
- Speculated whether the report of the Van der Walt Commission of Inquiry into the Vaal unrest might have influenced the course of the trial;
- Specified recent evidence which might "shake the State's case".

FAIR COMMENT

Mr Dennis Kuny SC submitted that the inaccurate description of the comments on the video as "judge's notes" had occurred because the reporter had been misinformed by an attorney.

He argued that the speculation regarding the Van der Walt Commission was fair comment, and did not hinder the administration of justice.

Mr Kuny pointed out that the paper had tendered a copy of the apology it was willing to publish, subject to the court's agreement.

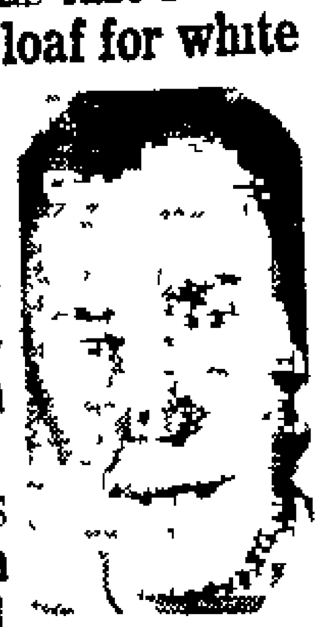
BUS DAY 7/5/86 (244) WHEAT

Wheat seems set to push up bread price

GERALD REILLY

THE first step in what is certain to be a substantial bread-price increase in October will be taken early next month at a meeting between the Wheat Board and producers. Under discussion will be a new wheat price.

The bread price was last raised in October — by 5c a loaf for white and brown bread



DU PLESSIS

Finance Minister Barend du Plessis announced a bread-subsidy cut of R70m-R150m in his March Budget

Wheat Board funds were used to avert an increase from April 1 this year. However, the R150m subsidy will have run out by the end of September and this, combined with an expected increase in the wheat price, will mean a substantial increase in the bread price

The Davin Commission recommended that the bread subsidy should be scrapped from October this year and that price control on wheaten meal and standard bread should be removed.

Wheat Board general manager Dennis van Aarde told *Business Day* yesterday that the wheat price was raised by 8,7% last year Taking into account the decrease in the fuel price and lower interest rates, farmers' costs could have increased by about 15% in the past 12 months.

On the 300 000 tons of wheat which will have to be imported to supplement the small 1,57-million-ton local harvest, Van Aarde said although prices might harden because of the Cherbonyl nuclear disaster, a profit would still be made on imports Compared with a local price of R325 a ton, it had been possible up until a few weeks ago to land imported wheat at R270 a ton

Electricity costs soaring — survey

BUS DAY 6/5/86

244

ELECTRICITY prices in South Africa showed a massive average increase of 19,7% for the year ended March 31.

That is according to the latest survey conducted by the National Utility Services (NUS), the international energy and fuel consultants.

The increase is nearly four times higher than the next highest percentage of 5,3% in Sweden, which led the tables in percentage increases the previous year.

Last year's 9% increase and this year's jump — predicted by NUS — stems directly from Escom's new financial planning.

"Although Escom have little choice but to pass on their own increased costs, consumers should surely expect some stabilisation of tariff prices in order that they, in turn, can play their part in reducing the inflationary spiral," said Peter Cornelius of NUS South Africa.

Of the 12 Western countries included in the NUS survey, only five countries — South Africa, West Germany, Sweden, Britain and the US — experienced average increases.

In the others, there was an actual reduction.

The Netherlands took the bouquet with a 22,5% reduction from 12,98c to 10,06c.

Despite the heavy increases, South Africa still maintained the lowest unweighted average of all the 12 countries

The average of the four major cities, Cape Town, Durban, Johannesburg and Pretoria, at prices ruling on April 1 this year, was 5,81c.

The NUS survey, based on customer size of 1 000Kw and 450 000Kw a month, shows that Pretoria, at 4,67c, is still the lowest non-hydro supplier in the world and is second only to Manitoba Hydro in Canada at 4,39c.

Cape Town is the highest in South Africa at 7,73c, with Durban second at 6,39c. — Sapa

Electricity prices show 19,7 p c hike

244

6|5|86

Mercury

JOHANNESBURG—Electricity prices in South Africa showed a massive average increase of 19,7 percent for the year ended March 31, according to the latest survey conducted by the National Utility Services (NUS), the international energy and fuel consultants

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Rising sugar price a bitter pill for soft-drinks makers

5/5/78

STAR

244

By Frank Jeans

The soft-drink industry — the biggest buyer of sugar on the domestic market — is wincing under the continually rising cost of its prime commodity, a situation which the bottlers believe is aggravated by protective market mechanisms and a "ridiculous railage set-up".

The latest sugar price rise to R758 a ton in March pushed the soft-drink industry's annual bill for the commodity to about R75 million a year on a volume of 110 000 tons.

This is the bottlers' biggest raw material cost factor on which they get no rebates They are said to have reached an impasse and are considering the use of high fructose corn syrup as an alternative sweetener

The president of the South African Federation of Soft Drinks Manufacturers, Mr Hennie Viljoen, says his members are "up in arms" over the high price of sugar and argues against what he sees as "anomalies in the sugar marketing set-up"

He hits out at the Sugar Association for its imposition of a rail rate to be charged on all consignments from the Durban rail head at Rosburgh "This specifically affects bottlers in the Transvaal

"If a bottler in the Transvaal gets his sugar from 40 kms away, he still has to pay the Rosburgh railage"

The soft-drink men also run into obstacles on the avenues to cheaper sugar In Swaziland, for instance, where sugar is currently priced at R514 a ton, its movement is controlled by a permit system which protects the local industry.

"This is a total monopolistic situation," say the bottlers

The sugar industry, however, will counter with the argument that growers are having heavy losses on exports because of the low international price currently at £140 (R430) and despite a bumper crop of 2,3 million tons this year

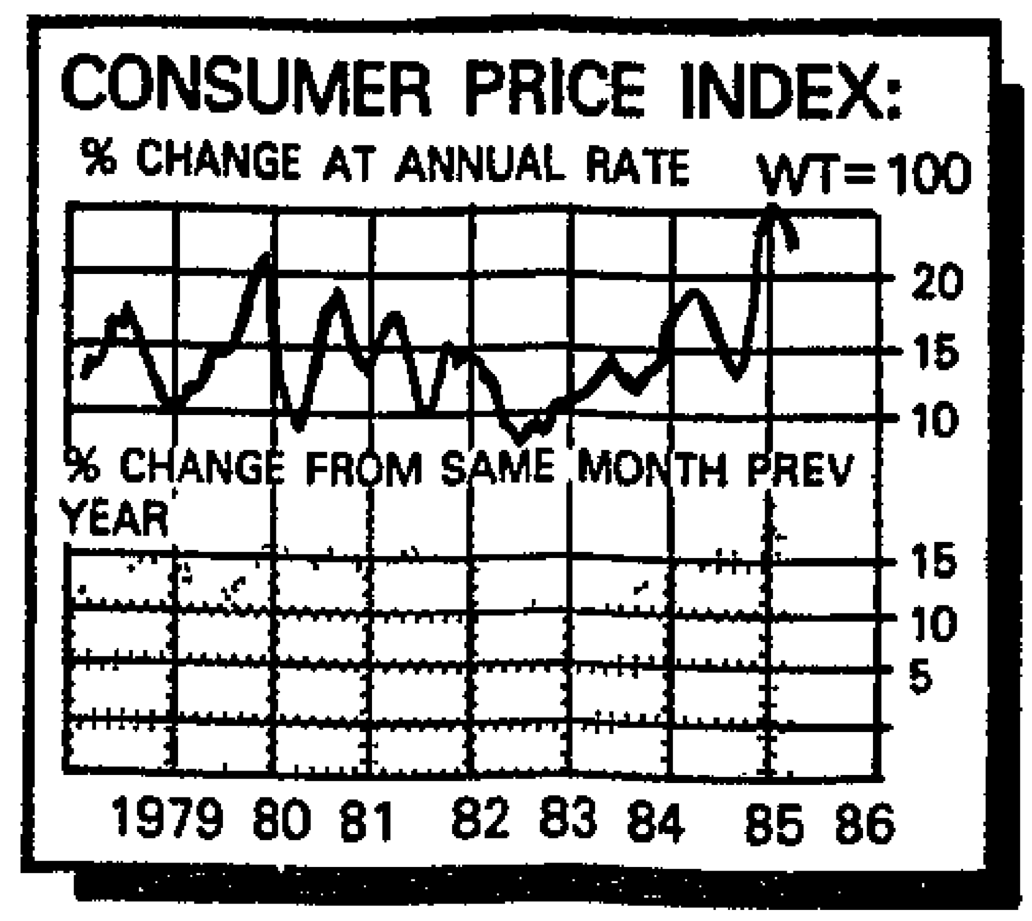
An aggravating factor is the sugar producers' debt burden which is now standing at about R327 million

"Export losses should be absorbed by Government subsidy and not by the user," says Mr Viljoen

"Notwithstanding the favourable exchange rate on exports the sugar price still went up by 15 percent"

Chronic inflation remains a very real danger for SA

5/5/86 Bus DAY 244



With the rand's recovery, prospects for some moderation in inflation now appear good. A study by Old Mutual economist Rob Lee, reports JOHN TILSTON, suggests that SA is treading a dangerous path very close to a precipice beyond which lies chronic inflation.

WE ARE constantly reassured that demand in the economy is so low as to be of no immediate threat to the rate of inflation.

Inflation is fuelled by higher costs and, now that the rand has recovered, prospects for some moderation in inflation are good.

A revealing study just completed by Old Mutual economist Rob Lee suggests that SA is treading a dangerous path very close to a precipice beyond which lies chronic inflation.

The inexorable increase in prices has decisively moved out of its 10% to 16% band within which it has traded for the past 12 years. Latest figures put it at 19%.

Though Lee expects the SA monetary authorities to stay this side of disaster, he projects inflation this year dropping to around 16% by year end, but this, he cautions, will be largely a statistical reduction. The high increases of the last few months of 1985 will have the effect of reducing the year-on-year calculations.

For 1987 Lee sees inflation averaging just under 20%. The following year, he believes it will average just over 20%.

Lee's analysis identifies economic characteristics associated with rates of inflation of more than 20% in other developing nations.

In relatively small economies heavily dependent on foreign trade the balance of payments is critically important to economic policy, and in turn inflation. A surplus on the BoP is essential for non-inflationary growth. If the surplus is imperilled, corrective policy measures to depress imports have to be taken.

But if there is a major setback to the BoP, such as a dramatic fall in the price of a dominant export commodity, then the cost of corrective action in terms of unemployment becomes too great. "In such circumstances," says Lee, "the inflation route is usually a more attractive alternative".

The classic BoP problem that has led to hyperinflationary situations is an increased foreign debt commitment, or a cut off in the flow of foreign funds into the country.

IMF statistics show SA had a debt service burden (interest and capital to be repaid in a certain period) of 19% in 1983. Says Lee: "The domestic situation still seems compatible with the inflation range experienced over the past decade. Events in 1985 however substantially worsened our potential debt burden and the ability to service that debt. Given our historical dependence on a net foreign capital inflow, particularly in achieving a satisfactory growth rate, the net impact of the debt standstill agreement, and the scant prospect of attracting a net inflow of foreign capital in the foreseeable future, may have damaged our inflation outlook materially."

A weak currency is another factor associated with high inflation. While a weak currency helps to "automatically" adjust BoP deficits, it can quickly feed inflation through to the domestic economy. This often sets up a vicious cycle of inflation and currency depreciation. Lee notes that SA has so far managed to avoid this, but he warns that it is essential that SA avoids a repetition of the exchange rate behaviour of the last two years.

High inflation has also afflicted countries when public finance is mismanaged. The most common problems usually stem from an abnormal escalation in the demands on government spending. Lee adds that "a rise in state spending becomes potentially even more inflationary when the size is consistently underestimated, and the appropriate financing policies are therefore not implemented".

Financing higher-than-expected spending can be easier when tax rates within the economy are low. The higher the tax burden, the greater the likelihood that the government will resort to the printing presses.

Lee also points to indexation within an economy as being critical to inflation.

Indexation starts at an informal level with workers using the consumer price index in the wage negotiations to try and protect their real incomes and standard of living.

Inflation really gets a hold and quickly climbs to chronic levels when there is political backing for indexation. In SA, according to Lee, informal indexation is widely practiced as most wage claims are effectively indexed to the CPI. But, he stresses, there is no official backing for indexing and the authorities have in fact distanced themselves from such ideas.

"The informal adjustment process appears to be about 12 months, indicating that indexation is at this stage a factor keeping inflation at present levels rather than being a driving force behind a much higher rate," says Lee.

Four exempt from new anti-cartel law

BUS DAY 25/8/86 244

● VILLIERS

Business Day Reporters

TRADE and Industries Minister Dawie de Villiers yesterday named four exemptions from new anti-cartel legislation that comes into effect today

The four exemptions are the Spar retail chain, advocates and two retail pharmacy operations — Plus Promotions and Eastern Cape Pharmacies.

The new legislation — a ministerial amendment to the Maintenance and Promotion of Competition Act — prohibits five major restrictive trading practices. They are re-sale price maintenance, horizontal price collusion, collusion on conditions of supply, collusion on market sharing and collusive tendering.

De Villiers accepted a Competition Board recommendation for brief exemptions in 55 cases — either to give applicants time to adapt or to provide the CB with the opportunity of considering applications for permanent exemption.

In addition, government has allowed a two-year bridging period in another seven cases to enable them to phase out their collusive practices properly.

Penalties under the new legislation allow for fines up to R100 000, a five-year prison sentence, or both.

Announcing the exemptions in Parliament yesterday, De Villiers said that "a substantial number of applications" for exemptions had been received but the board recommended that only four be granted

Under an agreement demanded by industry, government will not identify industries whose applications are turned down.

He said the practices barred by the new legislation "generally inhibit effective competition which, in turn, has indisputable disadvantages for a market-orientated economic system".

Govt warns that professions may be next

Price-fixers face tough new penalties

STAR 2/5/86

244

By David Braun, Political Correspondent, and Michael Chester

Businessmen will burn their fingers if they ignore tough regulations introduced today to smash price-fixing cartels and other collusive practices, the authorities have warned.

Offenders will face prosecution and stiff maximum sentences of five years' jail plus fines as high as R100 000.

Price fixing in the professions, such as the medical profession, is next to come under the Competitions Board spotlight, says Dr S J Naude, the board chairman

The Minister of Trade and Industry, Dr Dawie de Villiers, promulgated the regulations affecting business collusion in today's Government Gazette in terms of powers vested in him by the Maintenance and Promotion of Competition Act

They ban with immediate effect resale price maintenance, price collusion, collusion on conditions of supply, collusion on market sharing and collusive tendering.

Certain exemptions have been made. These include Spar supermarkets, Plus Pharmacies and aspects of the legal profession.

Some cartels are to be phased out. But in a "considerable number" of cases the Competitions Board found no grounds for justifying exemptions.

Progressive Federal Party consumer affairs spokesman Mr Harry Schwarz welcomed the move, saying that it should have a dramatic effect for consumers over the longer term.

"There will be competition for consumers' money now.

"At the moment consumers are not spending because demand is at a very low level.

"Now there will be greater competition because people are not selling as much as they would like to," he said.

Mr Schwarz said the exemptions would have to be looked at again because in a truly competitive society there should not be any exemptions, not even among the professions.

In a statement announcing the new regulations, Dr de Villiers said South Africa could simply no longer afford the large-scale elimination of competition by the relevant practices.

"The new dispensation will be put into operation with understanding and reasonableness but also with firmness," he said

Dr Naude warned that businessmen who ignored the regulations would burn their fingers

Price fixing and market sharing were rife in the economy and had to be removed, he said

Protected

Whole industries had been acting purely as cartels for decades

Dr Naude warned that professions such as the medical profession, which were protected by statute, were to be looked at

Those not protected by law could in terms of today's regulations no longer set a mandatory scale of fees

Petroleum products were also protected by statute so it was unlikely that these would be affected, he said

Consumers who encounter price collusion between producers and retailers have been advised to alert the CID Commercial Branch, whose detectives are on standby to launch investigations.

"Crooks who deliberately flout the new laws will have the book thrown at them and will run the risk of maximum penalties," said Dr Naude

"We have been shocked at the extent of price-fixing that has been uncovered Scores of industries must now alter their ways and be prepared for a lot more open competition Consumers deserve a new deal

"We intend to be fair-minded about genuine errors.

"After all, we are outlawing many practices that have been common in business for generations and care must be taken that the entire economy is not disrupted."

FIN MAIL 2/5/86.
244

GROWTH RATE

Little to cheer

If GDP rises around 3% in 1986, South Africans should content themselves with only a subdued cheer. A sluggish 1,9% average growth rate between 1980 and 1985 — including gold booms — does not presage a scintillating performance in the near future

All last year's bugbears are still with us — if not to a greater degree. High inflation, rising tax burdens, weak rand, socio-political upheaval, capital outflows, lack of investment spending, a bloated State sector, and weak confidence are hardly conducive to growth and wealth creation.

At constant 1980 prices GDP dropped 3,3% last year to R1 946 per capita, virtually the same as in 1972 and 8,5% lower than in 1981 Real gross domestic spending fell 7,8% Only a rise in export volumes of 8,3% and a fall of 14,4% in import volumes prevented an even worse performance

Senbank points out that "poor performance is directly related to a redistribution of resources in favour of low-growth alternatives." A low rate of capital formation has impacted on the real fixed capital stock — which grew only 2,5% in 1985

Scepticism abounds whether the slight "expansionary" measures announced in the Budget will alleviate stagnation Louis Geldenhuys, of stockbroker George Huysamer & Partners, says "The Budget won't do the trick We are faced with a Catch-22 on growth."

Geldenhuys cites two immediate stumbling blocks lack of confidence and lack of consumer spending capacity.

Economists naturally disagree as to the remedial strategy.

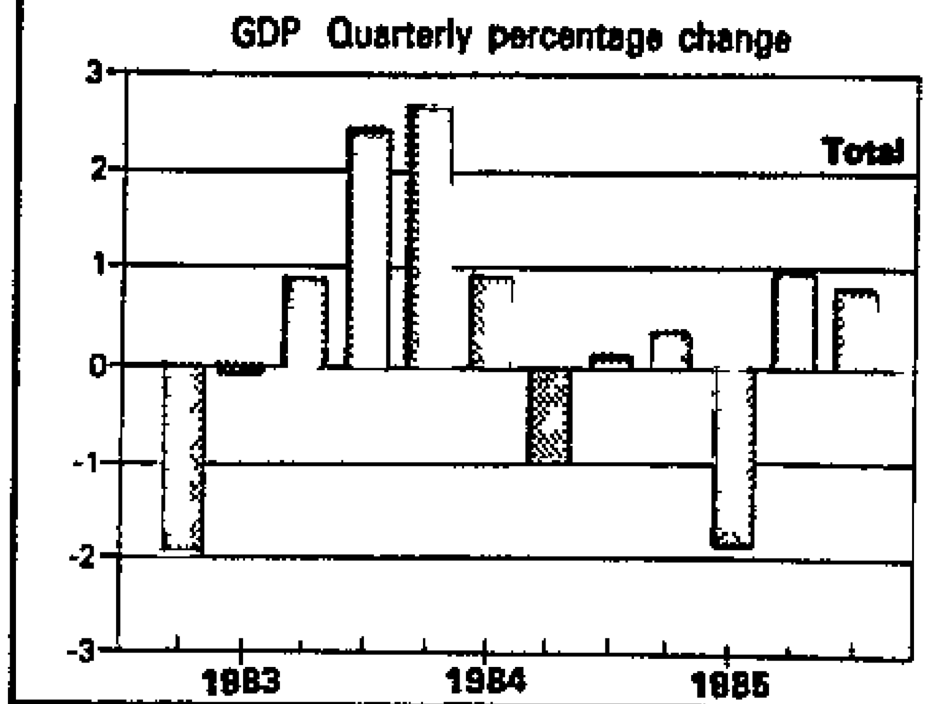
Standard Bank's economists take the line that "to embark upon a growth phase with an inflation rate near 20% would be courting disaster. It is necessary that monetary policy be tightened sooner rather than later If the present monetary stance were to be maintained, it would be conducive to too rapid a growth in credit and aggregate demand"

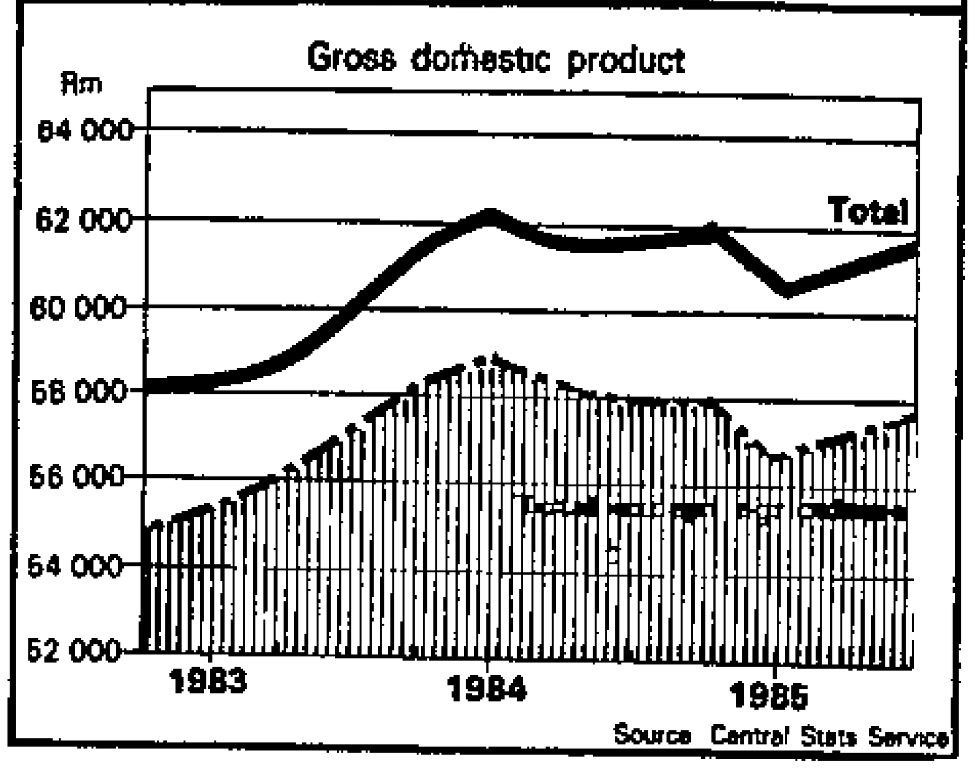
Resort to another round of the stop-go disease can only exacerbate the problem Andre Hamersma, the bank's group economist, suggests a gradualist approach, with a prerequisite of interest rates 2%-4% *above* the inflation rate In common with others, he believes politics is the key.

Geldenhuys is more of the interventionist school. He believes government should adopt a reflationary monetary and fiscal policy as a catalyst for greater capital expenditure. "Tax cuts only benefit the least disadvantaged members of society."

But with real fixed investment having declined steadily since 1981 (it fell 2,1% in 1985), a substantial backlog has to be made up before the capital bedrock can sustain a recovery. There is also worrying evidence that because of low new investment in export capacity since 1980, SA can expect little boost from this quarter.

ROCKY RIDE





A minimum of 5% real GDP growth is needed to support the growth in working population Indeed, 6m new jobs will have to be found by the year 2000, according to Gavin Relly, chairman of Anglo American With unutilised capacity in manufacturing running at 16% there's little chance of growth in employment there, either

With the infant recovery so fragile, based mainly on psychological factors stemming from budget measures, the risk of it being aborted is high ■

PRIVATISATION FIN MAIL 2/5/86

Timber!

Pretoria's recent decision to dispose of its timber interests signals this year's first major step to economic freedom What were words for so long have become deeds The timber decision, ironically, is the result of an investigation instituted by former PM and State President John Vorster

The next moves? According to insiders these will be made in August by proclamation in terms of State President P W Botha's recently announced executive deregulation powers

Observers, hinging their comments on what is "politically achievable," expect early proclamations to be on minimum standards, conditions of employment and building regulations Another likely early area is licensing — where encouraging steps have already been taken in the liquor trade

The first moves on Zebras (Zero Based Regulation Areas) could also be made. And transport — on a policy level — is set for deregulation over the next year. Another "obvious" area for privatisation is municipal transport.

Two international privatisation experts have arrived to present conferences hosted by the Soweto Chamber of Commerce and

FIN MAIL 2/5/86.

MAIZE (~~3 MAIZE~~) (244)

Price confusion

Officially the consumer price of maize has been set at R280,89/t for white and R266,27/t for yellow (*Business* April 25). But the truth of the matter is that millers (who pay the consumer price) will be forking out R340,89/t and R326,27/t respectively by the end of April next year.

The reason is a R5/t monthly increase

R271,77/t for yellow maize, leaving net producer prices of R240,35/t for white and R225,27/t for yellow maize.

"As producers are liable for the industry's costs and losses," adds Malherbe, "there is an understandable discrepancy between producer and consumer prices." ■

More discount petrol outlets open in city

Argus 2/5/86

Motoring Editor

MORE service stations in Cape Town are offering coupon-discounted petrol following the Supreme Court ruling which allowed Pick'n Pay to issue discount vouchers for fuel bought at its supermarkets.

One of the new competitors is a service station in Main Road, Sea Point, where motorists receive discounts of 12 cents for every litre of fuel bought.

The vouchers are redeemable at a chain of steakhouses, a Sea Point car wash or a silencer shop.

"Since I introduced the scheme on April 17, my petrol sales have soared 20 to 30 percent," owner Mr Harold Sirin said today.

"I think the Government will legislate to stop coupon discounts, but until they do, we carry on."

HARD LOOK

Several filling stations in Mitchell's Plain are offering coupon discounted petrol, a service station in Woodstock plans to introduce the system this month and a number of other outlets are taking a hard look at it.

The fixed mark-up on fuel is about five cents a litre.

Coupon discounting usually involves a local tie-up and cross-discounting in a group of companies is the most beneficial system.

Oil companies are remaining neutral in the matter.

"As long as they break no laws, the outlets do what they like," a spokesman for a large oil company said.

Further oil drops could hurt coal

244

MICK COLLINS

ANY further drop in the oil price could badly damage SA coal exports, industry sources say.

They were reacting to a report from Chase Manhattan Bank which said SA could cut coal prices to match or even beat the $9/barrel oil price and so gain an additional 5-million tons in exports.

Transvaal Coal Owners' Association spokesman Gerald Robinson said the report was misleading and incorrect

"Our export coal is sold in direct competition to oil Already there are overseas oil-burning power stations with spare capacity. Are they going to convert to coal with oil at $9/barrel?.

"Coal exports will definitely not benefit from either the drop in oil prices or a weak rand All our business is done in US dollars and we are competing against other countries on the same basis," he said

One industry source said there was no flexibility remaining in the present export price of coal

"If the oil price continues to drop what happens then? There is a real danger here that our overseas market will shrink. Sentiment expressed in the US report is just an opinion, and there are lots of those".

Alan Sealey, head of the coal division at Rand Mines, said the oil fall held few advantages for SA

"While some local exporters may still have the ability to drop prices, a situation would then arise which could see SA firms competing on the overseas market against each other.

"The biggest threat to our coal exports is gas as a source of power. And when the price of oil falls so does the price of gas.

"Smaller power stations in the UK are already oil and gas-burning With the lower prices they are now being used as base load stations to the detriment of the bigger coal-burning plants"

May 1986

Our power's cheapest but ...

SA tops the list in electricity price increases

244

Electricity prices in South Africa showed a massive average increase of 19,7 percent for the year ended March 31, according to the latest survey conducted by the National Utility Services (NUS), the international energy and fuel consultants.

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In the others, there was an actual reduction with the Netherlands taking the bouquet with a 22,5 percent reduction from 12,98 c to 10,06 c (US6,09c — 4,72c)

Despite the heavy increases, South Africa still maintained the lowest unweighted average of all the 12 countries The average of the four major cities, Cape Town, Durban, Johannesburg and Pretoria, at prices ruling on April 1, this year, was 5,81 c/kWh (US 2,73c).

The NUS survey, based on customer size of 1 000 kW and 450 000 kW per month, shows that Pretoria at 4,67 c is still the lowest non-hydro supplier in the world and is second only to Manitoba Hydro in Canada at 4,39 c Cape Town is the highest in South Africa at 7,73 c, with Durban second at 6,39 c — Sapa

Top firm warns of price hike on home appliances

A large distributor has warned the price of its domestic appliances and TV sets are to go up in June or July

Mr Mike Bosworth, managing director of Tek Electronics, said although the improvement of the rand has seen prices on certain goods drop it was a mistake to think they would drop further

Prices rocketed last year as the rand fell dramatically against the dollar.

Mr Bosworth said: "Prices have now stabilised and an increase can be expected in June or July on account of inflation which is running at an estimated 20 percent.

"For example, the retail price of a Telefunken 51 cm TV set six months ago was R1 699. The same set now costs R1 799 and we expect it to go up to R1 999 in July

"Similarly, a Defy basic 410 stove was R799 six months ago It now sells for R899 and will cost about R999 in three months' time."

He said the argument that a favourable rand-dollar exchange rate would bring down the prices was simplistic

"It fails to take into consideration the adverse effect of the rand-dollar-yen cross-rate which is working against South Africa's interest and is not likely to improve soon Nor does it take into account the inordinate amount of money collected by the Government on each item

PANIC BUY

"The Government's take in white and brown goods is extremely high and has the effect of pushing up prices even more.

"Taking a Telefunken 51 cm TV as an example and an exchange rate of 50c, the Government's share is R543 The set retails for R1 799. GST is R216, import duty on imported content R33, the 10 percent surcharge on imported content R40, and ad valorem duty R254.

"Although the Government is to change the ground rules vis-a-vis the importation of white and brown goods at the end of the year, we question the wisdom of allowing wholesale imports which may be cheaper in price but which will offer the consumer no real service backup and brand reliability"

Mr Fred Pearce, marketing manager (video) of SA Philips, said his firm did not envisage a price increase "just yet".

Retailer Mr Tony Factor said. "Consumers must not panic buy. Over the last 18 months we have heard about tremendous price hikes for TV and video. They have gone up for five or six days and because of the lack of response prices were reduced again."

244

MAY 1986

Car prices to rise as sales tumble

ALAN RUDDOCK

CAR prices would rise again at the beginning of June, industry sources said yesterday. Tumbling volumes and the rand's fall against the mark and the yen had exacerbated manufacturers' cost pressures and dashed hopes that increases could be staved off.

June increases will be 4% to 6% depending on the individual manufacturer and vehicle models. Further increases are expected later in the year.

● See Page 11

BREWING INDUSTRY, WITWATERSRAND

Parties — Employer Organisation: South African Brewing Industry Employers' Association
Trade Union: Witwatersrand Brewery Employee's Union

Area — Magisterial Districts of Alberton, Johannesburg, Kempton Park* and Krugersdorp*.

Milk price set to rise 3c

BUSDAY. 30/4/88 (244)

GERALD REILLY

THE Cabinet is expected to approve an increase of about three cents a litre in the producer price of fresh milk from the beginning of June, according to Pretoria sources.

The producers' last increase, granted in June last year, amounted to between 3,2c and 3,5c a litre.

Half a cent, however, was levied to help meet the costs of "surplus removal".

Industrial milk producers' last increase was in December last year — 4,3% or R1,42 for 100kg.

SA Agricultural Union (SAAU) national dairy committee deputy chairman Christie Burgers said yesterday that production costs in the industry had "gone through the roof".

There were few if any dairy farmers operating at a profit, he said.

Many were registering big losses.

However, when the price was fixed cognisance had to be taken of the effect of an increase on consumption.

Agricultural economists agreed that the price of milk and milk products had reached a sensitive level where even a slight price increase could have a significant effect on consumption.

They said that when the new price was determined, the huge surplus of butter — estimated at between 6 000 and 8 000 tons — would have to be taken into account.

Recommendations on how to reduce the surplus, among them big price reductions, are now with the National Marketing Council.

Milk price increase in the pipeline

STAR 30/4/86 DAIRY 244

A price increase in the producer price of fresh milk is in the offing but has not yet been approved by the Minister of Agriculture.

A spokesman for the Department of Agriculture said the Dairy Board has asked for an increase in the price of milk and the request is still being considered by the National Marketing Council. He could not say what the increase would be.

The last increase in the producers' price was in June last year of between 3,2c/l and 3,5c/l.

Legislation is set to wage war on collusion

Few will be exempt in anti-cartel move

244

BUSDAY 29/4/86

DAVID FURLONGER
Industrial Editor

ONLY a handful of industries will be granted exemption from new anti-cartel legislation that comes into effect this week.

Competition Board chairman Stef Naude said over 70 industries had applied for exemption from the legislation, which becomes law on Friday.

Government sources said, however, that Trade and Industries Minister Dawie de Villiers had accepted an initial Competition Board recommendation that only about six applications be accepted.

The legislation, a ministerial notice to the Maintenance and Promotion of Competition Amendment Act, is designed to outlaw five major restrictive trade practices:

- Resale price maintenance — forcing retailers to set a minimum price for manufacturers' goods;
- Horizontal price collusion — an agreement among suppliers of a commodity to charge a particular price or minimum price;
- Horizontal collusion on conditions of supply — an agreement to set particular terms for supply of a commodity;
- Horizontal collusion on market-sharing — an agreement to split up the market, including territorially or by share;
- Collusive tendering — an agreement by suppliers either not to tender for a particular contract or to submit a tender reached by arrangement between them.

Naude said SA business was riddled with these practices.

"It is shocking to see to what extent they exist in the economy. There is almost no industry where there is no price collusion."

From Friday, offenders face the possibility of a R100 000 fine or five years' jail, or both. Culpability extends not only to companies themselves, but to officials and directors operating behind the companies.

Certain industries will be exempt where their activities are considered to be in the public interest.

De Villiers will announce these exemptions early next month. More could follow as the Competition Board completes its investigations. Under an agreement between government and industry, De Villiers will not identify industries whose applications for exemption are refused.

To Page 2

BUS DAY 29/4/86. 244

Sweeping new anti-cartel laws

From Page 1

Naude said applications for exemption were still coming in, and temporary exemption — 'in some cases for up to two years — will be granted while investigations are completed.

The new Act will not affect government-maintained price controls such as agricultural marketing boards and the fuel price. Such controls can only be altered by overturning or amending the legislation that set them up in the first place.

However, where State-controlled bodies such as Iscor and SA Transport Services (Sats) exist in competition with the private sector, they are fully liable to the new Act.

Naude said the new legislation would undo generations of unfair business practices in South Africa

"Some businessmen have come to me and said: 'We don't know how to compete. We've never had to before'."

Cement industry under fire for price collusion

SMC 28/4/86, (?) 244.

By Sven Lunsche

The cement industry has been severely criticised for embarking on capital-intensive projects while the building and construction sectors are going through one of their worst slumps

The industry has also been panned for keeping the price artificially high through price collusion and market sharing tactics

Mrs Giselle Roux of brokers Frankel, Kruger says "The extraordinarily high profit margins in the cement industry have come down a bit over the last year Nevertheless they are still one of the highest in the South African building industry"

Another stockbroker argued that the cartel of the three major companies, Anglo-Alpha, Pretoria Portland Cement (PPC) and Blue Circle, will have to be broken if some measure of competition is to be restored and cement prices brought down

The industry has increased prices in response to under-utilisation of plant. So the public has to pay for massive over-capacity at various new factories at a time when total cement consumption has dropped by over one million tons from 1984 to 1985

Anglo-Alpha faces problems with its recent R 300 million plant expansion at Ulco, which is running only at 70 percent of total capacity PPC and Blue Circle have similar difficulties

PPC cut its capital expenditure on the recently commissioned Dwaalboom factory from R300 million to R220 million Nevertheless, as a result of the declining productivity most of the staff either had to be replaced or retrenched At Blue Circle's R200 million Lichtenburg factory only two out of six kilns are productive and a large part of the work force had to be retrenched

The Competition Board has recently published a notice highlighting practises of price collussion and market sharing as being in conflict with the provisions of the Maintenance and Promotion of Competitions Act, which will be introduced on May 2

Competitions Board chairman Dr Stef Naude said "This is applicable to arrangements in the cement industry, ye we have to be careful that we do n destroy the industry by breaking up cartel, which has run the industry for long time and fairly succesfully"

Dr Naude indicated that some kind extention will be granted to allow th industry to either adjust to the new reg ulations or make new representations t the board

But brokers suggest that even if th regulations are enforced "the industr would keep some kind of gentleman' agreement going, to maintain their cor trol over prices".

Industry sources have presented sub missions to the board, detailing the nee of continuing with the present structur and organisation

Says PPC MD Guy Luyt: "I am sur there will be no summary withdrawal the present arrangements, as the Boar recognises the problems that will b created"

Ronnie Searle, deputy MD of Anglo Alpha, believes arrangements betwee the major companies are still in the be interest of the cement industry and the long run the consumer "If we loo at other countries, namely the US where free competition exists, we don see that they are much better off," h said

Spokesmen for all three companie dismissed suggestions that their exten sive capital expenditure projects in th last couple of years were unjustified

"We are talking of a full three-yea period between the decision to go ahea and the commission of a cement indus try, and there is no way in which the present recession could have been pre dicted in 1981/82," said Mr Searle

He also indicated that two years ago building industry sources suggested tha South Africa would experience a build ing boom as never before.

"We were then criticised for not mak ing sufficient provisions for expansio and were faced with cement impor which badly affected the local industry

All three companies also point o that their ventures are long-term inves ments and that they obviously will p off once the economy picks up

Personal savings drop as bad times empty pockets

244 STIMES 27/4/86

By Amrit Manga

ECONOMIC conditions are unlikely to improve dramatically this year, and there is no indication that people are building up precautionary balances in anticipation of difficult times.

Nedbank, which looked at the savings pattern, says "Although 1985 was a tough year economically with little indication of improvement in the near future, the public did not materially increase the proportion of its disposable income, as measured by the personal savings ratio, allocated to savings."

Quarterly figures compiled by the Reserve Bank show that the personal savings ratio declined from 8,2% in the fourth quarter of 1984 to 5,6% a year later

Post Office

Reserve Bank figures also show that South Africans drew on their savings in the past five years.

Although the personal savings ratio declined, many people are putting money aside. But their savings are going to the Post Office's tax-free investments instead of banks.

If interest rates continue to remain below the rate of inflation, currently 18,19%, the parking grounds for savings may also alter

Barry Swart, Barclays Bank deputy managing director, says: "You can't really blame them when we see that the inflation rate turns 14% into a negative interest rate by a wide margin — and tax has to be paid on the negative return."

The banks' deposit mix has been adversely affected.

Mr Swart says. "Our core retail deposits now form a much lower percentage of our total deposits than they used to. We are having to fund our increasing balance sheets with funds from the money market."

Call money

This has significant implications for banks when interest rates increase. "If the call rate rises one percentage point — as it has over the past month — and prime rate remains unchanged, you can imagine what that does to our margins."

In facing the squeeze, banks have been obliged to keep tight control over non-interest costs.

Mr Swart says: "This effort is bedevilled by increases in administered prices like those of the Post Office and the exchange rate on the price of imported technology"

Staff cut

But what about future savings trends? Nedbank says total real personal disposable incomes are likely to remain under pressure in the years ahead as a result of the weak demand for labour

Personal disposable income will come under pressure as fringe benefit taxation becomes steadily more onerous.

In all likelihood, price increases in basic necessities will continue to outstrip wage and salary rises. Many people, and in particular those with a low income, will find it difficult to save.

In spite of having taken a knock from the Post Office in the savings area, Barclays has done well overall. The bank's total staff has fallen through attrition by 600 in the past year

The economic situation has not helped. Barclays hire-purchase arm, WesBank, is experiencing a record level of bad debt. The worrying aspect of the trend is that 40% of this bad debt is registered by customers who under better economic circumstances would be considered valued customers, says Mr Swart.

Gearing

"Where people have lost their jobs even less onerous repayment terms are not much help to embattled borrowers"

Fortunately, a lower cost of funds is compensating for both the bad-debt problem and lower number of transactions. Rand volumes, however, remain high because of costly cars. A reasonable profit for WesBank is already "locked in" pril 26 1986

news

Retailers and consumers join protest

26/4/86 SOWK

Growing anger at increase in price of maize

244

By Jackie Unwin

There is growing anger at the maize price increase — estimated by millers to be 25 percent by later this year — and what is claimed to be a Government cover-up to hide the extent of the increase

Mrs Ellen Kuzwayo, president of the Black Consumer Association, says a 25 percent increase in the maize price could result in death for many unemployed people

But a spokesman for the Department of Agriculture denied the Minister's announcement was misleading

He said the Minister of Agriculture had clearly stated on April 22 that the selling price of white maize by the Maize Board would increase by 13,9 percent and yellow maize by 9,7 percent the following day, and prices would increase by R5 a ton on a monthly basis to partially make provision for handling and storage costs.

"The eventual price increase for maize buyers will therefore depend on the time of purchase and quantity kept in storage

"A similar system has been successfully applied in the marketing of wheat for many years

"It must also be borne in mind that the prices of maize products are not controlled and consumers should shop around"

The Housewives' League has appealed to the Government to reconsider the price increase, although it supports the increase to the producer

The Federated Chamber of Industries, the South African Poultry Association and the Animal Feed Manufacturers' Association and major retailers have deplored the magnitude of the maize price increase and the "misleading way this has been conveyed to the public"

Cover-up claim

A Press statement issued jointly by the South African Poultry Association and the Animal Feed Manufacturers' Association states

"It appears as if a new system was used to cover up the real size of the increase"

Chairman of the FCI subcommittee on agriculture, Mr Lance Japhet, said the actual increased cost to the miller and feed manufacturer will be more than 25 percent

These costs would have to be passed on to the end user

He said the Government's announcement this week that the consumer price of white maize has been increased by 13,9 percent and yellow maize by 9,7 percent ignored the fact that from June 1 there would be a monthly price increase of R5 per ton

"As maize is a basic commodity in the diet of both man and beast, the substantial cost increases will have both a direct and spiral effect on the already unacceptably high consumer price index and in areas where they can be least afforded"

The SA Poultry Association and the Animal Feed Manufacturers' Association statement also said

"The producer price was increased from R214,65 to R225,27 per ton The difference between the producer price and the consumer price is, therefore, R41 per ton

"This will be used to offset losses incurred in the export of surplus maize and the export of surplus maize and the consumers must now pay for this as opposed to the previous system where the producers carried this cost

25/4/81 (244) BUS DAY

Govt accused of misleading over maize

GERALD REILLY

THE Federated Chamber of Industries (FCI) has accused government of misleading consumers on the actual extent of the maize price increase.

Minister of Agriculture Greyling Wentzel announced this week that the white maize price would be raised by 13,9% and yellow maize by 9,7%.

But FCI agricultural sub-committee chairman L K Japhet told *Business Day* yesterday the actual increase to millers and feed manufacturers would be 25,1%.

These higher costs would be passed on to end-users.

Japhet said the Minister's announcement ignored the fact that from June there would be a monthly price rise of R5/ton.

"Effectively, therefore, until the end of the season next April, there will be an additional increase of R27,50/ton on both types of maize."

The main cause of the big increase, Japhet claimed, was that maize was still marketed through a fixed price mechanism that threw surplus losses and carrying costs on to consumers.

The SA Poultry Association and the Animal Feed Manufacturers' Association (Afma) are also angry at the misleading information about the maize price.

After a meeting in Johannesburg yesterday, Afma's Roger du Toit said the dramatic real increase would impact heavily on production costs and pricing of poultry and poultry products, including eggs

AIRLINE MOVEMENTS

Friday Air Schedule

Johannesburg to Cape Town

Dep	Arr	Flight					
0100	0305	SA397	1145	1350	SA311	1725	2040
0710	1040	SA301	1250	1455	SA343	1800	1955
0730	0935	SA303	1430	1635	SA325	1930	2125
0930	1135	SA307	1600	1805	SA329	2345	0140
			1630	1830	SA337		
			1750	2140	SA349		
			1800	2005	SA333		
			1805	2135			

Johannesburg to Durban

0145	0245	SA346	0850	0950	SA506
		SA326	1000	1100	SA512
		SA330	1145	1245	SA516
		SA398	1300	1400	SA518
			1600	1700	SA522
			1735	1835	SA524
		SA595	2040		

Port Elizabeth to Joh

0140	0310
0800	0930
0900	1115
1150	1320

BusDay 25/4/86.

STAR 244 (18) MAIZE (13) POULTRY

Poultry firms angered by maize increase

Pretoria Bureau

Poultry producers and feed manufacturers are up in arms about the maize price increase, saying it will push up their production costs — and inevitably lead to higher poultry prices in the supermarket

Consumers could find themselves paying more for chicken, turkey and duck within the next two weeks, they indicated

A spokesman for the South African Poultry Association and the Animal Feed Manufacturers' Association said although the increase in the cost of yellow maize was put at 9,7 percent, in the long term it would amount to more like 21 percent

This was due to the new R5 levy which was being added into the consumer price of maize to cover storage and handling costs.

The levy, which would increase by R5 a month, would amount to R55 by the end of April next year.

"The consumer price of yel low maize will then be R321 a ton — up 32,4 percent

"A new system is being used to cover up the real size of the increase"

Maize price rise: Anger is growing

ARGUS 25/4/86

244

The Argus Correspondent

JOHANNESBURG — There is growing anger at the maize price increase — millers estimate that it will be 25 percent later this year — and what is claimed to be a cover up by the Government to hide the extent of the increase

Mrs Ellen Kuzwayo, president of the Black Consumer Association, says a 25-percent increase in the maize price could result in death for many unemployed in the black community.

But a spokesman for the Department of Agriculture denied that the Minister's announcement was misleading He said the Minister had clearly stated that the selling price of white maize by the Maize Board would increase by 13,9 percent and yellow maize by 9,7 percent the following day, and that prices would increase by R5 a ton on a monthly basis partly to make provision for handling and storage costs

Appeal made

The Housewives' League has appealed to the Government to reconsider the price increase, although it supports the increase to the producer

The Federated Chamber of Industries, the South African Poultry Association and the Animal Feed Manufacturers' Association and major retailers have deplored the magnitude of the maize price increase and the "misleading way this has been conveyed to the public".

The chairman of the FCI sub-committee on agriculture, Mr Lance Japhet, said the actual increased cost to the miller and feed manufacturer would be more than 25 percent and which would have to be passed on to the consumer.

He said the Government's announcement this week that the consumer price of white maize has been increased by 13,9 percent and yellow maize by 9,7 percent ignored the fact that from June 1 there will be a monthly price increase of R5 a ton a month

"As maize is a basic commodity in the diet of both man and beast the substantial cost increases will have both a direct and spiral effect on the already unacceptably high consumer price index and in areas where they can be least afforded," he said.

The SA Poultry Association and the Animal Feed Manufacturers' Association said this "dramatic increase will have a detrimental effect on the production cost and pricing of poultry and poultry products".

the House of Assembly on 9 April 1986

(4) (a) and (b) These are matters which do not fall under the Department of Trade and Industry The Department was involved in the matter only in so far as an import permit is required The application for an import permit was referred to the Department of Environment Affairs for comment and that Department recommended that an import permit whould not be issued

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

(6) It is not known whether any South African company was involved in tendering *per se* The application for an import permit was made by PBN and Associates

(7) Falls away

(8) Falls away

(9) No Statements have already been made as indicated under (3)

QCOL 1263
HANSARD 22/4/86 244

Crude oil

*8. Mr R R HULLEY asked the Minister of Mineral and Energy Affairs·

(1) What was the average rand cost per barrel of crude oil imported into the Republic in 1985,

(2) what was the rand cost per barrel of such oil imported into the Republic as at the latest specified date for which figures are available?

†The MINISTER OF TRADE AND INDUSTRY (for the Minister of Mineral and Energy Affairs)·

(1) R62,14 per barrel, landed

(2) R48 per barrel, landed, according to figures available for March 1986

QCOL .
HANSARD 22/4/86

Group Areas Act

*9 Mr J H VAN DER MERWE asked the Minister of Constitutional Development and Planning †

(1) Whether the Government intends making it possible for members of different population groups to live in the same residential areas, if so,

(2) whether the (a) Group Areas Act and (b) any other laws are to be amended to make provision for this, if so, (i) when and (ii) what other laws,

(3) whether he will make a statement on the matter?

The DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING.

(1) This possibility already exists in controlled and specified areas, ie areas which have not been proclaimed as group areas, where members of different groups lawfully own or occupy land or premises

(2) Falls away

(3) No

†Mr J H VAN DER MERWE. Mr Speaker, arising out of the hon the Deputy Minister's reply, is it the Government's intention to relax existing laws so that people of colour and Whites can live together more readily in the same residential areas?

†The DEPUTY MINISTER The Group Areas Act has been investigated by a technical committee under the chairmanship of Judge Strydom. This has been referred to the President's Council which is busy with an investigation at present and which will produce a report later

†Mr J H VAN DER MERWE Mr Speaker, further arising from the hon the Deputy Minister's reply, is separate residential areas still a matter which is not negotiable to the Government?

†The DEPUTY MINISTER I think the State President expressed himself very clearly on this, amongst other things, in the no-confidence debate

Mr M A TARR Mr Speaker, arising further from the hon the Deputy Minister's reply, I should like to ask him, if the people in a particular district or region were to request the hon the Minister formally to consider scrapping the Group Areas Act, whether he would be prepared to do so?

†The DEPUTY MINISTER. No, Mr Speaker, we are not prepared to consider such a thing Such a request is not applicable at all because the Group Areas Act is applicable throughout the country [Interjections]

†Mr S P BARNARD· Mr Speaker, further arising out of the hon the Deputy Minister's reply, may I ask him whether his Department has granted permits to people of colour who live in White areas at the moment, namely Mayfair and Central Johannesburg?

†The DEPUTY MINISTER. Mr Speaker, it is very difficult to reply to this question off the cuff, but as far as I know, such permits are not granted to people of one population group to live in a residential area within the group area of another population group It is possible that such permits have in fact been granted, but I cannot give a direct answer to this question

†Mr J H VAN DER MERWE: Mr Speaker, further arising out of the reply of the hon the Deputy Minister, may I ask him whether his Department or any other State Department has given an instruction to the police in Johannesburg not to apply the provisions of the Group Areas Act there any longer?

†The DEPUTY MINISTER No, Mr Speaker, I do not give such instructions

†Mr J H VAN DER MERWE: Mr Speaker, further arising out of the reply of the hon the Deputy Minister, may I ask him whether he is aware that many thousands of people of colour live in the White areas in the central parts of Johannesburg? I can assure him that in some blocks of flats up to 400 of people of colour live in White flats. The police do not act against them.

†The DEPUTY MINISTER Mr Speaker, I am aware that the Group Areas Act like any other law, is also contravened. For example, theft also takes place We are giving this our attention [Interjections]

Latin

*10 Mr H D K VAN DER MERWE asked the Minister of Justice †

(1) Whether a commission or committee was recently appointed to investigate the matter of the qualifications of Latin I as a requirement for admission to the Bar, if so, (a) when, (b) who are the members of this commission or committtee and (c) what progress has been made in this regard; if not,

(2) whether he will make a statement on the matter?

†The MINISTER OF JUSTICE.

(1) No.

(2) Yes. The question regarding the requirement of Latin as prescribed by section 3(2)(a) of the Admission of Advocates Act, 1964 (Act 74 of 1964), recently received the attention of the Cape of Good Hope Provincial Division of the Supreme Court in the case of *The University of Cape Town v The Cape Bar Council and Another* (at present unreported). It appears that this judgment is in conflict with the approach adopted in this regard by the Natal and Transvaal Divisions in the past, that the applicant appealed and that the appeal has been set down for 22 May 1986 in the Appellate Division. While the possibility of an appeal still exists, I am not in a position to comment on the matter. I nevertheless regard the matter as of the utmost importance because, besides the Latin issue, the purview of the English and Afrikaans language courses is also involved

BUS DAY

Another 8% rise in TV set prices looms

244

CHERILYN IRETON

THE price of domestic appliances and television sets is set to rise again.

Manufacturers warned yesterday that unless the dollar/yen cross rate improved these goods would go up by at least 8% in mid-year.

"Manufacturers are running about 8% behind on material costs and a mid-year price adjustment is expected," said Barlows manufacturing director Peter Dupin.

The retail price of a 51cm colour television set, which sold for R1 699 six months ago and was now selling for R1 799, was expected to sell at R1 999 by July, according to manufacturer Tek.

Tek MD Mike Bosworth criticised the share of costs he said were commandeered by government.

"Its take in white and brown goods is extremely high and has the effect of pushing up prices even more. Taking an exchange rate of $0,50, government's share of a set retailing at R1 799 is R543," he said.

Bosworth said the favourable rand/dollar exchange rate was countered by the rand/dollar/yen cross rate, which was not likely to improve in the foreseeable future.

SOWETAN, Thursday, April 24, 1986

DISMAY OVER MAIZE INCREASE

244

SOWETAN Reporter

THE increase in the price of maize — which came into effect yesterday — was yesterday met with anger and dismay.

Mr Greyling Wentzel, Minister of Agricultural Economics and Water Affairs, announced in Cape Town on Tuesday that the consumer price of white maize would be increased by 13,9 percent and that of yellow maize by 9,7 percent from yesterday.

Mr Wentzel said the increase was necessary as producers had been experiencing sharp increases in the price of inputs between January 1985 and January this year.

He said farming requisites had also increased by 23,1 percent while prices of various items such as tractors, trucks, fuel and pesticides were increased by more than 30 percent.

Mrs Ellen Khuzwayo, president of the Black Consumer Union, said it was regrettable that the Government considered the interests of white producers instead of those of millions of blacks, of whom the majority were either unemployed or earning meagre wages.

She said she could not understand why the maize price had to be increased at a time when the price of petrol — which was given as one of the reasons for the hike — had been reduced.

"Mielie-meal is a staple commodity consumed by blacks Many people will be hard-hit," Mrs Khuzwayo said.

Minister 'misled' the public on maize price

MAIZE (244)

STAR 24/4/86

Consumers are in for further shocks — the price of maize to the consumer will rise by an average of about 25 percent over the year, says a spokesman for the milling industry

And the Minister of Agriculture, Mr Greyling Wentzel, has been criticised for "misleading" the public about the price rises announced this week

The consumer price of maize will rise almost immediately by more than 18 percent

The price increases announced by Mr Wentzel of 13,9 percent for white maize and 9,7 percent for yellow maize are initial prices to the miller The storage charge of R5 a ton a month which will in future be levied was not included

Firms wait for ADE's decision

23/4/81
BUS DAY

244

ALAN RUDDOCK

HEAVY truck manufacturers are waiting anxiously to hear whether engine manufacturer Atlantis Diesel Engines (ADE) is to push ahead with a series of price increases proposed last month.

In the face of angry reaction from manufacturers ADE this week reviewed its decision and a final announcement is expected soon.

At a meeting with manufacturers in March, ADE announced its 6% price increase for April and proposed a further 6% increase for the third quarter of the year — on top of a 9,75% increase in January.

The April increase has been implemented, but manufacturers hope this increase is also being reconsidered by ADE's board.

ADE confirmed yesterday that its pricing policy is under review, but was reluctant to comment further until a final decision had been made.

"We want to try and finalise it as quickly as possible," a spokesman said.

Manufacturers were reluctant to comment until they have been informed officially by ADE of its decision.

ADE's price move has come at a bad time for the heavy vehicle industry. January sales were the worst for 24 years and there has been no sign of revival. Manufacturers are predicting total industry sales of only 7 500 — 25% down on last year.

Survey pinpoints SA's costly cities

23/4/86 STAR

By Sheryl Raine

Johannesburg, Pretoria and the Vaal Triangle are the most expensive urban areas for blacks to live in, according to the latest household subsistence level survey released by the University of Port Elizabeth

Benoni, Maritzburg, East London and Port Elizabeth are the cheapest of the larger urban centres for a six-member black family

Pretoria is by far the most expensive city in the country for a coloured family of five, because of the high cost of housing Johannesburg is the second most expensive area for coloured families to live, followed by Kimberley and East London King William's Town is the cheapest urban centre for coloured families, followed by Uitenhage

LOW

The survey, conducted during the first three weeks of March, revealed that the overall percentage increase of the household subsistence level for a six-member black family over the past 12 months was a relatively low 9,2 percent, for a five-member coloured family this was 10,6 percent and for a six-member Indian family in Durban, 11,6 percent

These increases were substantially lower than the Consumer Price Index of 18,1 percent for urban centres (17,4 percent for lower income groups)

"After the spate of price increase announcements, notably fuel, transport, sugar, meat, eggs, margarine, and oil, a high rate of increases (in the household subsistence level) was to be expected," the survey said

It revealed significant increases in transport costs Increases varied from 0 to 30 percent in Durban, where two increases were introduced since September last year Generally, transport costs increased between 12 and 25 percent

It was noted that price increases on items exempted from GST were low

Countrywide living costs

The following is a list of monthly living costs for a six-member black family and a five-member coloured family respectively in various urban centres around the country:

- **Cape Town: R359, R381**
- **Port Elizabeth. R348, R357.**
- **East London: R348, R367.**
- **Kimberley: R354, R387.**
- **King William's Town: R321, R336.**
- **Uitenhage: R350, R339.**
- **Durban: R361, R382, (Indian family of six R431).**
- **Maritzburg: R332, (no figure for coloured family).**
- **Pretoria: R380, R437**
- **Johannesburg. R383, R426.**
- **Benoni: R333, (no figure for coloured family)**
- **Boksburg: R345, (ditto)**
- **Brakpan: R363, (ditto)**
- **Germiston. R359, (ditto)**
- **Springs: R352, (ditto)**
- **Krugersdorp: R382, (ditto)**
- **Vaal Triangle. R373, (ditto)**

Cape Times 23/4/86

244

Higher maize price will affect poultry

Staff Reporter

THE increase in the maize price, effective today, would put strong upward pressure on the prices of poultry and pet-food products, retailers and producers said yesterday.

The Minister of Agricultural Economics, Mr Greyling Wentzel, announced yesterday that the price of white maize was to be increased by 13,9 percent and of yellow by 9,7 percent. The price would be subject to further monthly increases of R5 a ton to help cover "storage and handling" costs

Mr Hennie de Jager, chairman of the Maize Board, described the increases as "conservative".

He said the maize producer was sympathetic towards local consumers, who constituted the most important market for maize

"We don't want to price ourselves out of the market, but the weak financial situation of producers and continuous abnormal increases in the prices of inputs made an increase in the producer price unavoidable," he said

The chief professional officer of the Consumer Council, Mr Lou van der Merwe, said the council welcomed the "relatively low increase", but said it would affect the consumer indirectly Millers and stockfeed producers would have to increase their prices, but "there is no need for them to do this immediately"

Mr David Finlayson, the marketing director for County Fair Chicken Products, predicted a rise in the prices of poultry products in May. He said the cost of the maize price increase to the poultry industry would be R16 million a year

"This increase will put great pressure on our cost structure, as maize is the largest single factor determining our costs," said Mr Finlayson

A spokesman for another poultry producer said the increase had come at a "very inopportune time", and would "greatly boost our already heavy inflation rate".

The chief buyer for Pick 'n Pay, Mr Alan Baxter, said the jump in the maize price would have a "snowballing effect" on prices of related products.

In respect of the 1985/86-financial year—

First quarter	R189 422,03
Second quarter	R179 523,40
Third quarter	R228 952,26
Fourth quarter	R222 000,62

(b) (i)(aa) and (bb)

Toll Plaza	R2 916 861,90
Toll equipment	R1 269 522,69
Total	R4 186 384,59

(ii) 8 June 1984 to 31 March 1986

(2) (a) In respect of the 1984/85-financial year—

First quarter	R 30 012,39*
Second quarter	R121 648,95
Third quarter	R130 836,59
Fourth quarter	R138 169,61

In respect of the 1985/86-financial year—

First quarter	R143 992,95
Second quarter	R147 292,79
Third quarter	R155 568,00
Fourth quarter	R154 917,21

(b) In respect of the 1984/85-financial year—

First quarter	R 16 515,39*
Second quarter	R 95 376,91
Third quarter	R141 254,91
Fourth quarter	R 86 533,30

In respect of the 1985/86-financial year—

First quarter	R 45 429,08
Second quarter	R 32 230,61
Third quarter	R 73 384,26
Fourth quarter	R 67 083,41

*As the Toll facility was only put into operation on 8 June 1984, the figures quoted are only representative of the period 8 to 30 June 1984

(3) No

(a) and (b) Fall away

HoA

Rock lobster/abalone

795 Mr R R HULLEY asked the Minister of Environment Affairs and Tourism

(a) How many catch permits have been issued to private individuals during the current season in respect of (i) rock lobster and (ii) abalone and (b) in respect of what date is this information furnished?

The MINISTER OF ENVIRONMENT AFFAIRS AND TOURISM

(a) (i) 32 112 Rock lobster permits.

(ii) 10 489 Abalone licences

(b) 1985 Season

Pilchards/anchovies

796 Mr R R HULLEY asked the Minister of Environment Affairs and Tourism

What estimated percentage of the catch of (a) pilchards and (b) anchovies in 1985 were immature juveniles?

The MINISTER OF ENVIRONMENT AFFAIRS AND TOURISM

(a) 46 per cent by mass,
89 per cent by number

(b) 53 per cent by mass,
65 per cent by number

Anchovies/pilchards/pelagic fish

799 Mr R R HULLEY asked the Minister of Environment Affairs and Tourism·

How many tonnes of (a) anchovy and pilchard and (b) non-quota pelagic fish were landed during the 1985 fishing season or the latest specified period of 12 months for which figures are available?

The MINISTER OF ENVIRONMENT AFFAIRS AND TOURISM

(a) 277 094 tonnes anchovy,
29 518 tonnes pilchards

(b) 75 737 tonnes during the 1985 fishing season

Mariannhill Toll Road

800 Mr L F STOFBERG asked the Minister of Transport Affairs †

(1) What was the total capital investment in the Mariannhill Toll Road Project as at the latest specified date for which figures are available;

(2) (a) what is the (i) gross (aa) income and (bb) expenditure and (ii) net income in respect of this toll-road project and (b) in respect of what specified period are these figures furnished?

The MINISTER OF TRANSPORT AFFAIRS·

(1) R108 496 381,97 as at 18 February 1986

(2) (a) (i) (aa) R136 960,43

(bb) R38 714,92

(ii) R98 245,51

(b) 7 to 31 March 1986

The honourable member's attention is drawn to the fact that all the above-mentioned figures are unaudited and, therefore, subject to change

Geol 1417
HANSARD 23/4/86 244 500

Fuel: levies

801. Mr L F STOFBERG asked the Minister of Transport Affairs:† 65 30

(a) What is the (i) actual or (ii) estimated monthly income obtained for road-building purposes from the new levies on fuel and (b) in respect of what specified period is this information furnished?

HoA

The MINISTER OF TRANSPORT AFFAIRS:

(a) (i) The amount cannot be determined at this stage

(ii) R49 million

(b) 1 to 30 April 1986

For written reply.

Own Affairs

Octavia Hills: residential units

63. Mr S P BARNARD asked the Minister of Local Government, Housing and Works:†

(1) (a) How many residential units are there in the Octavia Hills flat complex and (b) how many of these units are occupied by White persons at present,

(2) whether these White persons were recently given notice to vacate their residential units in Octavia Hills; if so, (a) when, (b) why and (c) in respect of how many residential units;

(3) whether these persons were offered any alternative accommodation; if so, (a) what alternative accommodation and (b) where,

(4) whether these persons were offered any compensation in respect of moving expenses, if so, what are the particulars of this compensation,

(5) whether any of these persons vacated their residential units voluntarily; if so, how many;

(6) whether he will make a statement on the matter?

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS

(1) (a) 126.

Rail and air fares to cover R4-m loss

SMR 23/4/86 244

PARLIAMENT — Rail and air fares could not be reduced following the drop in the fuel price because South African Airways suffered a R4 million loss last month, Mr Hendrik Schoeman, Minister of Transport, said yesterday.

Replying to the Transport Budget Vote debate he said overseas flights were only 60 percent full because of the unrest in South Africa.

In reply to a question by Mr Fred Erasmus (LP Galvindale) he said introducing a passenger service to Lesotho and Swaziland was out of the question because there was no passenger demand for it.

BUSINESSES PROTECTED

Mr Schoeman said he had previously announced that permit holders authorised to carry eight passengers could apply to the Road Transportation Board to carry 15 passengers.

He said "We'll get to the legislation this year, but we can't do everything at once."

Taxi licences could not be issued indefinitely. Family businesses needed to be protected because illegal taxis tended to undercut prices and use allocated taxi ranks and routes. — Sapa

Demand for legislation to control guarantees

STAR 22/4/86 (244)

Stiffer legislation should be introduced to protect the consumer from unscrupulous fly-by-night home improvement companies, says the head of the complaints department of the Consumer Council in Pretoria, Mr Bill Morris

He said a number of home improvement guarantees were "not worth the paper they were written on once the company goes into liquidation" as the law does not provide for legislation guaranteeing after-job satisfaction.

"I think it is high time the authorities brought in a law that protected the consumer from unscrupulous dealers," he said.

In terms of company law, as soon as a company declares itself insolvent, all guarantees agreed upon become null and void.

Mr Morris said tell-tale signs concerning the validity of a company were visible in the first contact between a sales representative and the would-be client

"As soon as a home improvement company starts promising outlandish long-term guarantees, the client should be suspicious and begin to question the validity of the deal

"The client should not rush into the deal expecting to be covered by the firm issuing the guarantee," Mr Morris said

Anyone with queries about home improvement companies should write to: The Director, Consumer Council, Box 3800 Pretoria 0001.

MAIZE PRICE UP

By TOS WENTZEL
Political Correspondent

Nbus 22/4/86

244

THE consumer price of white maize will be increased by 13,9 percent from tomorrow and that of yellow maize by 9,7 percent, the Minister of Agricultural Economics and Water Affairs, Mr Greyling Wentzel, announced today.

The producer price of white maize will be increased by 10 percent to R240,35 a ton and yellow maize by five percent to R225,27 a ton from May 1.

The increases will have a ripple effect on the cost of living — but some manufacturers are hoping to offset some rises against the petrol price cut.

Mr Wentzel said the price decision taken by the Maize Board was endorsed by the National Marketing Council.

Recently maize producers had experienced sharp increases in production costs.

From January 1985 to January 1986 the prices of farming requisites increased by 23,1 percent and the prices of items such as tractors, trucks, fuel and pesticides increased by more than 30 percent.

Increases essential

Increases to maize producers were therefore essential.

The country was producing insufficient white maize, which is used for human consumption only while there was a surplus of yellow maize produced mainly for livestock feed.

About 2,2-million tons of yellow maize would be exported at considerable loss while about 200 000 tons of white maize had been imported at a loss

Mr Wentzel said the Government had decided to increase the subsidy on the selling price of the Maize Board by R17-million to R129-million. After this subsidy had been taken into account, the consumer price still had to be increased.

Set to go up are all products containing maize and staple foods like samp, maizemeal and maize rice

Consumers can expect to pay more for baby food, cornflour, cereals containing maize, starches, tinned vegetables and pet food. It will also mean an increase in the price of animal feeds, which will affect the price of meat and poultry.

Spokesmen for major animal feed producers and poultry producers said the maize price would definitely affect prices but it was too soon to know exactly what increases to consumers would be.

Mr Chris Walwyn, Press liaison officer for Tiger Oats and Meadow Feeds, said they hoped to offset the increase against the lower petrol price

Tariffs

The price increase of yellow maize would mean increased production costs of R16-million for the chicken industry, said Mr D Finlayson, marketing director of County Fair.

"The chicken industry is the largest consumer of maize in South Africa and the cost of maize is the biggest factor in the production of chickens

"The increase will have a direct influence on production costs and will put pressure on the industry to recover the costs in the market place."

Furious consumers have demanded the Government reconsider the consumer price increases and the Housewives' League warned maize was being priced out of the local market

The Black Consumer Association president, Mrs Ellen Kuzwayo, said she was "devastated". The increases would particularly hurt the unemployed with maize being "their last refuge" when they could not afford other food.

Maize prices raised, wheat set to follow

~~3 Maize~~ 244

Br Wheat

22/4/86.

By DIRK VAN ZYL
Political Correspondent

CAPE TOWN — The selling price of white and yellow maize is to be increased from tomorrow by 13,9% and 9,7%, respectively, while the cost of bread is certain to rise from October 1 when a new wheat price comes into effect

The Minister of Agricultural Economics and Water Affairs, Mr Greyling Wentzel, announced the increased maize prices today

A senior departmental spokesman said that the percentage rises would in all likelihood be those paid by the ordinary consumer

The spokesman also pointed out that a rise in the bread price, which is linked to the wheat price, was inevitable on October 1 when a new wheat price would come into effect

Mr Wentzel announced increase to R225,27 a ton on that date

Mr Wentzel said maize producers had recently experienced sharp increases in costs

From January 1985, to that the new selling price of white maize from tomorrow would amount to R280,89 a ton, and that of yellow maize R266,27 a ton

White maize is a staple food for many people, particularly blacks, while yellow maize is used mainly for livestock feed

Mr Wentzel said he had approved the price decisions of the Maize Board for the 1986/87 marketing season, as endorsed by the National Marketing Council

This meant that the net price to the producer of white maize would be increased from May 1 by 10% to R240,35 a ton while the producer of yellow maize would receive a 5% January, 1986, the prices of farming requisites had, for instance, risen by 23,1%

Prices of various items such as tractors, trucks, fuel and pesticides had increased by more than 30%

"The Government is gravely concerned over the steep rise in the price of agricultural inputs and, as recently announced, the Department of Trade and Industry is engaged at present in an investigation in this connection

Meanwhile, these increases in the producer price of maize, owing to financial considerations, are essential," Mr Wentzel said

On the difference in the rise of the prices of white and yellow maize, he pointed out that the white maize crop was insufficient to meet the needs of the country In contrast, the production of yellow maize was considerably more than the local consumption needs and about 2,2 million tons would be exported at a considerable loss

In recent years shortages of white maize had been experienced and as this produce could not be obtained from abroad, yellow maize was mixed with it

This, however, gave rise to considerable consumer resistance and consumption dropped

Maize price up 13,9 percent

Argus 22/4/86 (Eco)

By TOS WENTZEL, Political Correspondent

THE consumer price of white maize will be increased by 13,9 percent from tomorrow and that of yellow maize by 9,7 percent, the Minister of Agricultural Economics and Water Affairs, Mr Greyling Wentzel, announced today.

The producer price of white maize will be increased by 10 percent to R240,35 a ton and of yellow maize by five percent to R225,27 a ton from May 1.

The increases are likely to affect the price of livestock feeds and especially the price of poultry products

Mr Wentzel said the price decision taken by the Maize Board was endorsed by the National Marketing Council

Recently maize producers had experienced sharp increases in production costs

ESSENTIAL

From January 1985 to January 1986 the prices of farming requisites increased by 23,1 percent and the prices of items such as tractors, trucks, fuel and pesticides increased by more than 30 percent

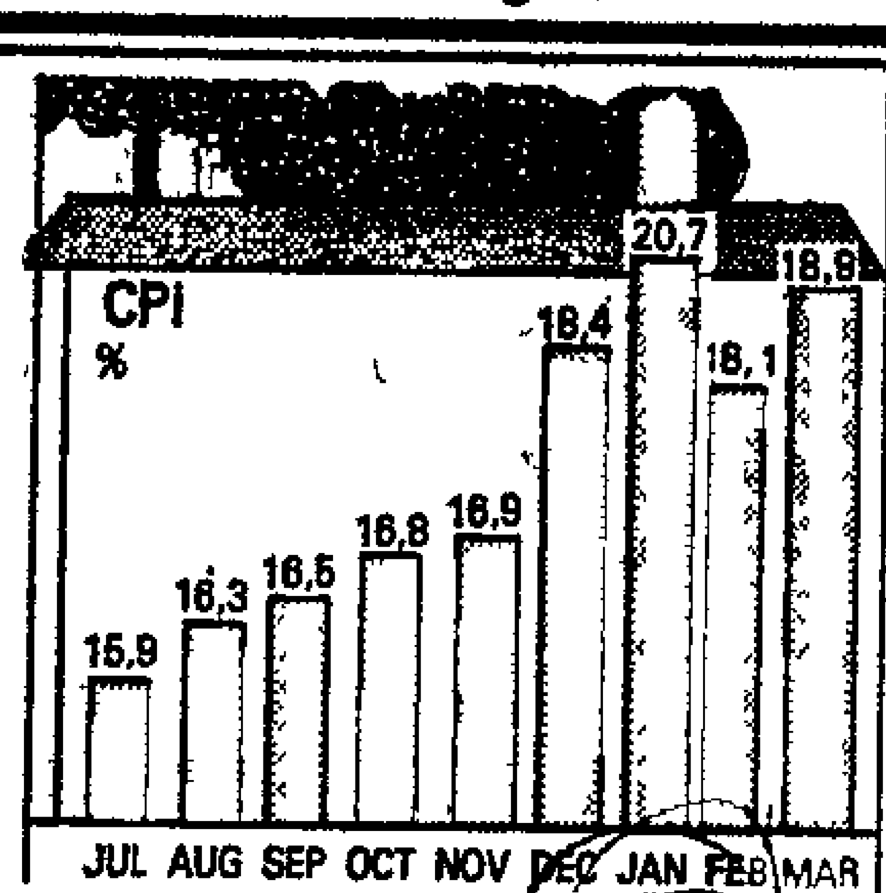
Increases to maize producers were therefore essential

The country was producing insufficient white maize which is used for human consumption only while there was a surplus of yellow maize produced mainly for livestock feed.

About 2,2-million tons of yellow maize would be exported at considerable loss while about 200 000 tons of white maize had been imported at a loss.

Mr Wentzel said the Government had decided to increase the subsidy on the selling price of the Maize Board by R17-million to R129-million. After this subsidy had been taken into account, the consumer price still had to be increased

See Page 6



Inflation rate up at 18,19%

244

JOHN TILSTON
Economics Editor

THE INFLATION rate increased to 18,9% in March, following its decline in February to 18,05% from January's record 20,7%.

The high rate continues to act as a drag on economic recovery.

Capital market rates, the most immediately sensitive to the rate of inflation, firmed only slightly on news of the higher Consumer Price Index. The bellweather RSA 13% 2005 closed at 17,35% after trading down to 17,25% earlier.

The CPI gained 1,16% in March (an annual rate of just over 14%.) While that is encouragingly lower than the year-on-year increase of 18,9%, it is higher than the February monthly increase of 0,93%.

For the first time in over 12 months the food section index of the CPI was unchanged. It was largely food price increases that pushed January's inflation rate to 20,7%.

Old Mutual economist Rob Lee said the increase was as expected because of the small monthly increase in March last year, which effectively assured a higher March '86 rate.

The lower-income group index rose a year-on-year 18,12% in March; the middle-income group index rose 18,72% and the higher-income group index, 19,16%.

White maize price goes up 13,9 percent from tomorrow

22/4/86 STAR (MAIZE (244)

CAPE TOWN — The consumer price of white maize will be increased by 13,9 percent from tomorrow and that of yellow maize by 9,7 percent

The producer price of white maize will be increased by 10 percent to R240,35 per ton and that of yellow maize by five percent to R225,27 per ton from May 1.

The Minister of Agricultural Economics and Water Affairs, Mr Greyling Wentzel, announced the increases today

The increases are likely to affect the price of livestock feeds

Mr Wentzel said maize producers have been experiencing sharp increases in the price of inputs From January 1985 to January 1986 the prices of farming requisites increased by 23,1 percent.

The prices of some items such as tractors, trucks, fuel and pesticides had increased by more than 30 percent

Mr Wentzel said the Government had decided to increase by R17 million to R129 million the subsidy on the selling price of the Maize Board.

After this subsidy had been taken into account the consumer price still had to be increased, he said

TVs must be claimed before deadline

STAR
21/4/86
244

Pretoria Correspondent

ABOUT 500 people, most believed to be from the Pretoria area, could lose their television sets

The sets formed part of a legal battle between the Consumer Council and a number of television repair companies operated by Mr Jan Lodewijks

In November last year the council obtained an order to attach the sets, in terms of the Price Control Act, and attempts to sell the sets were stalled

However, according to a notice in the Government Gazette on Friday by the Price Controller all the sets attached from Lodewijks Investments (Pty) Ltd, and Andre's Video's (Pty) Ltd would be released and returned to the two companies on June 15

COMPLAINTS

Unless, that is, any person could prove a civil action was intended in any court of law in respect of a particular set presently subject to the attachment.

The Consumer Council obtained the order after numerous complaints by consumers who had given in their sets for repair and had been unable to retrieve them

A council spokesman said only about 20 to 30 sets had been identified, and cases brought in the Pretoria Small Claims Court.

The rest of the owners would probably lose their sets

Information regarding pending civil action must be forwarded to the Price Controller before May 30.

Maize price to go up soon

STAR 9/4/86

CAPE TOWN — A higher maize price is to be announced soon.

The increase may be in the region of 10 percent. It will affect the price of animal feeds which could lead to an increase in poultry prices

The Minister of Agricultural Economics, Mr Greyling Wentzel, discussed the new price with the Maize Board last week

An announcement can be expected today or tomorrow — Political Staff

NEWS PLUS+

AND now for some good news: Some bus fares will go down soon. 352 244

That's because Putco says it plans to pass on the benefits of last week's diesel fuel price cut CITY P. 20/4/8

In the Transvaal, the decreases will apply to monthly season tickets from May 1, and to weekly season tickets from May 5

Weekly tickets which now cost R2,90 or less will be reduced by 20c, and others by up to 35c

Monthly tickets now costing R12,75 or less will be reduced by 90c, and others by up to R1,55c

There will be no change in the price of cash, scholar or children's concession fares

A Putco spokesman said the decrease is being limited to season tickets (which account for half of total income) so that regular commuters will benefit most

● In Durban, Putco will pass on the fuel price decrease to passengers from April 28, through cash trip reductions of 5c for all trips longer than two stages – that is presently costing 40c or more

As in the Transvaal, there will be no change in scholar and children's concession fares

TRANSVAAL – SEASON TICKET REDUCTIONS

Trips per ticket	Less than two stages	More than two stages
	Weekly	
10	20c	30c
12	25c	35c
	Monthly	
44	80c	R1.35c
52	R1.05c	R1.55c

18/4/86

FIN MAIL

244

PRODUCTION PRICES

Little respite

The February production price index (PPI) reveals a dismal year-on-year figure of 20,8%, better than the record 22,2% in January but worse than the 16,9% for February 1985. The index was 206,9 as opposed to 203,6 for January and 171,3 for February 1985.

Of most concern is the imported price component, which rose 30,8% (32,7% in January), reflecting how the nose-dive in the rand is still being felt. More encouragingly, the local price component eased from 19,2% to 17,8%.

With fuel having a 25% weighting, cheaper imported oil will help manufacturers in the months to come. However, as petrol and diesel have a weighting of only 3,8% in CPI, John Citizen will not notice any significant benefit.

Three-month lag

As stock levels have fallen, the lag between PPI and CPI is now about three months So the slight drop in PPI heralds some respite for embattled consumers.

Imported inputs have a disproportionate impact on PPI. Local inputs have a 77,4% weighting and imports 22,6% This brings home how cost-push factors, via the exchange rate, influence our daily lives.

Surprisingly, agriculture, food and scientific equipment all *dropped* in price, by 4,3%, 1,1%, and 2,8% respectively, January-February.

However, metals, machinery, and electricity, gas, and water all rose more than 3% Manufacturing has the greatest impact on PPI, with a 81,4% weighting Mining has only 6,3%, electricity 2,4% and agriculture 9,3%.

Volkskas economist Andre Jacobs tells the *FM* South Africans should be thankful for the drop, although the figure is still unacceptably high. "Let us not be complacent. It is going to be a long hard struggle to achieve a figure in line with our overseas competitors".

Although the rand has been rising against the dollar, from its nadir of US33c in September, it has performed less well against other major currencies. This should be borne in mind when looking at possible future price rises. Furthermore, the 10% surcharge will continue to be reflected. An inflation rate much below 18% for 1986 looks unlikely. ■

Cape Times 18/4/86

244

Cut in milk price

Staff Reporter

FROM Monday, major chainstores supplied by Van Riebeeck Dairies will reduce milk prices by one or two cents a litre carton of milk.

The reduced price will, however, apply only in areas where Van Riebeeck supply milk as the other supplier, Dairybelle, is not lowering its price.

A spokeman for Van Riebeeck said the company was able to reduce the price as a result of the improved foreign-exchange rate with the resulting lower price of imported cardboard, and the reduction in fuel costs.

However, home deliveries, which were done with electric vehicles, would stay the same.

Pick 'n Pay, Checkers and OK Bazaars said they would pass the benefit on to consumers. Shoprite stores reduced the price of milk yesterday, a spokesman said.

'Sn

(244) BUS DAY 18/4/86.

Build-up in prices of aluminium, sand and steel

STEPHEN CRANSTON

THE prices of aluminium, sand and steel went up substantially between January and February this year, according to the Central Statistical Services.

Aluminium sheeting went up by 13,9%, sand by 7,4% and mild steel angles by 9,3%.

According to the Aluminium Federation of SA, the main components of the aluminium price increase were the increasing cost of imports of alumina and petroleum coat products, which are paid for in dollars, and the recent electricity tariff increases

The SA producer Alusaf spends R100m a year on electricity to produce 170 000 tons and is very sensitive to increased electricity prices

The sand price was held down between February last year and January this year to less than 2%, but the quarries were beginning to make substantial losses. After the New Year increases in fuel, which accounts for 50% of costs to the retailer, it was decided to implement the 7,4% increase.

Sand quarries have large fixed costs, so profitability fell considerably with the fall in demand

The steel increases reflected Iscor's decision to raise some steel prices by about 9,5% on January 1, and others by the same amount on February 1.

About 23% of Iscor's costs is accounted for by raw materials and 14% by refractories, which were the main component of the price increase.

BUS DAY 17/4/86 244

Cheaper season tickets from Putco

PUTCO is to reduce fares to its regular customers in the Transvaal as a result of the lower fuel prices.

Monthly and weekly tickets will be reduced by up to 7%. There will be no change in the price of cash, scholar or children's-concession fares.

Putco intends to reduce monthly season tickets from May 1 and weekly season tickets from May 5.

"The decrease is being limited to season tickets — which account for half of total revenue — to maximise benefits for the regular commuter, who is the worker," the company said.

"Another factor is that scholar fares and children's concessions are already sub-economic and subsidised heavily by the company."

The company will save about R350 000 a month in the Transvaal as a result of the lower fuel prices.

Weekly tickets now costing R2,90 or less will be reduced by 20c, and others by up to 35c. Monthly tickets costing R12,75 or less will be reduced by 90c, and others by up to R1,55c.

In Durban, where the company will save R120 000 a month, all fares costing 40c or more will be reduced by 5c. There will be no change in scholar's and children's concession fares.

Fuel-price increases introduced in November and January were not passed on to passengers, but were absorbed by the company. The fuel-price decrease in February did not offset the earlier increases, but the latest decrease means a net saving of about 5c/l for the company in the Transvaal, which is now being passed on, Putco explained. — Sapa

Inflation seen to ease

BUS DAY 11/4/86

JOHN TILSTON

THE rate of inflation as measured by the producer price index eased in February to an annualised rate of 20,78% from January's 22,21%.

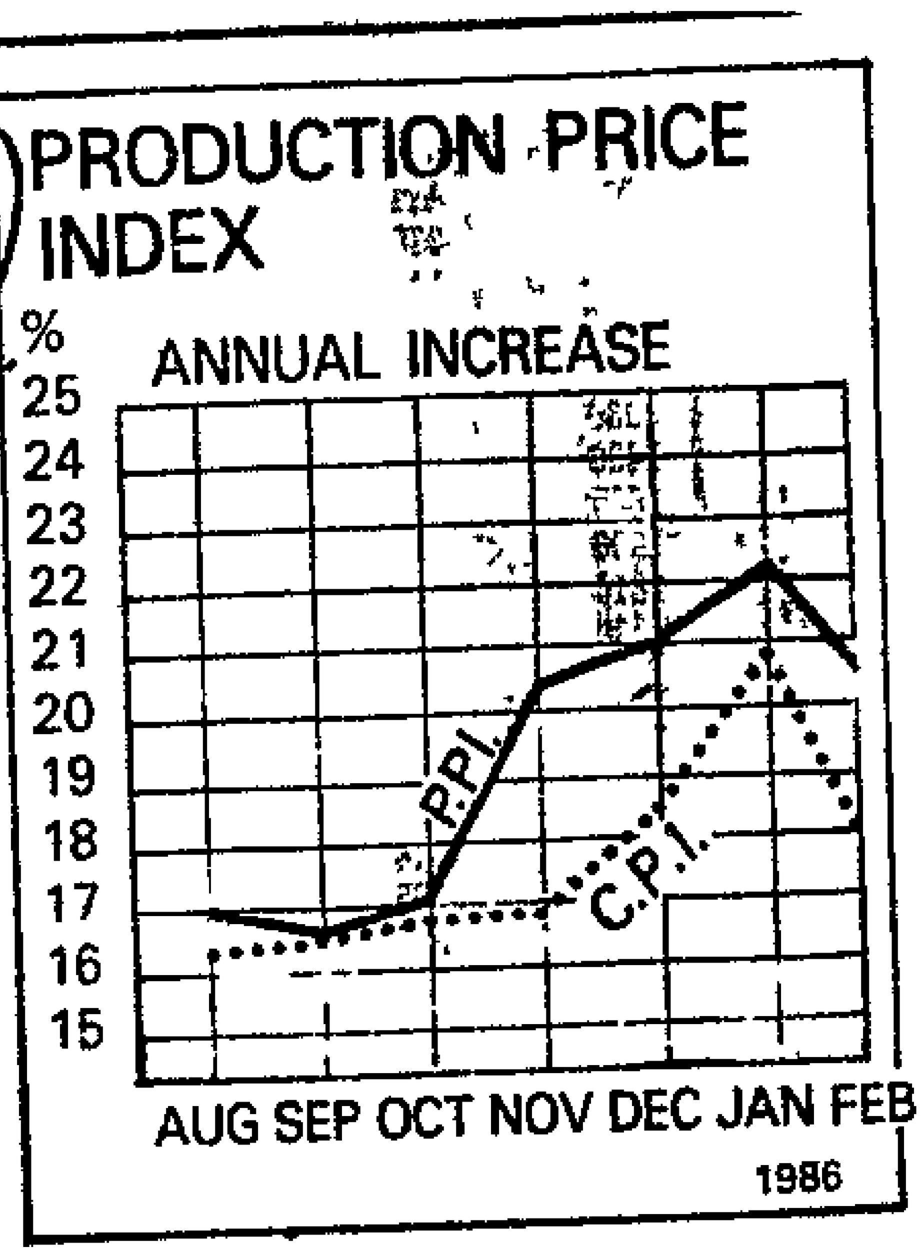
In the past, the rate of increase in the index has been a pointer to future price increases for consumers

However, the extremely low level of inventories in the economy and the poor profit margins faced by manufacturers who immediately pass on price increases means that the index is soon reflected in consumer prices.

But the index is still uncomfortably above February's consumer price inflation of 18,05%.

Louw says the coming months should see the the deceleration of increases in the rate continue, especially as the impact of lower oil prices is felt He expects consumer prices to be increasing by 15% by the end of the year

According to Central Statistical Services figures released yesterday, the main impetus for the production price increase still comes from imported components



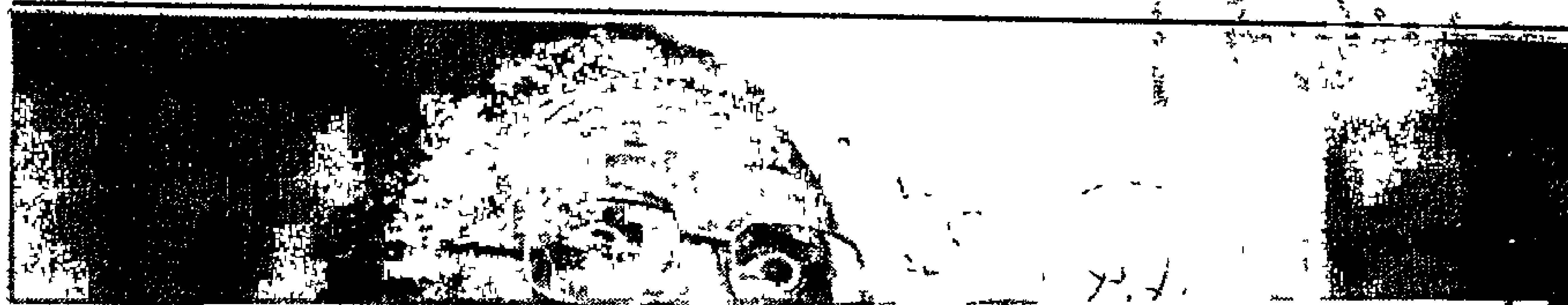
In February, they imported commodities increased by a year-on-year 30,8%. But the trend appears downwards as the monthly imported component moved up by 1,9%, which gives an annualised rate of just over 23%.

The monthly rise in the index was 1,6% (which annualises to just over 20%), compared to the January increase of 2,1%

Last February producer prices increased by 14,89%.

W. Mail 10/4/86

Win on inflation; lose on gold



By REG RUMNEY

NOT only JR Ewing had reason to weep this week when oil prices collapsed

Gold bulls saw the gold price fall to close in London at $330,50/$331,00 on Tuesday in the wake of oil's slip. This compares to Thursday's $346,75/347,25, and around $350 just before that.

The continuing oil price slide was bound to hit the gold price, given the by-now firmly held belief the two are directly linked

The theory is that lower oil prices are deflationary, and that gold and other commodities will do better if inflation takes hold again in the West — or at least if more people expect inflation to rise, and buy hard assets like gold to hedge against it

Another theory has it that weak oil prices will in the long term aid gold because it raises the spectre of heavily indebted, oil-producing nations defaulting on loans and producing a new world debt crisis. But until potential buyers of gold buy this theory as well, a weak world oil price equals a weak gold price.

So when news came that oil prices had fallen to $10 a barrel, gold was sure to fall It fell below $10 a barrel at one point on Wednesday, but rose when the US expressed concern at the effect of the fall on its own oil industry

Oil had traded around $30 a barrel last year

The slight improvement in oil prices on Wednesday helped gold recover: it closed at $335,00/50 in London.

Yesterday afternoon in London it was fixed at $334,75.

And gold's fall pulled down gold shares The JSE's all-gold index, the index of all the gold shares on Diagonal Street, fell by its biggest one-day decline this year to 1 251,5 on Tuesday from 1 188,7.

What made the gold price bad news on Wednesday was also good news for the South African economy in other ways A fall in the oil price translates into savings on foreign exchange, but as the information on SA's oil requirements are classified, how much is guesswork

And a cut in the price of petrol may be in the offing

The effect on the current account of the balance of payments of a drop in the gold price is easier to quantify

A senior economist says a $10 drop in the gold price translates into a $220-million drop in import earnings over a year.

Still, gold will have to suffer a sustained fall before panic bells start ringing

Fears should by now have been allayed of a strain on the Reserve Bank because of the lump sum immediate repayment of R500m to foreign banks, and the rand should be able to get up and dust itself off soon.

The rand closed at $0,4640/50 on Thursday

It fell to $0,4660/70 on Wednesday from $0,4680/90 on Tuesday.

Part of this fall may have been due to the easing of gold, but the rand, because most dealing in the currency takes place in the local market, is not normally wildly affected by the gold price.

Feeling is that the rand may stay around the $0,46 mark for a month or so before rising again.

How oil prices might also affect gold is through the dollar, which usually has a close inverse relationship to the gold price.

For the moment, a lower oil price has been interpreted as being good for the US, and therefore for the dollar.

● Ben Temkin is abroad. His column will resume shortly.

(150) (100) 244

More tyre giants to raise prices soon

BUSDAY 15/4/86

MICK COLLINS

FIRESTONE, Goodyear and Dunlop are to follow the lead of General Tyre which announced a 9,75% increase in the price of tyres

Lloyd Zaayman, a spokesman for Dunlop Tyre in Durban, said: "Our prices will rise from May 1 and increases will vary from 9,25% to 10,7%.

"Even with the drop in oil prices I cannot see any way of staving these increases off. Oil price benefits will only be felt when local suppliers pass them on to us and we in turn can allow the consumer to score."

A spokesman for Goodyear said cost pressures would "force prices up fairly soon Escalating tariffs of raw materials will force the price increase on us."

He said that over the past eight months prices of raw materials had risen considerably Synthetic rubber had risen 40%, carbon black 25%, bead wire 14%, nylon 32%, paraffin 23%, coal 13% and steel cord 42%.

"Added to this we have had considerable increases in wages, rail tariffs, fuel and electricity," he said.

A spokesman for a retail tyre outlet said prices had increased by 30% (see graph) over the past eight months.

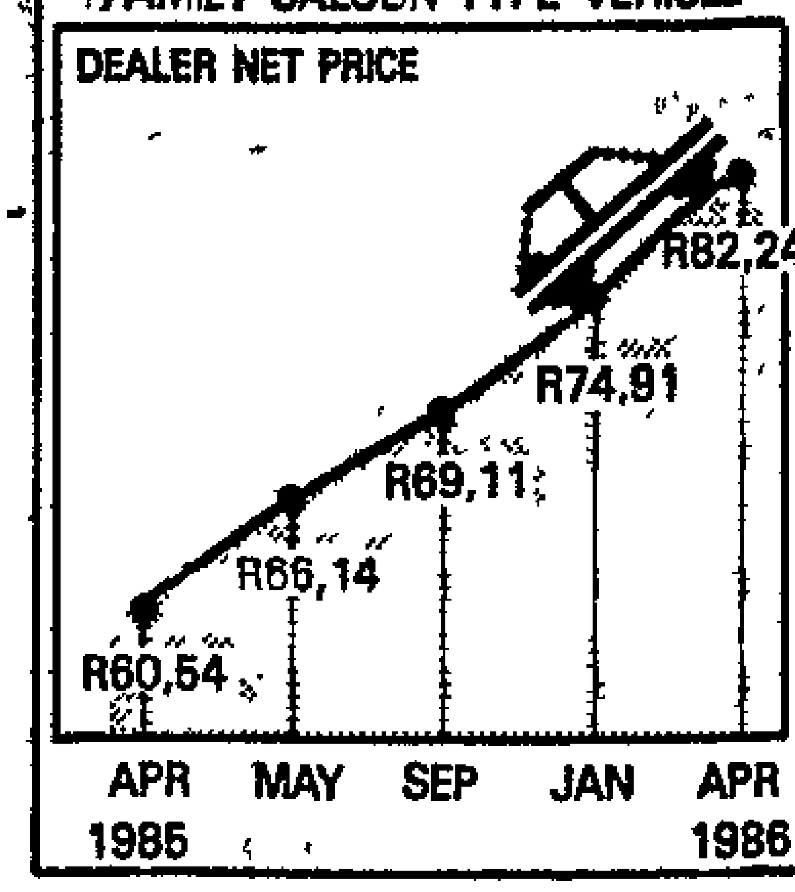
"In April 1985 the price of a tyre for an average-sized family saloon was R60,54. Since then we had an increase in May 1985 of 9,25% and another increase of 4,5% in September of the same year. This year we saw an increase of 8,4% in January, and with the latest hike of 9,75% the same tyre now costs R82,24." Firestone MD Peter Morum said: "Increases are on the way. I can't say when but they're going to come."

He said in terms of price increases manufacturers were nowhere near recouping costs.

"It's impossible to expect the public to absorb all the cost increases. The only way manufacturers can survive is to improve efficiency."

General Tyre MD Tony Versveld said oil price movements, either up or down, had been taken into consideration.

PRICE OF AVERAGE TYRE TO SUIT FAMILY SALOON TYPE VEHICLE



● Comment: Page 6

15/4/86 BUS DAY

244

Transport fares stay the same

RECENT reductions in fuel prices would not result in a cut in transport tariffs and fares, a spokesman for the Department of Transport and SA Transport Services (Sats) said yesterday.

Leon Els, a senior public relations official for the department, said in response to inquiries that the 1986/87 Budget estimates made provision for a R98m loss.

"In addition, we have an accumulated loss of R630m to contend with.

"I do not believe, therefore, that there can be any talk of reductions in tariffs and fares, although the reduction in fuel costs — particularly on our R48m diesel bill — will probably influence possible future increases."

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15/4/86

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Cape Times 15/4/86

SAA will not reduce fares

Staff Reporter

SOUTH African Airways (SAA) will not be reducing the cost of domestic or international airfares, although the cost of jet fuel has been reduced by a total of 22c a litre since March 3

Mr I J Sims, chairman of BP Southern Africa, has confirmed to the Cape Times that the wholesale prices of certain petroleum products not regulated by the government were reduced yesterday and were also reduced on March 3 He said the latest decrease meant that prices of the deregulated fuel products had declined by an average of between 25 and 30 percent since the start of the year

Deficit

Mr Leon Els, a senior public relations official of the South African Transport Services, said yesterday that SAA was "sitting with a deficit Decreases in the jet fuel price will go towards working away this deficit before we can pass them on to the consumer"

For the past financial year SAA had budgeted for a loss of R50 million

"Jet fuel is bought on a contract basis in advance So the effect of decreases is felt later than when they are introduced," he said

He said some of the jet fuel used by SAA was purchased overseas

Affected

Products affected by price decreases were (March 3 decrease in brackets)

LPG (household gas) — 9,9 c/litre or 17,8 c/kg (11,7 c/l or 21,1 c/kg),

Aviation turbine fuel (jet fuel) — 9,8 c/l (12,2 c/l),

Aviation gasoline (Avgas, used in smaller aircraft) — 12,9 c/l (23,6 c/l),

Heavy fuel oil) — 4 c/l (8 c/l),

Power paraffin — 9,8 c/l (11,4 c/l),

Benzine (used inter alia in dry cleaning) 13,3 c/l (22 c/l),

White spirits 9,2 c/l (15 c/l),

Bitumen (all grades) 4

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A spokesman for a retail tyre outlet said prices had increased by 30% (see graph) over the past eight months.

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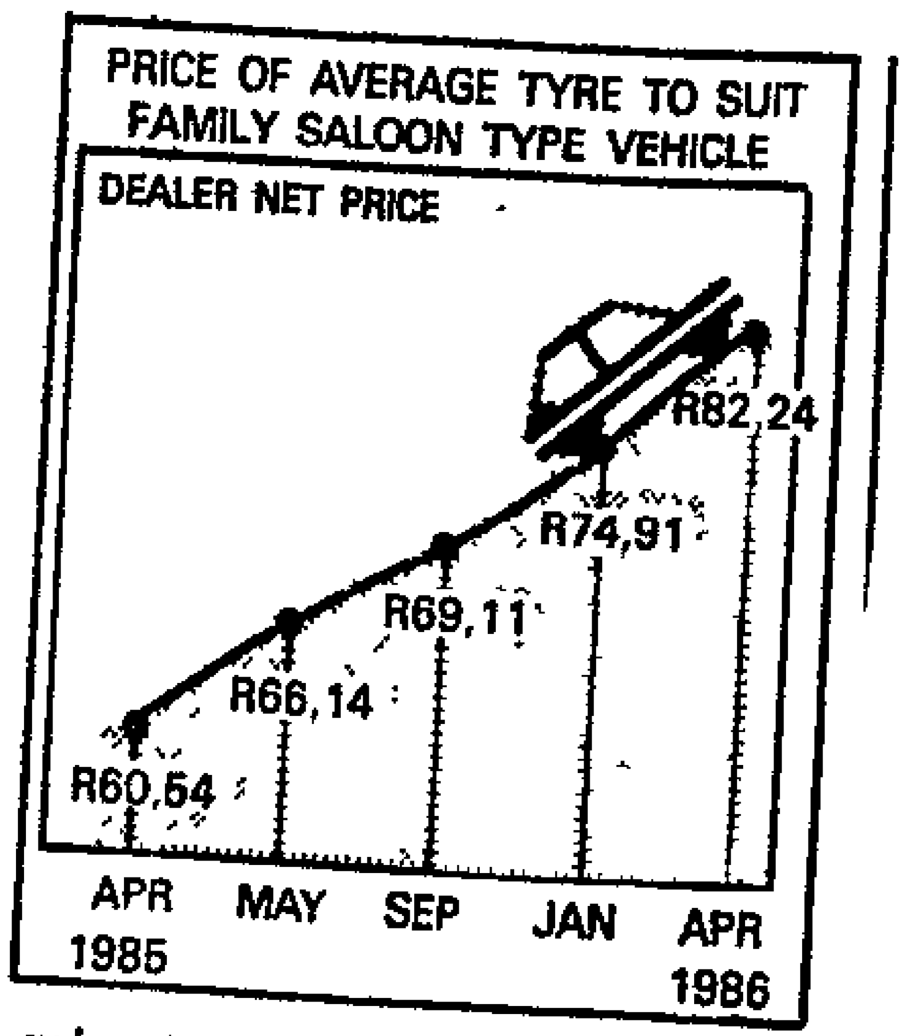

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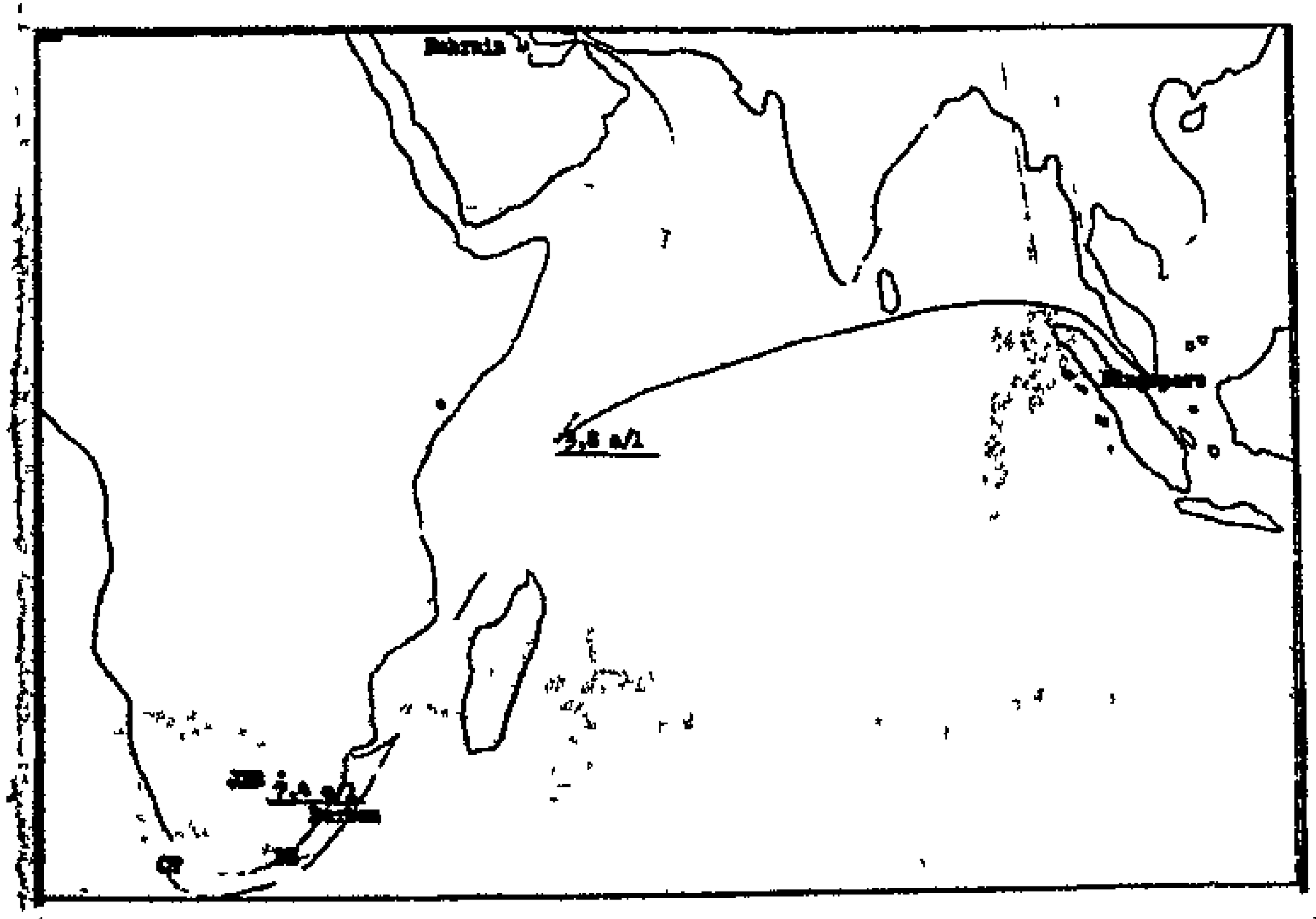
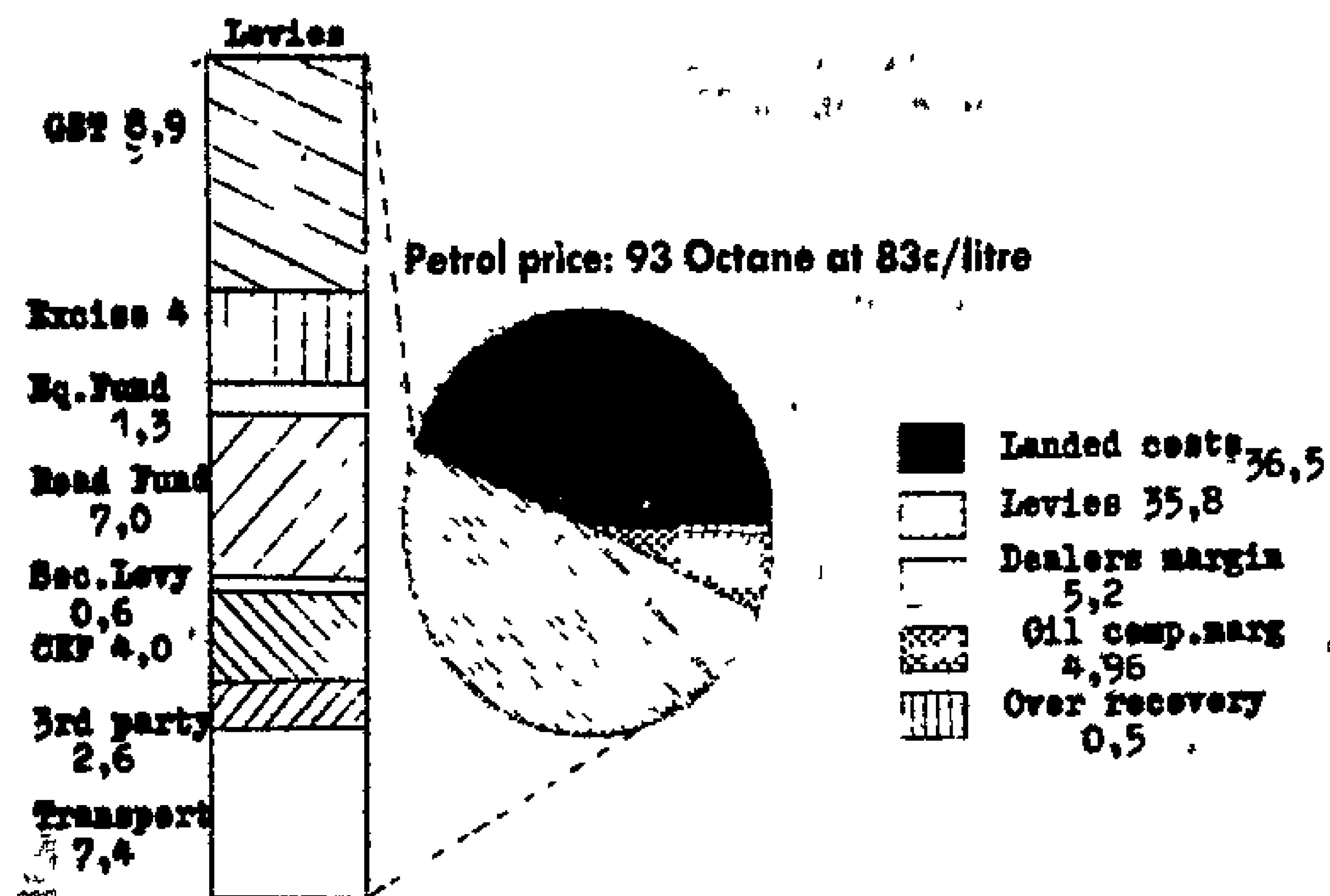
● Comment: Page 6





The March petrol price of 83 cents is made up largely of levies and landing costs. Bar chart shows how the 35,8c of the levy is arrived at. The graph shows the transport cost of 93 Octane. When it arrives in Johannesburg the price is almost double the shipping costs.

Sasol not ripping off public, claims expert

SA fuel price in line with world markets

15/4/86

By Gareth Costa

Contrary to the popular conception that the government, in cahoots with the oil companies and specifically Sasol, is "ripping off" the petrol consuming public, the price of fuel is in line with world prices, says an industry source.

But, it does not appear to be so at first glance, when people see world crude prices plummeting and petrol remaining expensive.

However, the price has been reduced twice recently, and it is not easy to adjust to the everyday or weekly fluctuations. But the consumer does not lose out because between every adjustment the price is in an "over or under-recovery" period and consequently money is either put in or taken out of the "slate" to balance the price.

The source said that recently the "over-recovery" has been running at about 13c a litre, but is now a mere 0,5c and around about November it was in an under-recovery of about 6c, while in November 1984 it was 19c in under-recovery. Over time the price is balanced, but there is always a surplus and it is now estimated to be about R200 million.

The price of 93 octane petrol at any time comprises the international daily quoted petrol price, shipping at daily quoted rates to the port of entry, inland railage and fixed SA charges such as margins, excise and GST.

When analysing the price it is easy to see that just over half the price is in various forms of levies to government.

GST tops the list with 8,9c, then comes transport, which is 7,4c for the PWV area, Customs and Excise 4c, National Road Fund 7c, Central Energy Fund (CEF) 6,6c, over-recovery 0,5c, Equalisation Fund 1,3c, security levy of 0,6c, and the landed cost of 41,5c, which includes the oil company margin of just less than 5c.

The 6,6c CEF levy is again broken up into 3,725c for synthetic fuel projects, 0,055c for preventing oil pollution, 0,22c for administation of the synthetic projects and lastly 2,6c for third party.

An example of how prices are calculated is given as follows.

Say SA receives 25 percent of its crude from the Persian Gulf, and 75 percent from Indonesia.

The prices received are then averaged to get a free on board price (FOB), and the crude is shipped. The FOB price is then converted at the applicable exchange rate and to it is added the cost of shipping which is made up of the market rate, insurance, allowance for loss and landing costs.

The rail costs are then added on for transport to various areas — these costs are actually more than the total costs of shipping from places as far away as Indonesia. The levy is presently 7,4c a litre in the Transvaal.

All the various other fuel types, such as diesel and jet fuel, are calculated in a similar way and the distributors experience the same ups and downs of the price but are not so eager to reduce prices when they are falling.

The equalisation fund levy, or as the industry calls it, the "skunk fund", is the premium which SA must pay "for its sins", because of the oil embargo imposed on it.

The 1,3c quoted figure is however, a subsidised one, since not all the country's fuel is imported. Sasol receives part of the 1,3c, which it does not deserve because it does not pay a premium, and so it pays the money back as a subsidy.

In other words the levy is a balance between Sasol production prices and the imported prices.

The retail dealer margin and the oil company margin are the only parts of the structure which can really be said to be controlled, but this does not mean they are supported.

In 1927 a principle was laid down by goverment that stated that indigenous fuels must compete on both price and quality, and this still applies today.

The 6,6c CEF levy is used to provide working capital for projects such as the Mossel Bay synthetic fuel plant and originally Sasol. The security levy is used to protect the various petrol installations.

It is interesting to note how the 83c a litre SA price compares with European prices. At an exchange rate of 47,50 US cents as of March 25 this year, Denmark pays the equivalent of R1,52 a litre, Italy R1,90, Ireland R1,70, France R1,73 and Portugal R1,65.

Bus Day 14/1/91

Further drop in LPG price

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Own Correspondent

THE price of liquefied petroleum gas (LPG) has been reduced by another 18%.

This means that LPG has gone down by about 36% since the beginning of last month.

The latest reduction — a direct result of lower crude oil prices on the world market — was announced in Cape Town on Friday.

Easigas GM Peter Gray said: "The overall reduction of about 36% is good news for the consumer and we hope that improved conditions will cause the price of LPG to drop even further."

Big users miss coal price rise

GERALD REILLY

COSTS of the big parastatals — Iscor, Escom and the SA Transport Services — are virtually unaffected by the 20% increase in the price of pithead coal.

It would have no effect on Iscor costs, a spokesman said. The corporation had its own collieries and contracts with private suppliers of coking coal.

Asked if steel price rise were in the pipeline, he said that since the pricing system had been deregulated, Iscor had raised its prices — some in January and others in February — by about 9,5%. Further rises were unlikely before July.

An Escom spokesman said they did not buy coal at controlled prices but from collieries contractually tied to supply specific power stations. Only real colliery cost increases affected the price of electricity, he said.

A Sats spokesman said Transport Minister Hendrik Schoeman had budgeted for the spending of R16m in the 1986-87 financial year on coal.

In 1985-86 coal cost Sats R15m.

General raises tyre prices from today

BUS DAY 14/4/86 (244)

STEYN

MOTORISTS celebrating the reduction in fuel prices were brought back to earth yesterday with the news that tyre prices are to be increased.

The shock announcement by General Tyres CE Tony Versfeld comes in the wake of petrol price reductions announced last week by Mineral and Energy Affairs Minister Danie Steyn.

Versfeld confirmed at the weekend that his company would raise tyre prices by 9,75% from today.

"Costs have increased by about 40% in the past year, but price hikes — including the present one — add up to only 30%," Versfeld said.

MICK COLLINS

"Our suppliers are required to have strategic raw material stocks

"All stocks now being held by these suppliers were bought at a rand price of $0,40 and exchange rate benefits since then have not had a chance to work through our system."

He said a price reduction would be considered once this had happened.

Firestone MD Peter Morum said his company would also have to raise prices by a similar amount soon.

"A price increase is very much on the cards. I can't say that it is going to be next week or next month but increases are definitely in the pipeline.

"We have not got back anywhere near our investments in raw materials. And if we don't get that back, we may as well shut up shop.

"For the past few months, we have taken cognizance of the depressed state of the market and we did not feel it right to increase prices in one major move.

"We felt that the consumer was already reeling from a soaring inflation rate and a sluggish economy. But now we will have to increase prices. I can't say when, but it is coming."

Morum said that the major reason for the price increase was the rocketing cost of imported raw material.

Cape Times 14/4/86

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Some tyre prices up from today

Own Correspondent

JOHANNESBURG. — Motorists celebrating the reduction in the price of petrol were brought back to earth yesterday with the news that some tyre prices are to increase today

General Tyres chief exective Mr Tony Versfeld confirmed yesterday that the company will raise tyre prices by 9,75 percent from today.

The rise comes in the wake of petrol price reductions announced last week by the Minister of Mineral and Energy Affairs, Mr Danie Steyn.

Mr Versfeld said: "Costs have increased by about 40 percent in the past year, but price hikes — including the present one — add up to only 30 percent

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Firestone managing director Mr Peter Morum said his company would also have to raise prices by a similar amount soon.

He said: "A price increase is very much on the cards. I can't say that it is going to be next week or next month but increases are definitely in the pipeline

"For the past few months, we have taken cognizance of the depressed state of the market and we did not feel it right to increase prices in one major move"

A spokesman for the Dunlop company could not be contacted yesterday

● Major retailers to slash prices, page 9

● WEIL

Retailers say they will slash prices

BUS DAY 14/4/86

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MICK COLLINS and Business Day reporters

MAJOR retailers say they will slash prices as a result of today's petrol price cut.

But they claim they are being hampered by government's refusal to force parastatal bodies, such as SA Transport Services (Sats), to follow suit.

Executive director of Pick 'n Pay Alan Gardiner says his company is certain to reduce prices.

"We are working actively to reduce prices across-the-board. Last time the petrol price came down a lot of suppliers said they just would not ask for price increases they had been about to.

"They won't be able to do that this time.

"What concerns us now is what government is going to do. I think it is a disgrace that South African Airways will not be cutting prices. We will do our best to set an example, but we would appreciate it if government could set a full-scale example."

Checkers MD Clive Weil says his company will pass its petrol savings on to the consumer as soon as possible and will put considerable pressure on suppliers to do the same.

"But unless government and government institutions take the lead and also force commerce and industry to fall in line, we are concerned that these savings will be pocketed as was the case last time."

Progressive Federal Party transport spokesman John Malcomess says air and rail fares should be cut.

"The cost of fuel has now been cut by no less that 20% and it would be a miscarriage of justice if Sats did not

● To Page 2

Retailers to slash prices

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● From Page 1

pass this on to the hard-hit consumer."

He says Transport Minister Hendrik Schoeman should reduce air fares, passenger rail fares and rail transport tariffs.

"Here we have a wonderful opportunity to make a major dent in the inflation rate," says Malcomess.

A Sats spokesman says there will be no reduction in fares or road transport tariffs as Sats already has a budgeted deficit of R98m for the current financial year and an accumulated one of R630m.

"However, these fuel price reductions might have an effect on future fare determinations," he adds.

Putco is still investigating the situation, says PRO Pat Rogers.

"We will be meeting today to see what can be done. When the petrol price increases came last year, we did not pass them on to our passengers in the Transvaal. So this should be borne in mind.

"After our meeting, we will be in a much better position to assess the situation."

Assocom chief executive Raymond Parsons says the price drops are an important anti-inflationary move and should reduce transport costs.

Liquor giants accused of fixing prices

By Ciaran Ryan

LIQUOR-industry sources accuse wine and spirit producers of price collusion in defiance of the Government's attempts to outlaw the practice.

Major producers — Cape Wines & Distillers (CWD), Union Wine, Douglas Green and Gilbeys — announced similar price increases this month under the umbrella of the Cape Wine and Spirit Institue.

But impending regulations will outlaw the practice.

STimes 13/4/86.

Opportunism

Producers have been slated by retailers for raising prices of wine and spirits twice in four months

The Federated Hotel, Liquor and Catering Association of SA (Fedhasa) said the price rises smacked of opportunism, especially because liquor was spared an excise increase in the latest Budget.

Fedhasa's liquor committee chairman, Mike Kovensky, told Business Times "You have an oligopolistic situation where a few producers control the market, and within in it have a monopolistic spearhead in the form of Cape Wines & Distillers which has 85% of the market.

"The Cape Wine's and Spirits Institute announces price increases on behalf of its members. But in fact it is a case of the members going along with whatever CWD decides"

244

One retailer says the two price increases in four months are a blatant attempt to maximise profits.

The Government hopes to end price collusion when it publishes regulations in the Government Gazette on May 2. The practice is outlawed in terms of the Maintenance of Price and Competition Act (1979), but the fact that it continues has become a source of concern to the Competition Board and the Government.

All major producers lifted wine prices in January by between 12% and 15% and spirit prices by 8%. In April wine prices went up 5,3% and spirits 8%.

Charges of price collusion are rejected by Cape Wine and Spirit Institute director Riaan Kruger.

Fuel price

He says: "We recommend price increases on behalf of our members in the same way that Fedhasa does to its members. It is up to the retailer to decide what he wants to charge. It is incorrect to accuse us of price collusion.

"The reason we were forced to increase prices twice this year is that we wanted to soften the impact of last year's cost increases by going for a two-phased increase. Unfortunately, we couldn't contain the price increases any longer.

"Producers' costs have also increased because of early-settlement discounts of 5% to retailers which were not offered before."

But Fedhasa says the fuel-price reduction should have caused savings on distribution costs. Furthermore, the new regulations will make it more difficult for wine and spirit producers to raise their prices in unison.

Wine producers — ostensibly in competition with one another — offer the same discounts, the same credit terms, announced their price increases at the same time, and by the same amounts.

Johan Lambrecht, a member of the Competition Board, told Business Times: "The Government is to put an end to price collusion in the liquor industry at the beginning of May We have investigated certain producers of liquor in the past, but only when a complaint has been received from a competitor or member of the public"

Last year, several co-operatives which sold directly to retailers instead of to Oude Meester, Gilbeys and Stellenbosch Farmers' Winery — which control about 85% of the market — were forced to desist after threats that their supplies would be stopped.

Hotels are thought to account for about half SA liquor sales. Liquor bought from off-sales and liquor stores is worth more than R3-billion a year.

GST charge

● Fedhasa has sent a document to the Commissioner of Inland Revenue complaining that members of the public and business licence holders have been able to obtain liquor from wholesalers with-

□ To Page 3

Liquor prices

□ From Page 1

out paying general sales tax.

Anyone in possession of a GST-exempt number can buy liquor free of tax. But liquor can only be bought free of GST if it is for resale by authorised outlets. It is alleged that shebeeners, businessmen and even members of the public have been using GST-exempt numbers.

Fedhasa will not comment on the document until a reply has been received from the Commissioner for Inland Revenue.

Fuel-inflation-buster and growth-booster

13/4/86. S.TIMES 244

By David Southey

FRIDAY'S cut of about 10% in fuel prices will curb inflation and boost economic growth.

But, warn economists, do not expect miracles overnight from the second substantial fuel-price cut in two months. The impact will take some time to work its way through the economy.

The fuel-price cut and an expected drop in the prime overdraft rate in the next week are designed to give the sagging economy a much-needed fillip.

Alien

With petrol and diesel accounting for only a 3,8% weighting in the total consumer-price index (CPI), economists calculate that the direct impact of the 10% cut will be about a 0,4% reduction in the inflation rate

The indirect effect should be more substantial although difficult to quantify and will take longer to work its way through the economy

Also, the direct effect of an *increase* in petrol prices is usually easily quantifiable and immediate. A drop in price — something as alien to the SA way of life as rain and international sports tours — is more likely to be reflected in a postponement by manufacturers and retailers of increases.

Most economic sectors price their goods on the basis of cost-plus, so that when a certain threshold in cost increases has been reached, say, 10%, they raise their prices.

Razor thin

The petrol-price cut will thus enable many businesses to shore up their razor-thin margins, which have suffered under the twin assault of shrunken real demand and cost-push inflation.

Among essential goods and services, however, particularly food which often has to be transported long distances by road or rail, price reductions could filter through fairly soon.

With a more bullish outlook on the inflation front, economists are looking to further falls in both short- and long-term interest rates.

Yields on traded bonds in the money market appear to have discounted an expected cut in the prime overdraft rate. By Friday the benchmark three-month bankers' acceptance rate had eased to 11,5% — its lowest level since 1981 and sitting four percentage points below prime at 15,5%

With aggregate demand in the economy still as flat as a pancake and bank lending showing signs of fatigue, it is possible that prime could fall by more than the customary one percentage point — perhaps by 1,5 points to 14%

Moreover, economists point to the fact that money-supply growth is well within the Reserve Bank's target band and could happily accommodate a plus one-point cut in prime Some analysts think it unlikely that Reserve Bank Governor Gerhard de Kock will contemplate a cut until after Tuesday, at which stage any uncertainty in the markets surrounding the scheduled $420-million foreign-debt repayment should have disappeared

Prospects for declines in long-term interest rates also look healthier in line with the expectation of slower inflation. Late this week the benchmark Government bond (RSA 13%, 2005) rate had eased to 17,3%

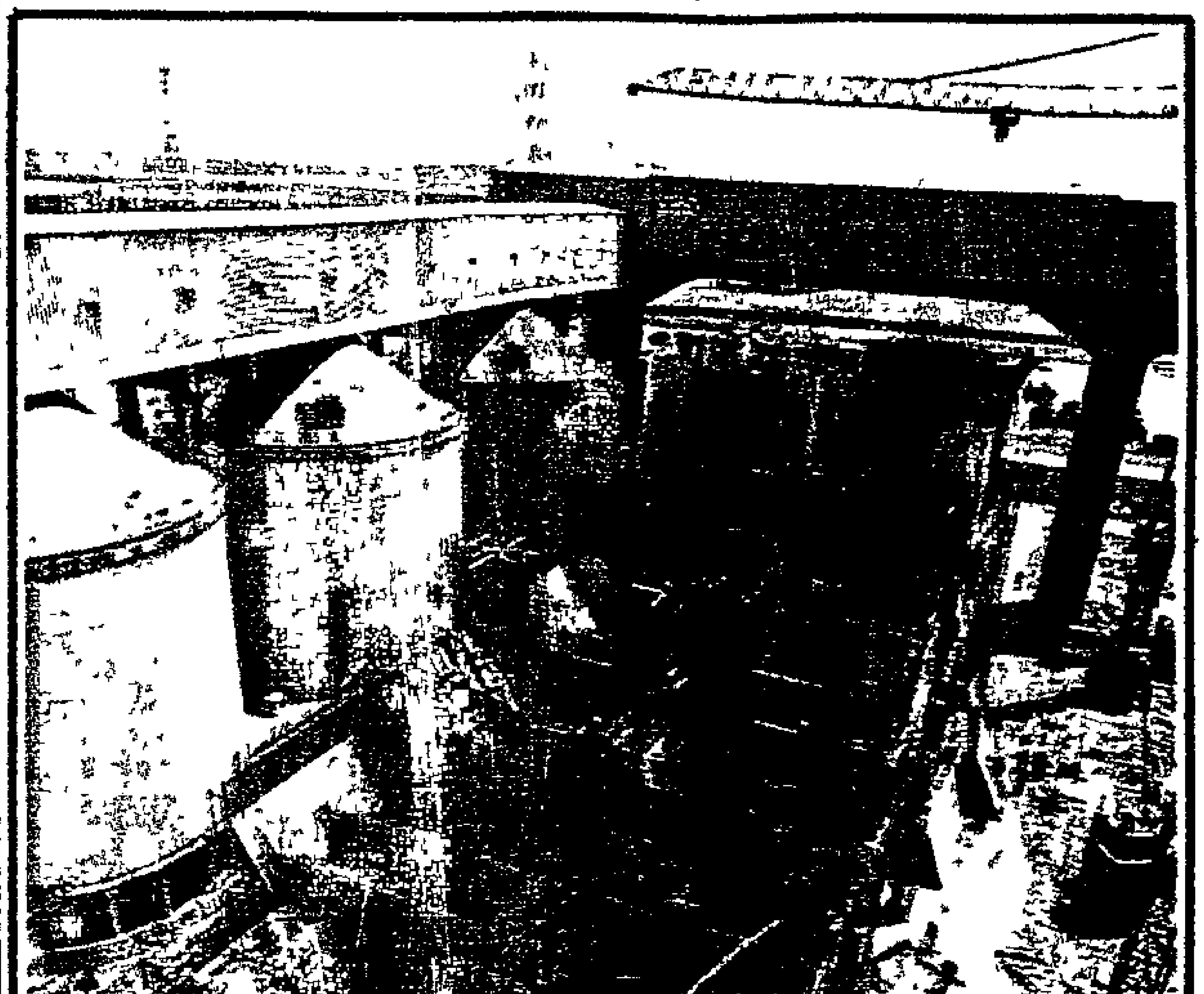
Pessimistic

Some market analysts and economists are pessimistic, however, that this trend will prevail much beyond the third quarter of the year

The reason is that apart from the political uncertainties which persist, they are wary that by about September Government spending will begin to look bad relative to budgeted figures which will once again fuel inflationary expectations

Also, if economic growth — more important, gross domestic expenditure — picks up moderately, the rand could come under pressure as a result of rising import volumes.

For the time being, though, businessmen should be looking to slightly better trading conditions.



Sats gets 32 storage bins at Richards Bay

Goldstein Civil Natal is maintaining a fast pace on the R22-million contract for South African Transport Services at Richards Bay.

The project includes the construction of 32 storage bins, four conveyor galleries, two transfer houses and storm-water drainage

The storage bins (above) are 30m high and 234m in circumference The bins require 9 500 tons of reinforcing steel and 40 000m³ of reinforced concrete.

To save time, all formwork is gangformed and sections are designed and manufactured at on-site workshops. As construction starts 6m below sea-level, the structure had to be dewatered and sheet piled.

Liquor prices

□ **From Page 1**

out paying general sales tax.

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Cut won't dent transport costs

SMR (244)

12/4/86

From Page 1

yesterday announced the price of petrol would be reduced by between 6c and 11c a litre and that of diesel by between 8c and 9,3c a litre from Monday

A spokesman for SATS said the organisation had budgeted for a loss of R98 million in the 1986-87 financial year and had an accumulated loss of R630 million "The decrease in the fuel price will not lead to a drop in tariffs but will have an influence on possible future fare and tariff increases"

SAA, which is affected by the lower crude oil price has said it is monitoring the situation and will consider its options if it continues to improve Reductions in air fares are unlikely, however, as the airline has also budgeted for a considerable loss

A spokesman for the Putco bus company said the fuel price reduction was not as large as expected "We study the figures before we can say whether the reduction will be passed on to passengers"

Taxi firm chairman Mr Jan Mynhardt said fares would not be reduced "The taxi rates now are the same as when the price of fuel was 54c a litre We had to grin and bear these increases and a few taxi drivers went under as a result Other costs have also increased tremendously We are still on the losing side"

An Escom spokesman said the price of petrol and other liquid fuels was a minute component of electricity costs and would not affect tariffs

"Over 90 percent of our power is generated by coal The coal price increase announced yesterday will not affect consumers as we pay a lower price for coal"

Mail rates will also not be reduced A Post Office spokesman said 60 percent of fuel for Post Office vehicles was bought on contract which was not affected by fluctuations in the retail price

"The reduction could save about R250 000 This does not make much of a dent on the PO's current budget of more than R5 400 million which already makes provision for a operating loss of R108 million on the mail service Our mail rates are still too low"

Cape Times 12/4/86 264

Price of tyres to rise this month

Own Correspondent

DURBAN. — Tyres will cost more within a month and at least one company has already raised its prices by nearly 10 percent

Marring motorists' happiness at the news of cheaper petrol, General Tyres chief executive Mr Tony Versfeld yesterday confirmed a tyre price rise of 9,75 percent

It will be effective from Monday.

And Firestone's managing director, Mr Peter Morum, said his company would have to raise prices by a similar amount before the end of the month

A Dunlop spokesman could not be contacted

Mr Versfeld and Mr Morum cited the rocketing cost of imported raw materials as the major reason for rises.

Costs had increased by about 40 percent in the past year, Mr Versfeld said, but price rises — including the present one — added up to only 30 percent.

Govt must cut tariffs (244) retailers

STAR 12/4/86

By Jackie Unwin

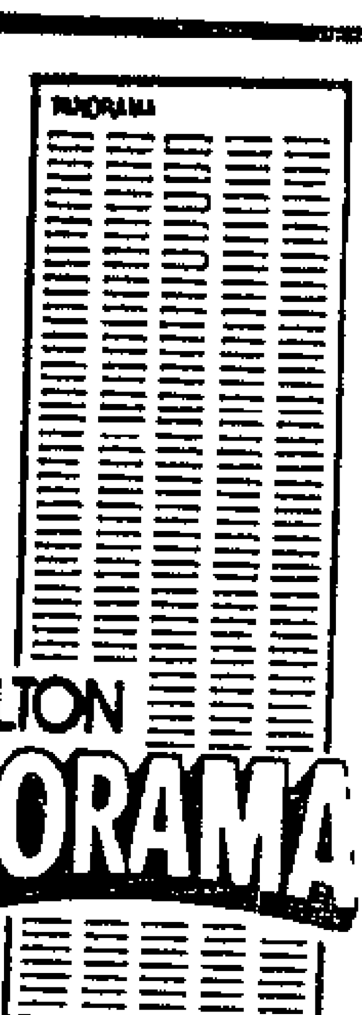
Consumer bodies and retailers are furious that State-controlled bodies do not intend to lower their tariffs after the drop in the fuel price

"We are very angry and bitter about the whole situation," said Mrs Joy Hurwitz, president of the Housewives' League "We demand price decreases "

"The league expects the Government sector, the private sector and every producer in this country to drop prices These measures are anti-inflationary It is not just the petrol decrease, it is the decrease in the bank rate and the costs of importation

"All these items were used to push our cost of living up and now we expect the equivalent reduction "

A spokesman for the Consumer Council said "The challenge to the Government bodies to lower their rates is absolutely valid and we would back it all the way



"They have given the petrol price increase as an excuse for pushing up the rates in the past

"If you take, for example, South African Airways and the South African Transport Services, fuel must be one of their prime expenses So why can't they lower their prices?"

Mr Alan Gardiner, director of Pick 'n Pay, said "I think it an absolute disgrace that Government bodies do not drop their prices They have got to cut prices One would have thought the President would have issued a directive to all departments to make price cuts "

"For the Government not to make the example shows a lack of leadership

"We are asking all our suppliers to drop prices There has been more than a 20 percent petrol price cut in the past two months."

Mr Clive Weil, managing director of Checkers, said "As a consumer I want to know what the Government bodies are doing with this windfall profit

"They cannot have budgetted for this order of decrease and one wonders where the surplus earnings are going "

Mr Gordon Hood, managing director of OK Bazaars, said "As a result of the reduction of the price of petrol the OK will immediately pass on its anticipated savings to consumers and reduce the price of frozen chicken by 70c At the same time it will engage in negotiations with the suppliers of fruit and vegetables, meat and fish and call on them to reduce the price of these products "

The Government was also criticised for not giving any relief to the Reef motorist in the cost of transporting fuel

Mr Brian Goodall, the Progressive Federal Party spokesman on mineral and energy affairs, said: "I believe it is unfair that the Reef motorist is charged 7,4c a litre for transportation costs The actual cost of transporting petrol by pipeline is about 1c a litre so the pipeline is making considerable profits," he said

Transport ignores fuel cut

STAR 244

By Zenaide Vendeiro

19/4/86

Train, air, bus and taxi fares will not be reduced after yesterday's fuel price drop and neither will freight, electricity, coal and postal rates.

This was the immediate reaction to a private sector challenge to large State-controlled bodies such as the South African Transport Services, South African Airways, the Post Office and the Electricity Supply Commission (Escom) to take the lead in passing on the benefits of the lower price fuel to consumers

Minister of Mineral and Energy Affairs Mr Danie Steyn

● To page 2, column 4

Cape Times 12/4/86 244

Petrol drop: City bus fares to be cut

CITY TRAMWAYS has announced that it will drop its fares following the average 9,4 cents a litre cut in the petrol price announced by the Minister of Energy Affairs, Mr Danie Steyn, yesterday.

Its lower clipcard fares will come into effect on Sunday April 20

And the Opposition transport spokesman, Mr John Malcomess, called on the Minister, Mr Hendrik Schoeman, to cut transport tariffs

"If it is not done we must query the bona fides of the government in its fight against inflation"

However, a South African Transport Services spokesman said SATS would not be reducing road transport tariffs and fares as it had a budgeted deficit of R98-million for the current financial year and an accumulated one of R630m The reduction might have effects on future price determinations, he said

'Considerable pressure'

OK Bazaars MD Mr Gordon Hood has announced that the chain will immediately reduce the price of frozen chickens from an average of R2,69 a kg to R1,99 a kg for at least the next week and will negotiate with suppliers of fruit, vegetables, meat and fish to reduce prices

The managing director of Checkers, Mr Clive Weil, said his company would "pass its petrol savings on to the consumer as soon as possible", and put "considerable pressure" on suppliers to do the same

Pick 'n Pay director Mr Alan Gardiner said he and the chain's buyers around the country were working to reduce the prices on products across the board

In announcing the cut in the price of City Tramways clipcards, the managing director, Mr Nic Cronje, said yesterday it should be remembered that the last time the company adjusted its tariffs to take account of increased operating costs, excluding fuel-price increases, was in November 1984.

Clipcards costing up to R5 will now cost 10c less per week (eg a R3,70 clipcard will now cost R3,60), those costing more than R5 and less than R10 will cost 30c less per week and clipcards costing more than R10 will cost 40c less per week.

These announcements followed hard on the heels of appeals by both Mr Steyn and various consumer bodies and members of commerce and industry, for the price cut to be passed on in an effort to reduce inflation

Mr Steyn, who announced the cut — the second in a month, said yesterday that little had been done last time to bring down prices

The cut could have been 14c a litre, he said, but because of the instability of the crude oil price it was being pegged at about 10c

Putco, according to its public relations officer, Mr Pat Rogers, would have to investigate whether it could pass on the decrease to passengers.

The cut was met with widespread enthusiasm by industry and commerce

The general view was it would stimulate the economy and contribute to reducing the inflation rate.

Mr Brian Goodall, Opposition spokesman on energy, welcomed the cut as it "could help to reduce inflation and little in this connection had been done in the budget"

The president of the South African Agricultural Union, Mr Kobus Jooste said it would effectively save the agricultural sector about R109-million a year, and that the move could only benefit the country's "sick" economy

Mr Nico Vermeulen, director of the National Association of Automobile Manufacturers of South Africa, said the savings made possible by the reduction should translate into increasing disposable income and generally boost demand for goods and services

The chief executive of Assocom, Mr Raymond Parsons, said the intensity of competition would ensure that many businessmen would translate the cut into consumer benefits

The national president of The Housewives' League of South Africa, Mrs Joy Hurwitz, said "We now expect some reductions in commodities"

The assistant secretary of the Motor Industries Federation, Mr Rod Hudson, told the Cape Times that garages could now go back to selling at full litre price by Monday

The pump price of 98 octane will be reduced by six to seven cents a litre, and 93 and 87 octane by nine to 11 cents a litre

Wholesale price

The variation is due to rounding off.

The wholesale price of 98 octane will be cut by six cents and the other two octanes by nine cents.

The pump price of diesel will be cut by 9,3 cents a litre and for marine, government, trade and industrial uses it will be cut by eight cents a litre

Agricultural diesel will be cut by 8,1 cents, public goods transport by 9,3 cents and bus transport by 8,3 cents.

Household paraffin is to be cut by four cents a litre and industrial paraffin by eight cents — Staff Reporters, Political Staff and Sapa

12/4/86

Lower foc
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The Natal Mercury April 12, 1986

(244)

ORMANDE POLLOK
Political Correspondent

CAPE TOWN—Supermarket chains have responded to a Government challenge to pass on the benefit of the lower fuel prices to consumers by pledging cuts in food prices.

Mr Danie Steyn, Minister of Mineral and Energy Affairs, yesterday announced fuel price cuts of up to 11 c/ℓ from Monday, but said the last time there was a price cut, little had been done to bring down prices.

Mr Steyn said he expected a more favourable response this time

Reacting yesterday to the minister's challenge, Pick 'n Pay pledged to reduce prices on most commodities.

Pick 'n Pay director Alan Gardiner said 'We're certainly going to reduce prices. I've spoken to all my buyers around the country and we're working actively to reduce the prices across the board on products

'Last time the petrol price came down a lot of suppliers said they would just not ask for price increases they'd been about to. They won't be able to do that this time

Pressure

OK Bazaars announced that the price of frozen chickens would be reduced immediately. Managing director Gordon Hoo[illegible] the price of frozen chickens, currently selling at an average of R2,69/kg, would drop to R1,99/kg for at least the next week.

'At the same time we will engage in negotiation with the suppliers of fruit and vegetables, meat and fish and call on them to reduce the prices of these products,' he said.

Clive Weil, managing director of Checkers, said his company would pass its petrol savings on to the consumer as soon as possible and would put considerable pressure on suppliers to do the same

Mr Weil also called for Government tariff and fare reductions

'Unless the Government and Government institutions such as SATS, Escom, [illegible]

Mr Steyn said the pump price of 98 octane would be reduced by between 6 c/ℓ and 7 c/ℓ and the price of 93 and 87 octane by between 9 c/ℓ and 11 c/ℓ

The variation is due to rounding off

The wholesale price of 98 octane would be cut by 6 c/ℓ and the other two octanes by 9 c/ℓ

The pump price of diesel would be cut by 9,3 c/ℓ and for marine, Government, trade and industrial uses it will be cut by 8 c/ℓ

The price of agricultural diesel would be cut by 8,1 c/ℓ, diesel for public goods transport by 9,3 c/ℓ and bus diesel by 8,3 c/ℓ

Household paraffin would cost 4 c/ℓ less and industrial paraffin 8 c/ℓ less

Processed

Mr Steyn said the Third Party levy on petrol had been increased from 2 c/ℓ to 2,6 c/ℓ

The increase was the result of statistical information about the risk factors of various consumer groups

The information had been processed on a statistical and actuarial basis to ensure that everyone made a fair contribution to Third Party insurance

As a result, all octanes of petrol would carry a 2,6 c/ℓ levy instead of the initial 2 c.

Diesel used for public goods transport would carry a 1,7 c/ℓ levy, bus transport diesel 2,7 c/ℓ and agriculture 0,2 c/ℓ

The 4 c/ℓ price cut being withheld from the public to replenish the country's strategic fuel stockpiles with the cheap crude oil available now would be passed on to the consumer once this had been achieved

The stockpiles were 'not for strategic, but for economic purposes', he said

'In other words, to stockpile enough cheap crude to use again if nece[illegible]

Pegged

Minister Steyn said the latest fuel reductions were in line with Government promises to bring them down whenever possible

The price of crude oil had come down since last month's cut but as a result of the unstable exchange rate it was being calculated at R1 to 47 U S cents The cut could have been 14 c/ℓ he said, but added that because of the instability of the crude oil price it was being pegged

Mr Brian Goodall, Opposition spokesman on energy, welcomed the cut, saying it could help to reduce inflation adding that little in this connection had been done in the Budget

The PFP's transport spokesman, Mr John Malcomess, said the cost of fuel had been cut by 'no less than 20 percent and it would be a miscarriage of justice if South African Transport Services did not pass this on to the hard-hit consumer'

Revert

In his announcement, Mr Steyn said the temporary half-litre price system could be discontinued

He said it would be possible to revert to a full litre price system on Monday, which would simplify sales transactions

Prices would however still be rounded off to the nearest cent

less force commerce and industry to follow suit, we are really most concerned that these savings will be pocketed, as was the case the last time,' he said

Pegged

ion the blow to the consumer of another increase in the price of oil'

The petrol 'reserve fund', which belonged to the fuel consumer and was administered by the Central Energy Fund to cover fluctuations in the landed price of oil, had been built up once again to R200 million and there was no reason to keep back some of the price cuts for this purpose, Mr Steyn said

CAPE TIMES 11/4/86

Farmers deny they caused price hike

By RONNIE MORRIS

SHEEP farmers have denied they caused last week's meat price hike by withholding stock as alleged by the Meat Board

The Meat Board claimed last week that farmers were responsible for the hike, which nearly doubled the meat price, by withholding stock because they were "spoilt" and were waiting for higher prices.

The auction price of lamb was R3,70 a kilo compared to R5,70 last week. Earlier, it was increased from R3,20 to R6,20 a kilo

Farmers yesterday strongly denied this, saying they were issued with Meat Board permits controlling when they could market their animals.

Namaqualand farmer Mr Thys Beukes, of the Bovlei farm in Kamieskroon, said every farmer naturally tried to get the best price for his stock.

Meat prices were affected by the supply-and-demand principle, and there was no way they could keep prices artificially high, he said

Because all farmers could not market their stock during this period, they were issued with Meat Board permits, which determined when, and how many, animals could be sent to market.

Farmers had no control over the issuing of permits, said Mr Beukes

Mr R Archer, a Kamieskroon farmer and member of the meat committee of the Western Cape Agricultural Union, said the price of first-grade lamb was R2 more than the floor price for meat.

The floor price did not affect meat prices, he said. When issued with a permit, farmers could not withhold stock.

"Somewhere in the meat trade, the amount of meat for sale is being manipulated and an artificial shortage created," he said

Dr Pieter Coetzee, general manager of the Meat Board, said from Pretoria yesterday that permits were issued only between September and January — the peak production period — after which a quota system was in operation

"If the meat trade could buy meat at a lower price and pay about 20 cents a kilo for transport, it would do so

"The Meat Board does not interfere with the price of meat unless it drops to the floor price," he said

The chairman of the Chamber of Muslim Meat Traders (Commtra), Mr Adam Jaffer, said they repeated their call for an inquiry into the affairs of the meat industry

Hoteliers hit at liquor price hike

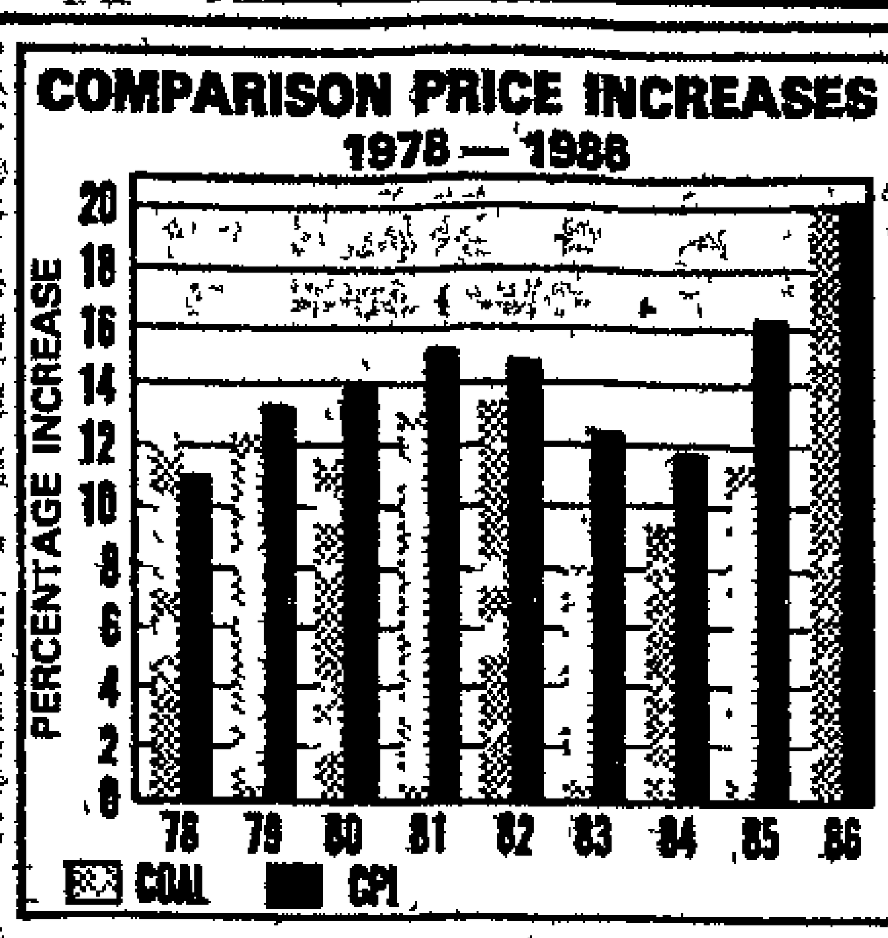
The latest liquor wholesale price increase is "once again a case of the little guy being hammered by the big guy," according to Mr Mike Kovensky, chairman of the Federated Hotel, Liquor and Catering Association's (Fedhasa) liquor committee

The latest increases are eight percent for wines and five percent for spirits Whisky, however, dropped in price by 10 percent.

Mr Kovensky said liquor retailers and hoteliers were dismayed by the price increases shortly after Easter, only eight weeks after previous increases.

They were announced by the Cape Wine and Spirit Institute, described by Mr Kovensky as a "cartel" of producers and wholesalers

He said "I find it impossible to believe the Cape Wine and Spirit Institute got its figures so wrong eight weeks ago that unforeseen circumstances made it necessary to raise prices again, particularly with a petrol price decrease in the offing."



Govt raises coal price then scraps controls

BUSDAY 11/4/86

CHRIS CAIRNCROSS and LINDA ENSOR

GOVERNMENT increased the price of pithead coal by 19,9% yesterday and announced immediate deregulation of price control at wholesale and retail level.

Industry leaders welcomed both moves, but the Federated Chamber of Industries expressed disappointment that the increase was higher than the rate of inflation.

The price increases — the highest in recent years — comes into effect today.

It is estimated the increase will contribute to an increase to the consumer of about 5,5% on the Reef and 3% in Cape Town. The pithead price is a small proportion of the retail price, which is made up mainly of transportation and distribution costs and retailers' margins.

The Transvaal Coal Owners' Association (TCOA) — the marketing arm of major coal producers in the province — welcomed the price rise, saying it would help ease the accumulated burden of unrecovered costs which the industry is bearing, with minimal effects on inflation.

"The erosion of coal prices over the past decade had been reducing the return on domestic coal sales to an unacceptable level," TCOA MD Les Weiss said, adding that major investments for the exploitation of new coal reserves had become unviable.

The new price would not, he said, compensate fully for the shortfall.

Mineral and Energy Affairs Director-General Louw Alberts said that unless the continuous lag of production costs behind price adjustments were rectified to some extent, the long-term availability of coal, and thousands of jobs, would be jeopardised.

He said the decision was taken after recommendations by the Coal Advisory Committee.

Over the past 10 years, said Alberts,

● To Page 2

Govt scraps coal controls

11/4/86. BUSDAY.

● From Page 1

production costs had increased by 16% on average — due mainly to rapid escalation of labour costs — while prices had increased by an average of 12%.

Government would monitor the situation closely, he added, and if consumers were being exploited, it would not hesitate to re-instate price control.

Another feature of the new price structure is the larger differential introduced between high and low grades, intended — said Weiss — to encourage greater use of the low grades. SA's reserves of high grade coal are limited, he added.

The price of low-grade coal, used basically for cooking and heating, will rise by less than 15% at the pithead.

Price increases for Natal collieries — determined on a colliery-to-colliery basis — amount on average to the 19,9% average granted for the Transvaal and OFS collieries.

STAR 11/4/86

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Fuel price to go down

Political Correspondent

CAPE TOWN — The petrol price is to be cut again by up to 11 cents a litre from Monday, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, announced today.

The move has been made possible by the collapse of the international price of crude oil on world markets.

Also on Monday, pe[illegible] pumps [illegible] to revert to the full-litre pricing system, while the in-built contribution to the third party fund is to be adjusted, depending on type of fuel, from 2 cents to a average 2,6 cents a litre.

Mr Steyn said that the wholesale price of petrol for 98 octane fuel was to be reduced by 6 cents a litre while that of other grades was to come down by 9 cents a litre.

(244) (38) 388 WEEKLY MAIL 11/4/86

PE retrenchments wave likely

By MIKE LOEWE, Port Elizabeth

A WAVE of retrenchments was expected as the black consumer boycott of white stores was resumed on Monday

But under a deal struck between traders in the townships and organisations supporting the boycott, employees retrenched by white shopowners will be hired by township traders.

The traders, who have been gearing up for a boom, have also pledged to keep mark-ups below 15 percent Compliance will be monitored by a committee which includes the East Cape African Chamber of Commerce and the United Democratic Front

White shopowners have warned of a mass closure of stores by the end of the month Said an outfitter in the black trading sector on Main Street· "We've had our chips Business slumped with the recession, and now this. We'll never survive "

The decision to resume the consumer boycott — which closed a number of white businesses before it was called off at the end of November last year — was taken at a mass meeting last month.

The boycott, said Walmer PFP MP Andrew Savage last week, is not about prices but about political rights — a means of communicating to whites the urgency of using their influence to abolish apartheid

In that aim it may be finding its mark, as traders interviewed are beginning to criticise the government for "deliberately neglecting the city"

Meanwhile, violence in the townships has reached new heights At the weekend, police fired on a crowd of mourners attending a funeral for eight residents killed in raids on state and community council-owned bottle stores The eight died at the height of a self-imposed prohibition drive which includes the restriction of alcohol trading hours

STAR 11/4/86

Consumers fear inflation after coal price rise

By Jackie Unwin

Consumer organisations are concerned that the 19,9 percent pithead coal price rise will be inflationary and the deregulation of the industry might hurt the black community which uses coal for heating and cooking

Mrs Joy Hurwitz, president of the Housewives' League, said today. "When price control was removed from milk, prices rose considerably. Coal is such a vital item that one would not want that to happen.

"It could also be inflationary for all industries that use coal as an input cost"

Mrs Betty Hirzel, chairman of the Consumer Union, said "We support deregulation wholeheartedly But there is the worry that the black people will be in trouble"

DELIGHTED

Members of the coal industry are delighted with deregulation and feel that it will result in lower prices

Mr Paul McNaughton, of Reef Coal, said "It is probably the first step in implementing the recommendations of the Competition Board

"The most efficient mechanism to control coal, or any other, prices is competition

"Now the Government has taken this step it needs the encouragement to deregulate coal and petrol totally. These are two major inputs in our economy

"Consumers are best served if the prices for both these commodities are dictated by market forces"

BUS DAY 10/4/86. (244) (38)

Retailers slam liquor price rise

THIS month's wholesale liquor price rise smacks of opportunism, says the Federated Hotel, Liquor and Catering Association (Fedhasa).

It may further entrench liquor profits in the producer and wholesale sectors, it says.

Fedhasa says it is unwarranted after a Budget in which liquor was spared an excise increase and after a petrol price drop that should have resulted in considerable distribution savings.

Liquor committee chairman Mike Kovensky said in Johannesburg yesterday: "This is once again a case of the little guy being hammered by the big guy."

The increase comes only eight weeks after an earlier one. The latest adjustment is 8% for wines and 5% for spirits. The whisky price, however, has been lowered by 10%.

"Retailers are the middlemen who have no say over these price rises, but are at the coalface of consumer antagonism.

"I find it impossible to believe that the Cape Wine & Spirit Institute got its figures so wrong only eight weeks ago that unforeseen circumstances made it necessary to raise prices again." — Sapa.

SMR 10/4/86.

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Minister turns down petrol price petition

By Jackie Unwin

The Transvaal motorist will still have to subsidise the uneconomic railway passenger services through paying oil pipeline charges, Minister of Transport Mr Hendrik Schoeman said in response to the 79 000-signature "Jack and Jill" petrol petition

Automobile Association and Progressive Federal Party spokesmen say this is unfair to the inland motorist.

In a letter to Mr Jack Huber, a pensioner who launched the petition calling for the massive profits from the oil pipeline to be used to reduce the petrol price, Mr Schoeman said this would mean a drop in the average retail price of fuel of only 1,6c a litre.

"Although the saving for the fuel consumer will be minimal, such a concession will result in a considerable increase in the loss on passenger services which cannot be made good by tariffs and/or cross subsidisation."

Mr Schoeman wrote. "In view of the contemplated deregulation of the transport market, it has become Transport Services' policy to move towards a tariff structure based on costs

"Such a policy will no doubt bring about a situation where abnormally high profits on pipeline traffic will be scaled down.

"When this materialises, Transport Services will either have to increase passenger fares drastically to cover the cost ... or additional compensation for the losses sustained will have to be obtained from the Government or a third party"

Mr Schoeman said these aspects were being considered by the National Transport Study Group and recommendations were expected within a few months.

Mrs Iona Reed of the AA's public affairs division said. "It is unfair that any one sector, in this case the inland motorist or indeed SATS, should have to subsidise uneconomic socio-economic and political services which should in fact be for the account of the entire community through the broad tax base."

PFP spokesman on energy affairs Mr Brian Goodall said: "The actual levy for transport costs for inland petrol is about six or seven cents. The Minister said in Parliament it costs about one cent a litre to transport fuel from the coast.

"The cost per kilometre for first class is approximately five times the cost for third class The pipeline profit is not going to subsidise the lower income groups, but those travelling first class. That is where the loss is being incurred"

Coal price set to rise 15%

BUSDAY 10/4/86

ROY BENNETTS

DOMESTIC coal producers are expected to get a 15% rise in selling prices when government announces new domestic rates today.

Despite crashing international oil prices and a glut of world coal stocks, the authorities are expected to provide some comfort to local producers by increasing A-grade coal to about R20 a ton from the current price of R17,43 a ton.

Bottom-of-the-market D-grade coal is expected to enjoy a smaller increase, rising from R14,80 to R16,30 a ton.

SA uses about 11-million tons of coal, worth R174m, each month.

Mining houses operating Escom-tied mines have been complaining for some time that coal prices have fallen well behind the annual rate of increase in production.

Rand Mines coal division deputy chairman Alan Cook says the industry supplying the SA market is now on its bones and that increases in the domestic price have been kept well below the inflation rate.

However, the latest increase will most certainly be borne by consumers of electricity, both domestic and industrial, with a resultant ripple effect throughout the economy.

Major users such as Escom and Iscor are certain to pass on any increase, which, perversely, will affect operating costs of large consumers such as the mining industry.

This increase will partly offset falling coal-export sales, with prices down from highs of $35 a ton to $27,50.

☐ It is reported from London that the British National Coal Board, faced with the threat of a major consumer conversion to oil, has — for the first time since the early 1970s — agreed to cut the price of some power-station coal.

Furniture prices to soar by further 20%

BUSDAY 8/4/86

244

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MICK COLLINS

FURNITURE prices are expected to leap by 20% before the end of July — with a further 15% increase to follow in the third quarter.

As soaring costs and shrinking markets take their toll — 450 furniture factories closed in 1985 — manufacturers say they are being forced to pass on price rises to retailers.

Industry sources say that the increase of 30% in the first quarter was long overdue. A projected 20% is forecast before the end of July, with a 15% hike expected in the third quarter.

This means that a lounge suite which cost R599 in January will retail at R1 074 before the end of the year.

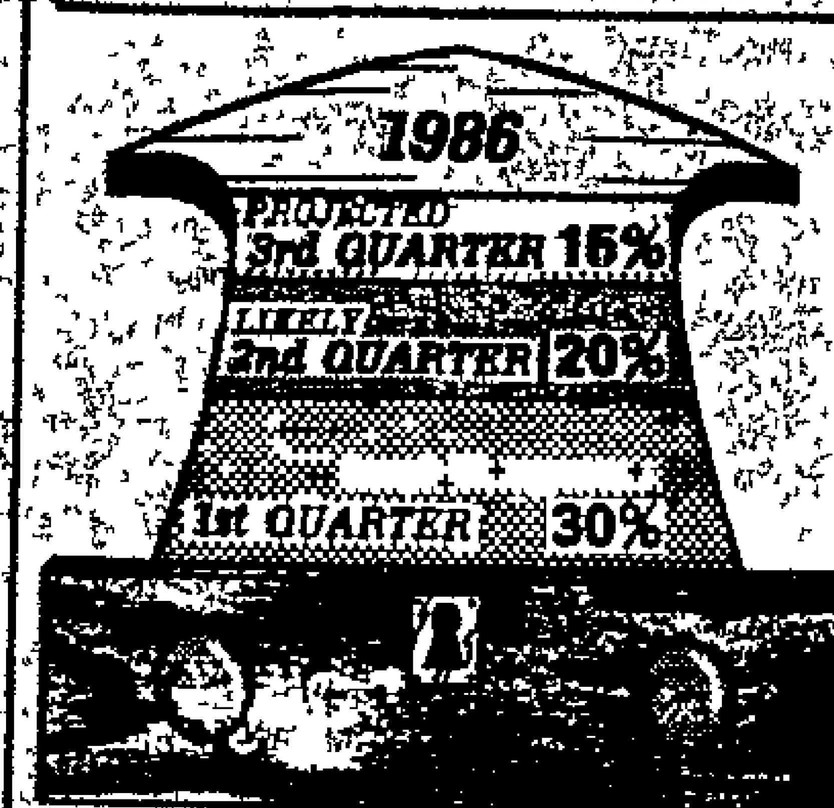
"Last year, I forecast that prices would increase between 25% and 30% in the first three months of 1986," says Arthur Solomon, GM furniture and appliances at the OK Bazaars.

"This has happened and the industry is now looking at further increases of between 10% and 20%."

Solomon blames the increases mainly on rising imported timber and fabric prices.

"Most hard woods used in the manufacture of furniture are imported. Recently we have had increases in the prices of imbuia, oak and maple. Along with this, major overseas fabric manu-

INCREASES IN THE PRICE OF FURNITURE



To Page 2

Furniture price hike expected

BUS DAY 8/4/86

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facturers have been forced to up the price of their products.

"Added to all this is a surcharge on imports, a weak rand and extra duty on fabrics"

Solomon says despite manufacturers turning to local fabrics they are still faced with rising costs in the form of wage bills and overheads.

"Of the factories that closed down, many were faced with a tight cash flow situation coupled with forex problems.

"My advice to the consumer is to buy as soon as possible and buy wisely. Purchase from reputable companies and be selective in quality of product. Ask yourself if the company you intend doing business with will still be around next year."

Grafton Everest marketing director Ed Billes says the plight of the industry is pitiful.

"We have had all these closures over the past year and expect many more. I envisage a situation where there won't be enough manufacturers left to service market demands.

"We are looking at ways and means of increasing efficiency, but even that course has a limit. Prices have gone up and will continue to do so."

Billes says prices of raw materials have gone up by between 25% and 120% over the past year.

"Prices of foam, fabric and wood have soared. If manufacturers continue to supply at current prices, then I forsee a lot more casualties."

Fuel price may drop 10c soon

Cape Times 9/4/86

244

Own Correspondent

DURBAN. — The price of petrol seems set to drop by a further 10 to 12 cents within the next week or two.

According to Mr Theuns Burger, a spokesman for the Department of Mineral and Energy Affairs, the likelihood of the price dropping is "excellent" and "very good indeed".

Although he could not say by how much the price would drop, or exactly when it could be expected, he did say the Director General of the Department had earlier been reported as saying the announcement would be made by the middle of this month

Reacting to speculation that a drop of as much as 12 cents a litre was on the cards, Mr Burger declined to comment but said: "It will be meaningful, and I think anything over four cents a litre is meaningful"

But he said the administrative staff were still making calculations, and if a decrease were recommended, it would still have to be approved by the cabinet.

Several major oil companies acknowledged that they hoped a "substantial" drop was in the offing, but few would put a figure to their expectations.

A spokesman for Trek said he believed it was "unlikely" any decrease would be more than the one of eight and 10 cents a litre announced earlier this year.

Meanwhile, the international oil market continued to react yesterday to reports that Norwegian workers would bring Norwegian oil and gas production to a complete halt for months

By mid-afternoon, North Sea crude prices were up nearly two dollars a barrel from Friday, with Britain's Brent blend for April loading quoted at 14,10 dollars compared with 12,20 dollars before the weekend

Sapa-Reuter reports from Oslo that Mr Oddleiv Toennesen, president of the 670-strong Catering Employees' Association (CAF) which has been on strike since early Sunday, said "We are prepared for a long battle . . our members are prepared to stay out at least two months."

The strike by CAF was immediately followed by a lockout of all offshore workers by the Norwegian Offshore Employers' Association

About 3 000 staff working on North Sea production platforms were flown back to the mainland on Sunday, leaving skeleton safety crews on board

The removal of Norway's daily production of some 900 000 barrels of oil boosted spot crude prices as analysts saw it helping to balance out the glut on world markets

Senior political sources in Oslo said the Conservative government was not unhappy about the dispute and would not intervene.

The price plummeted from 30 dollars a barrel last November to yesterday's levels, and although oil and gas exports represent 20 percent of Norway's state taxes, the sources said that if there was to be a strike, there could hardly be a better time

SPCA to probe City pet shop

By CHRIS STEYN

THE SPCA is to investigate complaints from the public about alleged cruelty to animals at a Sea Point pet shop.

There were complaints that animals were in bad health and some even injured

When a Cape Times reporter visited the shop in Regent Road yesterday, she was sold a hamster with a festering wound on its belly The wound had maggots The reporter paid R3,92 for the hamster.

She, and members of the public, also saw several other hamsters in a birdcage in used baby food bottles lying on their sides

Others were kept in cages littered with newspapers and rotten vegetable leaves

The owners of the shop, Mrs D P Schoeman, who initially hesitated to sell the hamster, poured some TCP from a bottle directly on to the wound and put the hamster into a small muesli-bar box.

When the Cape Times reporter returned to the shop with a photographer to confront Mrs Schoeman, she said that the hamster had been bitten in the morning and that she "just didn't see"

Mrs Schoeman said she had a letter from the SPCA saying that her shop was clean and her animals well fed She declined to produce the letter.

The secretary of the SPCA Cape of Good Hope Branch, Mr Keith Goude, said Mrs Schoeman had been in this shop for only the past two days and that the letter pertained to a visit by an SPCA official to her previous shop in St John's Road

"That report was not for this particular place I will send the chief inspector to the shop first thing in the morning," he said

Meat price rockets: Call for inquiry

Cape Times 5/4/86

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By RONNIE MORRIS

THE Chamber of Muslim Meat Traders (Commtra) has called for an inquiry into the affairs of the meat industry following an almost 100 percent increase in the price of lamb and mutton in less than a week.

In one instance the price of first-grade lamb rocketed from R3,20 a kilogram to R6,20

Commtra represents about 400 Muslim Meat traders in the Western Cape

Mr Adam Jaffer, chairman of Commtra and a butcher by trade, said the latest price increase from R3,20 last week to over R6 was unprecedented

"It is a disgusting situation where a basic commodity like meat can fluctuate by margins of 100 percent in less than a week Normal supply and demand dictates that after Easter prices are supposed to come down Prices now are much higher than at Christmas," he said

"It is time that a fully-fledged independent inquiry is launched into the ramifications of the meat trade The farmers have been pampered too long by the Meat Board which guarantees them a price when prices are low"

He accused the Meat Board of passing the buck and said retail butchers were facing the brunt of public anger

Sea Point butcher and City Councillor Mr Chris Joubert said retail butchers were upset by the price increase.

The Maitland abattoirs had a slaughtering capacity for 7 000 sheep but were slaughtering 1 000 sheep on some days "I want to know why when the slaughtering capacity has been increased there is a shortage one day and enough meat to satisfy demand another day," he said

The secretary of Commtra, Mr Latief Gaffoor, said "Monopolies controlling the meat industry obviously treat a small retail butcher as a pawn in its aim of total control of the industry

"Housewives pay R9,60 per kilogram for chops in supermarkets but complain of paying R6 from retail butchers thereby supporting the demise of the housewives' friend.

"It is in the interest of monopolies who invariably have a finger in the wholesale groups to fetch R6 per kilogram for meat as butchers pay a nine percent delivery charge

"I find it strange whilst the full quota of lamb was slaughtered last week, the wholesalers, obviously disappointed at the low prices fetched, in order to strike a balance slaughtered fewer lambs this week. This caused prices to be the highest in the history of meat in the Cape"

Mr Rashid Paleker, a butcher in the southern suburbs, said it was scandalous that the price of meat could increase by such an amount. "Somebody is doing something somewhere which is not to the benefit of the consumer"

Decrease in turnover

Mr Frans Pieterse, the assistant general manager of the Meat Board, said from Pretoria yesterday there had been a decrease in meat prices before Easter which had been broadcast over the radio

Traders reported a 15 percent decrease in turnover in what had been only four slaughtering days

Because of the short week and the lowering of the market price, farmers had held stock because they had been spoilt and were waiting for higher prices, he said

The Meat Board was worried about the fluctuations in the market but realized the farmer wanted a fair and reasonable price for his stock.

● A random sample at major supermarkets by the Cape Times yesterday showed that the price of first-grade frozen lamb ranged from R7,15 to R4,98 a kilogram

Call for cut in petrol price

Bus Day 4/4/86 (244)

GERALD REILLY

FUEL experts have called on the Government to drop the price of petrol by between five and 12 cents a litre before the end of the month.

The prices of crude in world markets yesterday hovered around the $10-a-barrel level, and authoritative overseas opinion is they could go even lower.

Government sources, however, said the Cabinet's problem lay in assessing how long current conditions will last.

Acting head of the economic research bureau at the University of Stellenbosch, Ockie Stuart, said his calculations indicated a decrease of about 10c a litre was justified if the current prices of crude and the rand/dollar exchange rate remained fairly constant.

"Another substantial price cut would be of enormous benefit to the economy and to the struggle against chronic inflation.

"A price cut would impact immediately on the consumer price index and substantially strengthen the ripple effects of February's 10% cut."

Meanwhile PFP energy spokesman Brian Goodall said authorities expected the price of crude to stabilise at between

● To Page 2

Call for Govt to cut petrol price

● From Page 1

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$10 and $12 a barrel.

At the current petrol price there was over-recovery which was being paid into the State fund, he said.

This would be taken into account when a price cut was calculated.

Goodall expected a price reduction of at least 12 cents a litre to be announced before the end of April — provided there was no dramatic change in crude prices and the dollar value of the rand.

But, he added, even if the rand slipped from its present level there was enough flexibility to justify a lower price.

Oil companies approached would not speculate on the extent of a price cut but said current conditions obviously made a price adjustment possible.

Analyst Alan Hill of Max Pollak and Freemantle said the Cabinet was likely to be conservative in assessing the decrease and estimated a five or six cent cut.

"The situation is uncertain and volatile and the Government is likely to maintain a safe reserve."

Consumer Council was 'naive'

Supermarket chiefs blast price surveys

244

By Jackie Unwin

Angry supermarket chiefs have blasted the Consumer Council for its price surveys, claiming they are misleading and distorted Even the supermarket chain which appears to have come out best says it was "just lucky"

They criticise the council for misreading the results of its latest survey on the supposed effect on supermarket prices of the 10 percent decrease in the petrol price

DISTORTED

The council issued a press release this week giving the results of the latest survey on Pretoria stores, but after representation from Checkers, issued an addition to its release agreeing the survey could give a "distorted picture"

The council made two surveys on February 28 and on March 26 A comparison of prices in the two surveys showed the following (where the total of the items surveyed were taken into consideration)

- Pick 'n Pay Vermeulen Street — a decrease of 2,6 percent
- Pick 'n Pay Verwoerdburg City — a decrease of 0,8 percent
- OK Bazaars Verwoerdburg City — a decrease of 3,1 percent
- OK Bazaars Lynnwood Manor — a decrease of 2,6 percent
- Checkers Sunnypark — an increase of 3,7 percent.
- Checkers Lyttleton — an increase of 4,5 percent
- Spar Barclay Square — an increase of 0,4 percent
- Hyperama — a decrease of 0,7 percent
- Pick 'n Pay Hypermarket — an increase of 0,2 percent

The council's first press release praised Pick 'n Pay and the OK Bazaars for the price decreases

The second stated "I wish to point out that Checkers froze its prices for one month as from January 20, which is seen as praiseworthy," says Consumer Council director Mr Jan Cronje

"It would appear that the choice of Checkers to freeze prices was taken at a very unfortunate time The decrease in the petrol price straight thereafter and Checkers' return to normal prices thus shows a much higher increase — which most probably gives a distorted picture"

Mr Allan Fabig, director of OK Bazaars, which came out best in the survey, said the council was "naive"

"Prices have not come down as a result of the petrol price reductions The supermarket industry lives on deals The prices go up and down the whole time

"We thought the council's price surveys had been debunked — it came threequarters of the way to admitting it I thought it had abandoned them

"I don't think the surveys should be given credibility The council hasn't done its homework

"The whole thing is a farce The surveys are badly conducted by amateurs on the wrong lines, some of them luxury items I don't think it does the supermarket industry any good

"The fact that we came out top this time was luck — it could so easily have gone the other way"

Mr Clive Weil, managing director of Checkers, said "I have never heard of a worse example of mixed-up thinking The council's Press release talks about percentages — percentages on what? Not a single buying price has been decreased as a result of fuel

"It is absolutely misleading information

"The council took one reading during our price freeze and one after the freeze when prices were raised, which distorts the results"

BETTER DEALS

Mr Robin Burnill, marketing director of the Spar Group, said manufacturers did not reduce prices because of the petrol decrease

"What happened is we have all been leaning heavily on the manufacturers In some areas they have given us better deals, but whether they are permanent is hard to judge"

He said the council was "assuming" price drops were due to the petrol price decrease "We all have specials"

Mr Richard Cohen, director of Pick 'n Pay, said " In one or two cases price drops might be due to the petrol price decrease, but not all"

Low oil price could have 'huge' impact

London Bureau

THE fall in oil prices, if it continues, could be historically as important for the world as the dramatic rise in oil prices was in the 70s, an oil expert predicted here yesterday

George Hodgson, chief economist with a firm of City stockbrokers, said the dramatic fall in the price of crude oil to about $10 dollars a barrel was 'a very substantial break in the whole trend of the world economy, and if governments can respond to this in the right way then potentially the impact will be enormous'

'I think we are talking about an entirely different decade coming upon us after what has been a very miserable decade economically since the mid-70s '

But Peter Oppenheimer, an Oxford University economics lecturer and presently chief economist with Shell International, voiced some doubts

'I don't think we will go back to the 60s, even if the oil price stays below $10 a barrel — and of course the major question is how long it can stay this low,' he said

'There is no doubt that if it stays this low for years rather than months the cutback in production outside the Opec area will be significant over the next few years There will also probably be a big increase in demand This will put the leading Opec countries back in the driving seat within a few years and the price then will go up again '

Mr Oppenheimer said the industrial world generally would benefit from the lower oil prices — in lower inflation, lower costs for manufacturing and somewhat improved prospects for expansion

Financial

'But there are financial risks The world banking system, especially in the United States, will be worried over the status of some of its debtors — both the less developed countries who are oil exporters, like Mexico, and domestic debtors, like the Texas oil and gas producers '

Sapa-Reuter reports that oil prices recovered slightly yesterday amid signs that Washington was worried enough about the recent free fall to exert pressure on key producers for more stability in one of the world's most important commodities

Crude oil prices tumbled to their lowest in 12 years on Tuesday as a glutted world oil market, disarray within the once-powerful Opec, and the approach of warmer weather in the Northern Hemisphere combined to drive prices below $10 a barrel

Oil embargo

Oil from Britain's North Sea Brent field for delivery this month perked up to $10,70 a barrel yesterday after sinking to just over $9 on Tuesday

Oil has not been cheaper since the devastating Arab oil embargo of 1973 More dramatically, yesterday's prices are barely a third of those fetched last November, before Opec abandoned its already flouted production ceilings in pursuit of what it deemed a 'fair share' of the world oil market

Import tax

The modest overnight recovery in the jittery oil market appeared to be triggered largely by signals from the Reagan Administration that oil prices have probably fallen enough

The U S Vice-President, Mr George Bush, who leaves today on a nine-day trip to the Middle East, told reporters that he would emphasise to Saudi Arabia the need for stable oil prices and the damage the recent price slump is inflicting on some sections of the American economy

Some London oil analysts are speculating that in his discussions with Gulf officials Mr Bush may even threaten to tax oil imports to protect the domestic U S market — (Sapa-Reuter)

3/4/86

y April 3 1986 SOWETAN

Another liquor price rise

CAPE TOWN — Wholesale prices of wine and spirits rose by an average of eight and five percent respectively on Tuesday, confusing retailers who were only told of the increase last Thursday and have not received new price lists.

Mr Riaan Kruger, director of the Cape Wine and Spirit Institute, said whisky, which had dropped R10 per case and was imported, was exempted from the increase due to the improved exchange rate.

The rises follow increases of 7,4 percent on spirits and about 10 percent on wines in February.

Mr Kruger said the increase was caused by high costs and inflation, and added "It was decided to introduce an early settlement discount of five percent — if the retailer pays his account within 15 days of receiving a statement he gets the discount." — Sapa.

Oil price falls further

(244)

3/4/86 STAR

NEW YORK — Crude oil prices fell up to one dollar a barrel late yesterday afternoon following a statement by White House spokesman Larry Speakes that the free market should be allowed to set the oil price.

The drop pared most of the gains reached over the past day-and-a-half after a statement by Vice-President George Bush that he would discuss oil prices with Saudi Arabia during his visit to the Middle East.

West Texas Intermediate, the benchmark US crude, rose as high as $12,45 a barrel but fell back to $11,45 after the Speakes statement.

Oil industry sources said that the statement by Bush, along with a statement on the harm lower prices could cause US oil companies by Energy Secretary John Herrington, led traders to believe that the administration was changing its policy.

But the White House statement was explicit in stating that there was no change in policy.

"Increasingly it is apparent that the vice-president may have been speaking on his own," said one industry analyst.

"He and Herrington are closer to industry and probably felt the need to offer some verbal support during this period when oil prices are falling dramatically," he added

Industry sources also said that the quick response of the White House may have reflected pressure from Saudi Arabia, which was particularly aggrieved by the implications of the statement by Bush.

"It appears that Saudi Arabia is being singled out as the cause of the current instability in the oil markets Ironically this is exactly what Iran is accusing them of doing," an analyst said

Most analysts assumed that the vice president's remarks were aimed at getting Saudi Arabia to cut its oil production.

It is generally agreed that Opec producers must do something to cut their output if the slide in prices is to be stopped.

Oil traders caught in the bullish rally initiated by Bush's statement found that all of the confidence disappeared after the White House statement.

"It is the principal reason for the fall on the New York Mercantile Exchange and it is a sign of just how nervous the market is," said Peter Beutel, analyst with Rudolf Wolff Futures.

Economists see end to slump

BUSDAY 3/4/86 244

Fuel price 'to fall'

GERALD REILLY

THE price of petrol is certain to drop by the month-end, according to informed sources in Pretoria.

But any price cut would depend on the cost of landed crude remaining low and the rand's exchange value steadying around $0,47.

Progressive Federal Party energy spokesman Brian Goodall said authorities expected the crude price to stabilise at between $10 and $12 a barrel

Until recently, he said, about 50c of the petrol price had consisted of the landed price of crude.

The cost of crude landed had dropped by about a third in the past two weeks, said Goodall.

He said he expected a price-cut of at least 12c a litre to be announced before the end of the month.

World oil prices recovered slightly yesterday.

Oil from Britain's North Sea Brent field for delivery this month perked up to $10,70 a barrel yesterday morning, after sinking to just over $9 on Tuesday, less than at any time since Brent came on stream in 1977.

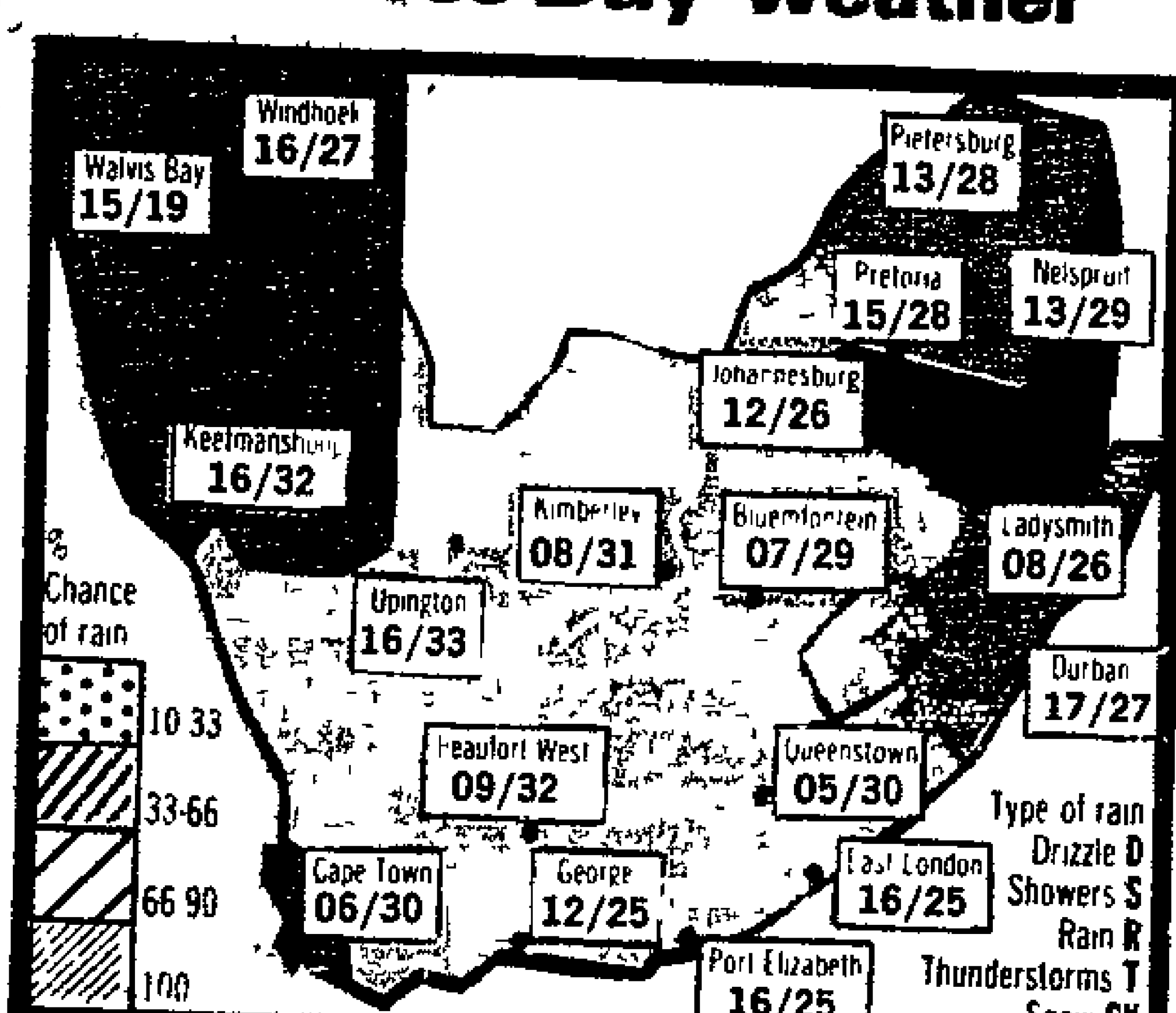
Economics Reporter

STELLENBOSCH University's Bureau for Economic Research (BER) paints a bleak picture of the SA economy in its *Manufacturing Survey*, which shows capacity utilisation, volume of production and employment continuing to decline in the fourth quarter of 1985.

The survey says the volume of production in the manufacturing sector in the fourth quarter fell 1,8% compared with the same period the previous year Production capacity utilisation fell to 84,3% from 85,7% in 1984.

Employment was down to 1,343-million from 1,380-million Total employment in the manufacturing sector has decreased

Business Day weather



NORTHERN CAPE

TRANSVAAL W SW

REST OF CAPE

More unrest in Soweto

BUSDAY 3/4/86

A DELIVERY vehicle was set alight and damaged during unrest in Soweto on Tuesday night, police said yesterday.

In another incident, a private vehicle was damaged by stonethrowers. Another delivery vehicle was robbed of its load of 88 bags of mealie meal

In Kathlehong, near Alberton, a post office vehicle was set alight and extensively damaged.

In two other incidents in the same area two private vehicles were set alight and extensively damaged.

At Hazyview, Eastern Transvaal, blacks set fire to and looted two shops and a private home in the Swala Trust.

Police arrested 10 blacks in connection with the incidents. — Sapa.

2/4/86 BUSDAY (244)

Alberts hints at further petrol price cut

GERALD REILLY
and DIANNA GAMES

THERE would be a further cut in the petrol price if conditions on the international oil market and the rand/dollar exchange rate remained at current levels, says Mineral and Energy Affairs director-general, Louw Alberts

The price of crude oil slumped yesterday to $10 a barrel — a third of November's price level.

Speaking to *Business Day* yesterday, Alberts warned that the public should not be misled into making calculations based on the lower crude prices.

"We don't have access to North Sea crude and this is usually the lowest price quoted in reports."

He also stressed that it took several weeks for lower crude prices to have an impact on total fuel production costs

"However, we are monitoring the situation closely, especially the performance of the rand. The existing petrol price is based on a rand worth US 47c."

If the rand dropped much below this level, the possiblity of another price cut would be weakened, said Alberts.

At the end of February the petrol price on the rand was cut by 10c a litre to 92c. Making the announcement, Mineral and Energy Affairs Minister Danie Steyn hinted at another price cut later in the year.

But the sudden and drastic decline in crude prices has, according to other sources, made an early adjustment likely

Alan Hill of brokers Max, Pollak and Freemantle said that according to his estimates, the SA petrol price could be dropped by at least 5c/*l* in the next few weeks.

Brian Goodall, PFP spokesman for Mineral and Energy Affairs, said the reduction was likely as 50% of the price of petrol depended on the price of oil.

Deflationary hope seen in oil price

21/4/86 · BUS DAY · (244)

MERVYN HARRIS

THE oil price decline should foster chances of continued deflationary global growth for at least the next two years.

While it is difficult to be optimistic about prospects for gold in a deflationary environment, deflation itself can be a disorderly process having a positive impact on hedge assets.

This is the view of the directors of Investors Mutual Funds, management company of Sage Fund, in their annual review.

They say although financial assets, as opposed to hedge assets, will probably continue to find favour with international investors, gold is likely to benefit — albeit erratically — from underlying structural imbalances

These arise notably from the US banking sector's exposure to commodity-producing debtor nations and its own oil industry.

The directors say this should be a watershed year for SA. Political and economic developments could determine the fundamental nature and structure of the economy for the foreseeable future.

A higher savings rate, development of the informal entrepreneurial sector and export programmes are positive strategies.

They will not in themselves ensure a self-sufficient economy without stable international relationships

The directors say the investment and economic environment suggests continued buoyancy on the JSE this year. However, they caution that an active and firm share market does not in itself ensure or reflect increased economic investment or business confidence.

"In a closed economy, beset by high inflation, a strong equity market can represent no more than divergent portfolio views and the ongoing transfer of the same underlying assets from one group of commercial savers to another.

"Confidence is clearly the only key to initiating real fixed investment with its multiplier effects."

Last year, Sage Fund's annual income distribution increased to 43,4c a unit (41,6c), more than double the level of five years ago The composite return (capital appreciation plus income) was 38,4%. Total assets rose to a peak of R237m (R171,8m).

Unit sales jumped 60% to R25,6m

SOWETAN, Wednesday, April 2, 1986

APRIL RISES HIT CONSUMERS HARD

2/4/86 SOWETAN

CONSUMERS had little to smile about on April fool's day yesterday as postal and rail tariff increases came into effect.

Postal tariffs in price spiral

SOWETAN Reporter

The postal tariff rises range from 13 percent for telegrams to 50 percent for post box rentals but the average increase is about 20 percent

They are

- Basic telephone call unit rate up from 10c to 12c Calls from public telephones are unchanged at 10c a unit.
- Direct dialling overseas up to R4,20 from R4,10 a minute.
- Telephone rentals (residential) up to R11 a month from R9.
- Telephone rentals (business) up to R12 a month from R10.
- Telephone installation charges up to R90 from R75
- Telex monthly rentals up to R10 from R5.
- Postage standard letter up to 14c from 12c.
- Non-standard surface mail up to 100g increased to 22c from 19c
- Airmail letters up to 30c from 26c.
- Local telegrams per word up to 8c from 6c.
- Overseas telegrams per word up to 10c from 8c.
- Inland parcels up by about 15c for 100g
- Post box rentals up to R15 a year from R10

The increases are expected to increase total post office revenue by abour R475 million

When the increases were announced by the Minister of Communications, Dr LAPA Munnik, he said although the adjustments would not completely wipe out the estimated R511 million deficit estimated for the new financial year they were "the minimum that can reasonably be introduced".

Rail passenger fares on inter-city services go up by 15 percent and on commuter services by 12,5 percent.

A first class inter-city rail fare from Johannesburg to Durban rises from R88 to R102, and to Cape Town from R171 to R197

Monthly commuter tickets from Johannesburg to Naledi go up from R48,50 to R55, to Krugersdorp from R54 to R61 and to Pretoria from R88 to R99.

The increases are expected to net an extra R27 million for the South African Transport services but rail passenger services are still expected to lose an estimated R1 100 million in this financial year

Mr John Malcomess, PFP spokesman on transport affairs, criticised the increases as unnecessary and inflationary and said they were made against the background of an appreciating Rand and a decline in crude oil prices.

SATS increased rail, road and harbour goods tariffs by about 15 percent on January 1 and last month fares on SAA's domestic service rose by 10 percent.

Boost for world economies, say experts

Price of oil tumbles to under $10

STAR 2/4/86

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The Star Bureau

London

Oil prices round the world have tumbled below US$10 a barrel for the first time in 12 years — raising hopes of a major new growth phase in major industrial countries.

Though there was a rally late yesterday, the slide shows no sign of slowing.

Forecasts were being made today that as economies round the world grow on the back of cheaper fuel, interest rates will fall and mortgages and overdrafts could cost less.

Economist Mr Mark Brett, of a leading firm of stockbrokers, said: "It will be a tremendous stimulus of growth. Just think of all the negative factors caused by the oil crisis of the 1970s, and reverse them.

"This must be good news for the 95 percent of the economy that has nothing to do with producing oil."

Trading on the International Petroleum Exchange in London was suspended for 30 minutes yesterday as prices fell.

Strong rally

In the United States, oil price dropped to about $9,75, but rallied strongly later.

A statement by United States Vice-President Mr George Bush that the slide in price was hurting America's oil industry was read by the market as effectively amounting to US support for a stronger price — and it then rose to around the $11,27 mark.

In London, it was feared that the oil price could drop to a level which could threaten the viability of some of Britain's offshore oilfields — but it should benefit the economy all round.

Meanwhile, gold recovered slightly on world bullion markets, after its sharp decline on Monday.

It was quoted at $334 in the US and is now about $335,25 in the Far East — up nearly $3.

But the recovery came too late to affect the Johannesburg stock market.

Yesterday the gold index dropped 63 points — one of its heaviest declines yet.

● See Pages 18 and 19

the Argus company to share fac

Prices of wines pop up

BUSDAY 2/4/86

244

CHERILYN IRETON

PRICES of local wines and spirits have been increased.

The latest adjustments, effective from yesterday, pushed locally-produced spirits up by between 4% and 6% and wines by between 8% and 8,5%.

Prices of sparkling wines, sherry and noble wines have been increased by 8,5%, brandy by 5,3%, rum by 4,3% and liqueurs by 6%.

Retail price rises are expected to follow.

But the wholesale price of whisky is to drop by R10 a case.

This is the second time wine and spirits prices have increased in two months.

Wholesale wine prices rose between 10% and 14% at the end of January and prices of spirits by 8,5%, according to Benny Goldberg's MD Dave Botha.

All major suppliers are believed to have changed their prices, but it will be several days before new price-lists are released.

Union Wines and Gilbeys confirmed the price increases.

Rising input costs were blamed for the increases.

Rebel MD Trevor Pearman told *Business Day* the latest increase was unexpected.

APRIL 1986

Petrol price cut delayed for too long

Own Correspondent

DURBAN — The Government has delayed too long in lowering the petrol price and giving the economy the shot in the arm it desperately needs.

Professor Brian Kantor of the University of Cape Town said the authorities erred on the side of conservatism; there was an urgent need to take chances to stimulate the economy.

The landed price of oil in the country was between R20 and R24 a barrel, compared with a ceiling of R73 when world prices were at their highs and the rand at its lowest ebb.

There was scope for a drop based on a reduction of 25 cents a litre in the landed price of oil.

Professor Kantor said a drop in short-term interest rates was imminent, and was sorely needed to stimulate demand for credit and boost the economy.

It was unfortunate that changes in the building society business were taking place now. Bond rates were being kept unnaturally and unhealthily high because the societies were building up wealth before going to the market

APRIL 198

2 BUSINESS DAY, Wednesday,

Railmen to seek action on prices

GERALD REILLY

RAILWAY workers are to make demands for urgent government action to slow down the vicious price spiral.

The demands will come from the Federal Council of South African Transport Services Trade Unions — it represents 120 000 workers — and from the annual congress of the 24 000-strong Artisan Staff Association (Asa)

Chairman of the federal council and president of the Asa, Jimmy Zurich, told *Business Day* yesterday government had shown itself powerless to slow down the country's rampant inflation rate.

At the rooot of the problem was government-administered food and other price rises and excessive State spending.

Zurich said not only were the living standards of railwaymen depressed by inflation, but their overtime and incentive bonus earnings had also been severely trimmed.

It would be made clear that railway unions had not accepted this year's 10% rises as final.

They would seek further pay adjustments.

FINMAIL APRIL 1986

COUNTING FUEL COSTS

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Department of Mineral and Energy Affairs (DMEA) officials in Cape Town are burning the midnight oil calculating whether they can afford to make another fuel price cut.

"We cannot disclose details on the volume and value of SA's oil import bill, but I can say that the rand price of a barrel of oil dropped from around R73/barrel in the last quarter of 1985 to the current R20-R24," the DMEA's Theuns Burger tells the *FM*.

This represents a fall of about 70% over the four months, calling for fancy footwork from the DMEA.

Average landed crude prices moved from R33,09/barrel in 1981 to R40,11 in 1982, R34,89 in 1983 and R45,86 in 1984. But last year's quarterly average moved from R56,51 in the first quarter, to R57,45 in the second, R60,80 in the third and R73,80 in the fourth quarter. As late as January the price still stood at R67,21.

Although the rand recently fell back from its 50c level, its recovery since last Friday means that conditions for another petrol price cut remain favourable. The March 3 petrol price reduction was based on a 47c rand value and world oil prices of some $15-$16/barrel, says Burger.

But the drop in the rand value of international oil prices is not necessarily reflected by a fall in SA's oil bill, says Burger. He cautions against comparative calculations.

"Other historical factors are also taken into consideration when determining local fuel prices. For example, SA buys a fair amount of its oil on bilateral term contracts. This means it takes a while before world spot market movements are reflected in our contract prices," he says.

Burger doubts that the current world oil glut will continue. His prediction: "In the longer run, oil prices will firm again."

APRIL 1986

More airfare hikes likely

244 (SA)

DAVID FURLONGER

INTERNATIONAL airfares from South Africa may soon increase again.

Airlines are applying for increases of between 3% and 7% — at a time when the oil price is at a 10-year low and the rand has partially recovered from its previous depths.

A British Airways spokesman said yesterday an application to put up fares between SA and the United Kingdom in mid-year was "in the pipeline".

Confirming this, an SAA official said there was also the possibility of a fare increase on the US route.

Officials of other major international airlines operating in SA would not comment on the possibility of increases on their routes.

International fares from SA rose 15% in January in a currency adjustment caused by the rand's weakness.

The rand has since partially recovered and fuel, which makes up 40% of flight, is going for a song.

According to the SAA official, the previous increase did not absorb all the losses caused by the rand's weakness.

He said increases applied for ranged between 3% and 5% to Britain, and 3% to 7% to the US.

21/4/86 BUS DAY

Govt orders probe into price rises in farming

GERALD REILLY

GOVERNMENT has ordered an intensive investigation into the rising prices of farming requisites.

● WENTZEL

Announcing this in Pretoria yesterday, Minister of Agriculture Greyling Wentzel said Trade and Industries Minister Dawie de Villiers had directed an immediate inquiry into industrial products where, it was alleged, excessive profits were being made.

Wentzel said the Board of Trade and Industries had made good progress with an investigation into the revision of the tariff structure of customs duties in the fertiliser industry.

This would be completed before the end of May.

He stressed the problems confronting the agricultural industry resulted from a variety of causes. The high interest rates of 1984 and 1985 and increases in the costs of fuel, electricity, transport and other inputs had aggravated the problem.

Postal, rail tariffs up today

DISPATCH 1/4/8?

244

Dispatch Reporters

EAST LONDON — The cost of living gets its traditional April 1 boost today as increases in postal charges and rail fares come into effect

Phone calls, letters and telegrams will cost an average of 15 per cent more while train fares increase by between 12,5 and 15 per cent

According to a statement issued by the Post Office yesterday, postage of a standard inland letter, postcard and aerogramme will increase from 12 c to 14 c Non-standard inland letters of up to 100 g will require 22 c postage for surface mail and 30 c for airmail

Letters mailed with insufficient postage will cost the addressee double the shortfall

Parcel tariffs increase by about 15 c for 100 g or less, while it costs 16 per cent more to post a 1 kg parcel — R1,45 surface mail and R2,20 airmail

Rates for telephone and telex calls will now be 12c a call unit and a directly dialled overseas call will cost R4 20 instead of R4 a minute

It will cost R2 more a month to hire a telephone — R11 for a home telephone and R12 for a business service Installation costs R15 more at R90, while charges for indoor extensions and other supplementary services rise from R40 to R50

The handling charge for public telegrams increases from R1,15 to R1,30 and the rate for the first 10 words goes up from 60c to 80c Additional words cost 2 cents more at eight cents each Overseas telegrams now cost 10c a word instead of eight cents

The charges for postal and money orders COD services and calls from public pay phones remain the same.

The series of rail fare increases announced in the February transport budget also come into effect today.

Rail passengers will pay 15 per cent more for main line fares and 12 5 per cent more on suburban lines

Domestic air fares went up by 15 per cent on March 1

● The Dispatch Umtata bureau reports that Transkei's postal tariffs are to be increased as from today in line with South Africa's tariffs.

The Transkei Postmaster-General, Mr H S Calaza, said yesterday the increases would boost the country's anticipated revenue by an estimated R3 million a year

He said the tariff increases could be attributed to a number of factors, including escalating costs of equipment and printing

In terms of the bilateral agreement entered into between Transkei and South Africa during independence in 1976, Transkei was obliged to follow South African trends regarding tariff adjustments, Mr Calaza said

"It therefore follows that once South Africa raises its tariffs the others must, of necessity, follow suit because the country that applies lesser rates is bound to lose when delivery and transit charges are shared"

He said Transkei was compelled to pass these costs on to the consumer, not because the department was wary of losing revenue but also because of the country's heavy financial commitment during the next five years

Mr Calaza also announced that the Transkei Government had, among other things, had a heavy loan commitment in its revised five-year plan to finance new projects

These included new automatic exchanges, the re-building of rural telephone networks and the introduction of a rural radio telephone system to service hospitals, clinics, police stations and other essential services in remote areas of Transkei

Mr Calaza said the tariffs that would be of greatest concern to the public were

- The present 12 c postage on letters goes up to 14 c
- Registration of postal items increases from 55 c to 65 c
- Annual rental fees for private boxes and bags increase from R10 and R15 to R15 and R18 respectively
- Monthly rentals for telephone services increase from R10 to R12
- Automatically dialled local and trunk calls increase from 10 c to 12 c a unit
- Telex metered calls go up from 10 c to 12 c a unit
- Telephone installation charges increase from R75 to R90
- Restoration fee for a suspended telephone service increases from R20 to R25

Mr Calaza asked the public to ensure that all mail posted from the beginning of this month carry the correct postage Anyone in doubt should contact postmasters for assistance.

See also P7.

Single digit prices in offing as oil falls to $11

4/1/86 SMH 244

By John C Given

NEW YORK — Oil prices hit their lowest levels in eight years yesterday (Monday), plunging more than a dollar a barrel to less than $11 on the New York Mercantile Exchange

Analysts think that a continuing fall into single-digit figures is likely.

"There's nothing holding the market up," said Andrew Lebow, an analyst at the Shearson Lehman Brothers Inc securities firm

In Abu Dhabi, United Arab Emirates oil minister Mana Saeed Oteiba was quoted yesterday as saying that oil prices would drop to "eight dollars to five dollars a barrel" without co-operation among producers inside and outside the Organization of Petroleum Exporting Countries.

But US energy secretary John Herrington disagreed with that view.

"I think we're getting near the bottom," Mr Herrington told reporters in Washington

In November the price was over $30 a barrel

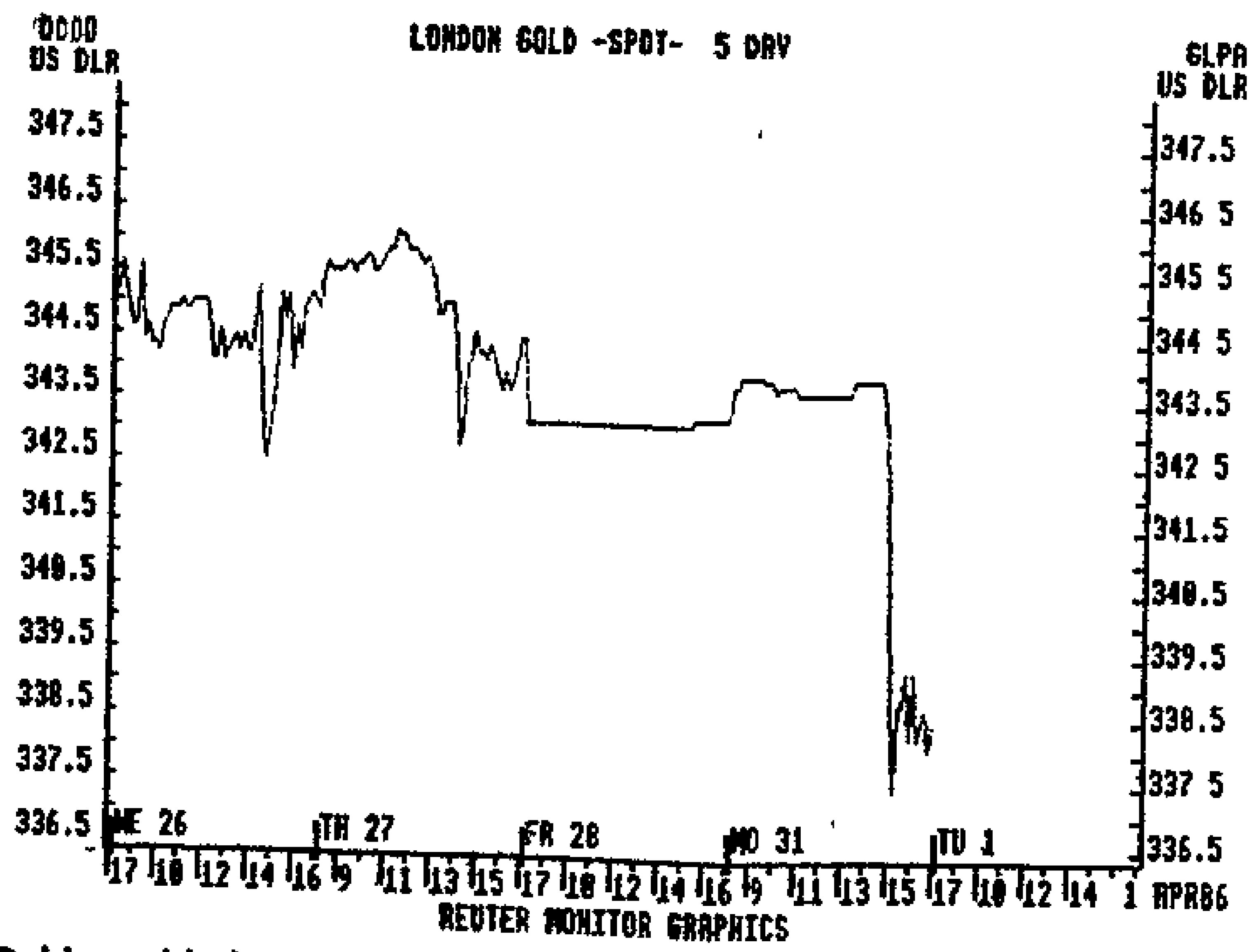
Last December, Opec announced it would increase production to preserve its "fair market share," abandoning previous attempts to support the market price through restrained production

The decision sent prices into a tailspin, leading Opec members to call for renewed cuts in output by both the cartel and non-Opec members such as Britain and Mexico

But at a nine-day-long meeting in Geneva that ended March 24, members of the 13-nation cartel could not get agreement from non-members on production cuts and they failed to devise a strategy for cutting their own production

The Opec members agreed that they would only reconvene April 15

"Traders don't see anything to hold back prices from falling There's just too much oil out there," said Peter Beutel, an analyst with Rudolf Wolff Futures Inc, a New York commodities futures firm



Gold tumbled overnight in the US as oil prices came close to testing the $10 a barrel level and investors stampeded out of the metal.

CRISIS MEETING

"It looks like we're getting ready for an inferno here," said Nauman Barakat, an energy analyst in New York with Smith Barney, Harris Upham and Co brokerage house

Saudi Arabia and other Gulf nations "are trying to drive prices as low as possible by April 15," when Opec meets on the crisis, he said. — AP

One bright light ahead: petrol price could drop again

Price rises hit today

244 1/4/86

Staff Reporters

Consumers take a hard knock today as stiff postal and rail tariff increases come into effect. The rises — from 10 to 50 percent — are certain to cause further price ripples through the economy.

But a sudden slump in world oil prices to almost $10 a barrel — the lowest in eight years — has raised hopes of another cut soon in the petrol price. Some believe such a cut is inevitable, even though the rand-dollar exchange rate has fallen again.

The Deputy Director of Mineral and Energy Affairs, Mr H T Burger, said the possibility of a further petrol price cut "in the near future" was becoming a very real possibility, but he could not predict a definite date.

It needs to be remembered that because of South Africa's need to ensure long-term supplies of oil in a hostile world, the country is probably having to pay a premium over the free market price for its imports.

So the prevailing world oil price cannot be related directly to the local market.

Besides the rise in postal and transport tariffs today, Public Service salaries and wages go up by 10 percent, with other factors pushing the increases even higher in some cases.

The postal tariff rises range from 13 percent for telegrams to 50 percent for post-box rentals. The average increase is about 20 percent.

Telephone calls

The detailed increases are:

- Basic telephone call unit rate, up from 10c to 12c; calls from public telephones are unchanged at 10c a unit.
- Direct dialling overseas up to R4,20 from R4,10 a minute.
- Telephone rentals (residential) up to R11 a month from R9.
- Telephone rentals (business) up to R12 a month from R10.
- Telephone installation charges up to R90 from R75.
- Telex call units up to 12c from 10c.
- Telex monthly rentals up to R10 from R5.
- Postage standard letter up to 14c from 12c.
- Non-standard surface mail up to 100 g increased to 22c from 19c.
- Airmail letters up to 30c from 26c.
- Local telegrams per word up to 8c from 6c.
- Overseas telegrams per word up to 10c from 8c.
- Inland parcels up by about 15c for 100 g.
- Post box rentals up to R15 a year from R10.

The increases are expected to increase total Post Office revenue by about R475 million.

When the increases were announced by Minister of Communications Dr L A P A Munnik, he said that although the adjustments would not completely wipe out the estimated R511 million deficit estimated for the new financial year, they were "the minimum that can reasonably be introduced".

Railway fares

Rail passenger fares on inter-city services go up by 15 percent and on commuter services by 12,5 percent.

A first-class inter-city rail fare from Johannesburg to Durban rises from R86 to R102, and to Cape Town from R171 to R197.

Monthly commuter tickets from Johannesburg to Naledi go up from R48,50 to R55, to Krugersdorp from R54 to R61, and to Pretoria from R88 to R99.

The increases are expected to net an extra R27 million for South African Transport Services (SATS), but rail passenger services are still expected to lose an estimated R1 100 million in this financial year.

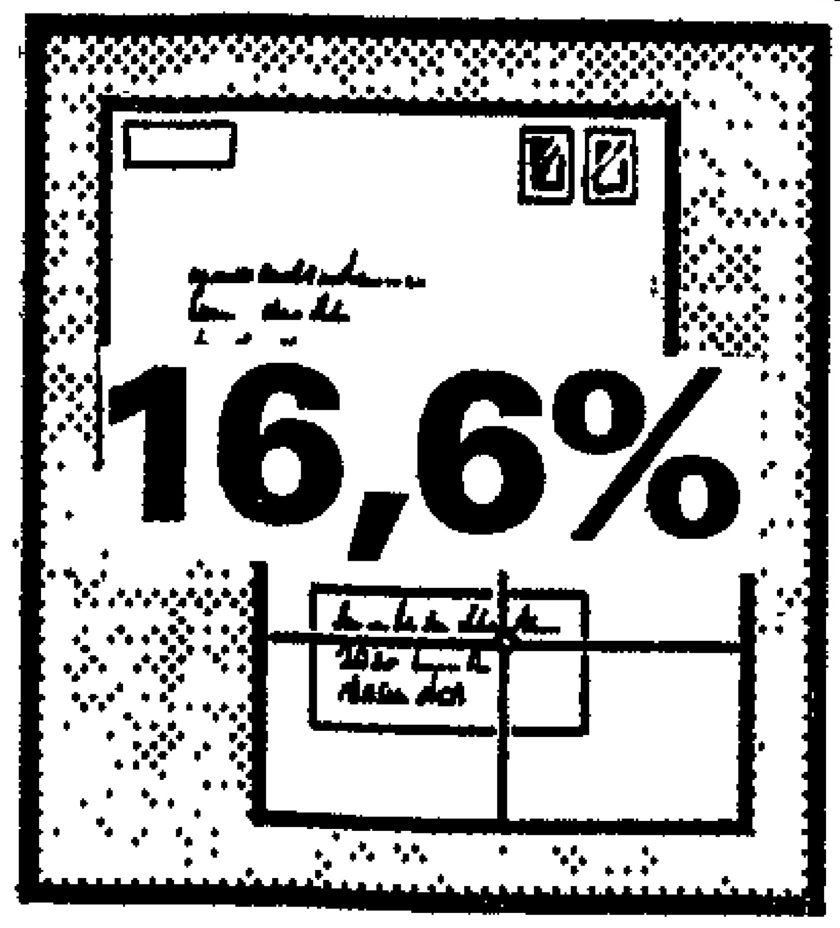
Mr John Malcolmess, the Progressive Federal Party spokesman on transport affairs, recently criticised the increases as unnecessary and inflationary. He said they were made against the background of declining crude oil prices.

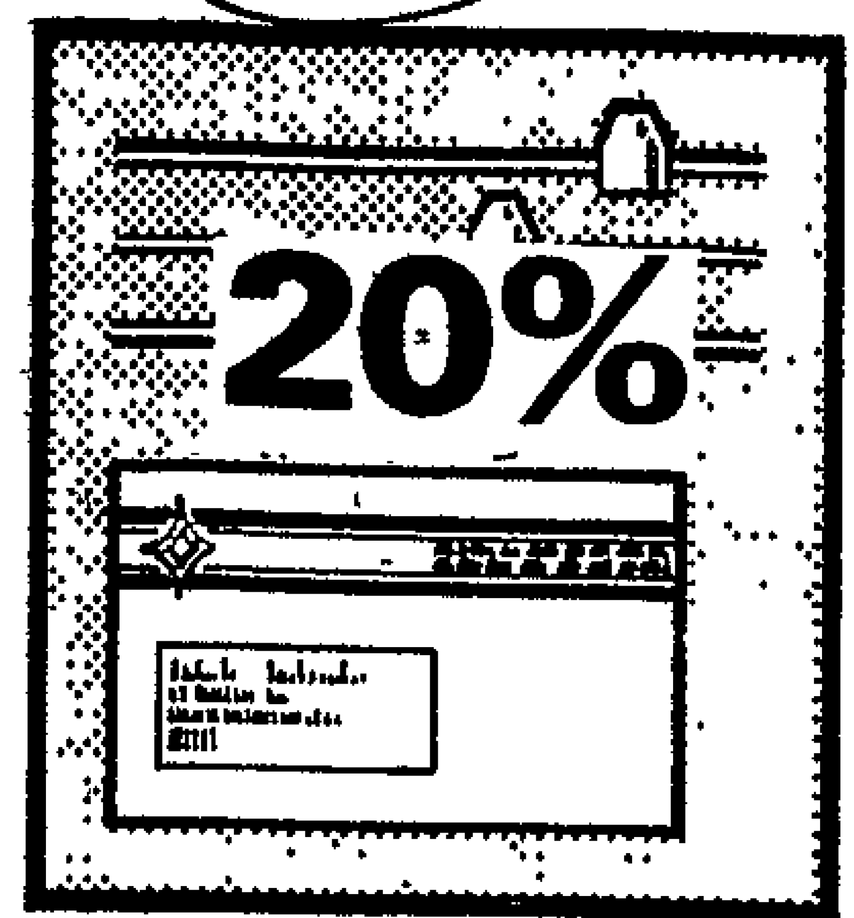
SATS increased rail, road and harbour goods tariffs by about 15 percent on January 1, and last month fares on SAA's domestic service rose by 10 percent.

See page 13.

BUS DAY
1/4/86

244





Post Office tariffs increase today

Business Day Reporter

POST OFFICE tariff increases of up to 50% come into effect today.

The increases, ranging from 13% for telegrams to 50% for post office box rentals, are intended to head off an expected R511m Post Office deficit in the 1986/87 financial year by bringing in an additional R475m.

Here is a list of the new charges you will be paying from today.

TELEPHONES: Calls — basic rate up 20% from 10c a unit to 12c. Public phone box rate unchanged at 10c.

Rentals — residential services up 22% from R9 a month to R11; business services up 20% from R10 to R12, shared services up 20% from R7,50 to R9; weekend services up 21% from R7 to R8,50.

Installation charges — up 20% from R75 to R90; indoor extensions up 25% from R40 to R50.

TELEX AND TELEGRAMS Telex and teletex — call-unit rate up 20% from 10c to 12c.

Telegrams — handling charge up 13% from R1,15 to R1,30; rate for first 10 words up 33% from 60c to 80c.

MAIL: Letters — inland postage rate for standard letters and postcards up 16,6% from 12c to 14c; non-standard letters up to 100g increase 15,8% from 19c to 22c.

Parcels — parcels up to 100g increase by about 15c each; 1kg parcel up 16% from R1,25 to R1,45.

PO boxes — rentals up 50% from R10 a year to R15.

PRICES - GENERAL

1986

JUNE - DEC.

Poverty blamed on job slump

GERALD REILLY

A UNISA Bureau of Market Research survey, released at the weekend, blames growing unemployment, rather than low wages, for the impoverishment of a section of the black population.

The survey of black income and expenditure patterns in Pretoria found black employees earned 13% more on average in 1985 than in 1980. In 1975 two-thirds of the 20-60 age-group were in employment compared with less than half in 1985.

Unemployment was aggravated by the ageing population, it said. Whereas in 1970 only 39% of household members were potentially economically active, this figure had risen to 50% in 1985.

Food purchases accounted for 34% of cash expenditure of black households in 1985. Black households had grown in size from 5,7 people on average in 1970 to 6,2 in 1985. The reason was seen to be the shortage of housing.

In 1985, the percentage of people with Standard 9 or 10 qualifications stood at 12%. It was only 2% in 1970.

The average real income of black households rose by 18% from 1980 to 1985, reaching R9 359 in 1985. Salaries and wages made up 77% of total income, while profit from "own" business and the informal sector 13%.

Male employees earned R5 650 on average in 1985. Larger incomes did not, however, signify an overall improvement in the welfare of all Pretoria's blacks, according to the survey.

The percentage of households earning less than their minimum living level rose from 23% in 1980 to 26% in 1985. The larger families were hardest hit, with an estimated one-third of the households with more than seven members living lelow the minimum living level.

Putco wants fares increase

SMR 244 232

Transport Reporter

Putco has applied for a fare increase of 17,5 percent on November 1 to recover "general cost increases", the company announced yesterday

These increased costs included inflation, wage and salary rises and increases in spares, rentals, licensing and insurance.

A general fare increase of 17,5 percent was last introduced in November last year in the Transvaal and in February in Durban.

Fares were also adjusted according to fluctuating fuel price increases and decreases. Last month weekly and season tickets were reduced by up to seven percent in the Transvaal.

June 86

VW has 4,8 pc markup

Star

Volkswagen announced yesterday an average price increase of 4,8 percent in VW cars and light commercials, but not Audi

This follows the lead of Toyota, who raised prices on some models by seven percent on Monday.

Mercedes and Nissan say prices won't rise this week and BWM won't move until July General Motors has revised the price of its new Rekord model

Makers say it is not the rand/dollar dip that worries them but the dubious prospects for dollar/DM and dollar/yen.

Says Mr Francois Loubser of Toyota "The picture is not bright."

June 1986

Beacon Bay rates up 13,8 pc

Dispatch Reporter

BEACON BAY — Combined rates and tariffs here are to go up 13,8 per cent, the chairman of the town council's finance committee, Mr P G Cooper, has announced

Delivering his budget speech on the 1986/87 estimates, Mr Cooper said sewerage would go up 9,1 per cent, refuse 9,1 per cent and rates 16,15 per cent.

"The combined effect of these increases will mean an average increase of 13,8 per cent and this must be seen against an inflation rate of 18 to 20 per cent."

Mr Cooper said it had been difficult to draw up the budget because of rising inflation and the effect on council's depleted accumulated funds of Main Road subsidy overpayments

The R5 150 660 revenue and the capital estimates of R1 280 535 were within the state treasury limit of a 15 per cent ceiling

Mr Cooper said the value of the electricity account had been demonstrated again by the fact that the service would make a contribution to the rates and general services account of an equivalent of six per cent of the rates

"This enabled the council to restrict the tariff increases to well below the current inflation rate," Mr Cooper said

DD 3/6/86

Cape Times 3/6/86

Discount petrol ban under fire

Own Correspondent

JOHANNESBURG — Strong criticism from industry and consumer organizations greeted the government's gazetted ban yesterday on petrol discounting.

"It gives the lie to Pretoria's lip-service support of free enterprise," was the snap reaction of one opposition MP.

Pick 'n Pay executives were planning a counter-move in a day-long emergency board meeting in Cape Town despite the edict ruling out further court action.

The PFP spokesman on energy affairs, Mr Brian Goodall, described the ban as deplorable. "Pretoria should not be above the law," he said.

The Automobile Association said government should have delayed any ban on discounting while an investigation into the petrol price was under way.

The deputy director of the Department of Mineral and Energy Affairs, Mr Theuns Burger, said the main reason behind the ban was to protect small businesses threatened by large retailers.

Argus 3/6/86

Petrol price increase may now be 'inevitable'

244

The Argus Correspondent

PRETORIA. — A petrol price increase is looming following yesterday's slump in the rand to below 42 US cents.

A Department of Mineral and Energy Affairs spokesman said today the drop in the value of the rand was "certainly worrying", pointing out that the present petrol price was based on a rand worth 47 US cents

Although a price increase was not being planned "in the near future," the spokesman said the situation was being monitored daily and if the rand did not strengthen "we'll have to bow to the inevitable"

When the rand dipped to 44 US cents following the SADF raids into Zimbabwe, Botswana and Zambia, Mineral and Energy Director-General Dr Louw Alberts said that at that level "we are only just coping"

Fuel war

The Pick'n Pay group's petrol outlets continued their coupon sales scheme today as both sidesin the "fuel war" appeared to be adopting a wait-and-see attitude

Consumer anger at the Government moves to stop the 4 c a litre "discount" coupon system is growing with a number of organisations expressing opposition to the ban

In spite of the ban, published in the Government Gazette yesterday, Pick'n Pay petrol outlets would continue to offer coupons to motorists today, said Mr Richard Frieslich, general manager of the group's auto outlets

He said they had not been able to get a copy of the gazette, nor had they been informed of the move by the Department of Mineral and Energy Affairs or the oil companies supplying their outlets

Mr John Drake, managing director of the Oil Division of Shell, said "We are waiting for legal opinion on this matter. In the interim, we will continue to supply all Shell dealers"

While Pick'n Pay executives continue a series of meetings in Cape Town to discuss their position, the Department of Mineral and Energy Affairs seems unlikely to act immediately if the coupon systems are not stopped

Rather they appear to be giving all the outlets who started such schemes time to wind them up, before considering which of a wide range of options they should bring against continuing ban busters

Consumer groups are outraged by the ban

Consumer Union chairman, Mrs Betty Hirzel, described the action as "high handed".

The Automobile Association expressed concern at the ban and repeated its view that the free enterprise system should be permitted to operate, thereby allowing market forces to set the pump price.

Air fares from SA to take off

con Times 3/6/86

244

By ROGER WILLIAMS
Chief Reporter

AIR FARES ~~to~~ the United States will increase by about 20 percent and to Britain and Europe by about 10 percent from July 1.

SAA announced the adjustments yesterday, following a meeting in Johannesburg last week between all international airlines operating into and out of South Africa

Mr Karl Twiggs, chairman of the Western Province branch of the Association of South African Travel Agents (ASATA) said in Cape Town the increases were certain to have a further adverse effect on the leisure market.

The SAA statement said the adjustments had become necessary "as a result of the disparity betwen air fares to South Africa and those out of South Africa".

"The continued weakening of the rand against all major currencies resulted in air fares out of South Africa having dropped in real terms up to 49 percent below similar fares to South Africa

Cannot continue absorbing the losses

"International airlines operating from South Africa cannot continue absorbing the losses incurred by the difference in income from tickets sold in South African rands as against tickets sold in other international currencies"

It said the increases will range from five percent to eight percent on normal fares, between 10 and 15 on promotional fares and about 20 on certain special fares exempt from a previous surcharge

Where the current return air fare from Johannesburg to New York, economy class, is R3 765, the new fare will be R4 386 The business class return fare to London, now R3 890, will rise to R3 977, and the return fare to Sydney, business class, will go up from R5 133 to R5 392

The effect of the adjustments on fares to Israel was described yesterday as "negligible".

The SAA statement said passengers in possession of tickets issued before June 2, for travel commencing up to and including July 31, would not be affected by the new increases. Passengers with tickets issued before June 2 for travel commencing on or after August 1 would have to pay the difference between the old and new fares

Pick 'n Pay to defy Govt

Bus Day 4/4/86 (249) (244) (389)

Own Correspondent

PICK 'N PAY garages throughout SA will continue the petrol coupon discount scheme in defiance of a government notice gazetted on Monday, banning all petrol discounts.

Pick 'n Pay executive director Alan Gardiner said yesterday that the coupon scheme would continue.

He said the company was taking legal advice on the notice and may seek the advice of a senior counsel.

Gardiner said there had been a huge consumer "uproar" condemning the ban

"The government has upset so many ordinary South Africans with this ridiculous and pathetic action that it really is a great shame," he said

The notice, issued by Mineral and Energy Affairs Minister Danie Steyn in terms of the Petroleum Products Act of 1977, states that no-one may supply or offer petrol "other than by way of sale for a wholly monetary consideration, and at the price so prescribed" or "give or offer any benefit to any consumer".

Pick 'n Pay started discounting petrol in November, when, under its self service scheme, motorists paid 4c less than the standard price on a litre of petrol.

Pick 'n Pay still sells gas coupons

4/6/86 STAR

By Jackie Unwin

244

There is a lull in the petrol discount coupon war while the Department of Mineral and Energy Affairs gives discount garages time to "put their house in order"

A special Government Gazette issued on Monday banned petrol discount schemes.

Pick 'n Pay is talking to lawyers on how to contest the new regulations, which outlaw the company's redeemable coupon scheme

Mr Alan Gardiner, director of Pick 'n Pay, said "The coupons (redeemable on commodities other than petrol) are still being issued at our petrol stations. We haven't heard from the department."

A spokesman for the department, Mr Theuns Burger, said "By continuing to sell petrol coupons, Pick 'n Pay are breaking the law and we will act against them"

Consumer organisations have condemned the ban on discount coupon schemes in the wake of a Supreme Court finding that the practise is legal

But Mr Burger said "The Government fears widespread discounting practices will lead to service stations being closed down."

STAR 4/6/86 244

Anger over bus fares

By Jackie Unwin

An Alberton resident has complained to *The Star* about the disparity in bus tariffs charged by different municipalities

Mr Dave Hamman is fuming because his bus costs for commuting to Johannesburg went up 36 percent recently — far more than the inflation rate, and despite the reduction in fuel prices.

Colleagues who live in Roodepoort and Germiston, about the same distance from Johannesburg, pay far less.

NO STATE SUBSIDY

Mr Hamman's monthly bus bill is nearly R90. He lives in Brackenhurst, which is not on the main bus route to Johannesburg, so he has to double back to the Brackendowns depot The cost in busing this distance recently went up R1 and now costs him an extra R6 a week The trip into Johannesburg from Brackendowns, which used to cost R11,10, has gone up to R16 a week This totals R88 for four weeks

Alberton management committee chairman Mr Johan van der Merwe said the tariffs are fair in the circumstances

"Alberton feels commuters should pay for their bus service — it is unfair to expect non-commuters to subsidise trips.

"Councils, unlike private bus companies, receive no Government subsidy for transport services, so each municipality has the right to decide how far its non-bus-users should subsidise users"

Mr Hamman's complaint prompted a survey of bus tariffs to Johannesburg from various centres

The ones shown below are either for four-weekly or monthly season tickets and were applicable in May Some increases are in the pipeline

Alberton: From Alberton (13 km) R50 for four weeks' tickets, from Brackendowns (24 km) R64.

Roodepoort: Four weeks' tickets — closest stage to Johannesburg (16 km) R47,60, second closest (20 km) R50,80, third stage (24 to 30 km) R54

Germiston: R40 for a 52-trip ticket valid for the month of issue and the following month from the centre of Germiston (16,2 km). A 52-trip ticket from the northern and southern suburbs of Germiston is R50

Randburg: Peak-period tickets are R46,50 a month, off-peak R28 Distance varies from 16 km to about 21 km

Sandton: R76 a month from the farthest point, Fourways, which is about 30 km, and R62 from Sandton City

(244)

Records, tapes to cost less as wholesalers drop prices

Mercury Reporter

RECORD and tape wholesalers have dropped their prices by 7% and most retailers are expected to drop their prices by between 7% and 15%

The general manager of the Pick 'n Pay Hypermarket at Durban North, Mr Martin Rosen, said the mark-down would definitely be passed on to the consumer and that prices of existing stocks would also be reduced

CNA's record buyer, Mr Ronny Graver, said records and tapes costing R19,99 would drop to about R16,99, or R17,99

Mr Graver said old stocks would be sold at the old prices

Gallo executive director Peter Gallo said he believed the drop in prices would stimulate record sales, which had tumbled because of rising prices and South Africa's R210-million-a-year record piracy racket black and white, "to attend with a ... into line with the African National...

Petrol set to rise again

BD DAY 4/6/86

GERALD REILLY

A PETROL price increase within the next two weeks threatens unless there is a spectacular improvement in the rand's dollar value.

PFP energy spokesman Brian Goodall says a situation has developed in which, under current price-formula conditions, another fuel-price rise could be unavoidable

Much would depend on the extent of under-recovery by oil companies in recent weeks, the state of the Equalisation Fund, and whether government is prepared to reduce pipeline charges and forsake some of its tax revenue from fuel

Goodall says there is little likelihood that the price of crude on world markets will fall to an extent where it could compensate for the higher costs of oil imports

The crude price seems to have stabilised at about $18 a barrel, and there is little hope of relief from another decline on world markets

Mineral and Energy Affairs spokesman Theuns Burger says oil companies are currently under-recovering The department is watching the performance of the rand anxiously, and the next two weeks would be critical as far as price decisions are concerned

The price has been cut twice this year on March 3 from R1,02/l for 93-octane on the Witwatersrand to 92c, and from 92c to 83c on April 14

Union: No bid to talk 3M out of SA

CLAIRE PICKARD-CAMBRIDGE

THE Commercial, Catering and Allied Workers' Union (Ccawusa) has rejected claims that it had tried to persuade US firm 3M to close its SA operation

Ccawusa member Joseph Mokoena said he had been invited to the US by the Oil, Atomic and Chemical Workers' Union, which was organised at the 3M company in New Jersey.

"I told people Ccawusa had not yet adopted a clear position on disinvestment and would discuss it at its conference in July"

3M said from the US it was not considering a pullout.

ish ... Douglas Hurd proposes that the ... ports. It says

Prices of electrical imports are set to soar

N/M 5/6/86

(244)

Mercury Reporter

THE prices of imported electrical appliances, including radios, VCRs and television sets, are to go up next month by between 12 and 20 percent

Some manufacturers have notified retailers of price rises averaging 12 to 15 percent from July 1, and others are expected to follow suit within days

Manufacturers' new price lists show that video recorders now selling in the shops for R1 699 will go up to R1 899

Hardest-hit will be fully imported products, with microwaves going up by R80 for the smallest, and R200 and upwards for the largest models.

TV sets are to go up by between 15 and 20 percent

Mr Syd Trickett, joint managing director of Durban's Price Furnishers, announced yesterday that the chain intends spending 'millions' on a crash buying programme before the new factory prices take effect.

'We intend buying enough stock to enable us to hold current prices until September, and if the rand rises again by then, we might be able to stave off increases completely,' he said.

But Mr Terry Millar, managing director of National Panasonic, yesterday blamed the Government, rather than the devaluation of the rand, for the spiralling cost of electronic home entertainment products

His company claims 40 percent of the VCR market and a 30 percent share of the television market

Mr Millar said the Government slice on a VCR, now selling for about R2 500, was close on R800

This was made up of import duty, excise duty, an import surcharge and GST, and amounted to almost as much as the distributor and retailer earned together.

He said if the Government abolished excise duty and the import duty the retail price of the VCR would drop by R777 to R1 750, since the distributor's margin, the retailer's mark-up and GST would be proportionately reduced on each unit.

'Most consumers,' he said, 'don't realise that, in effect, they are paying GST on taxes levied at the point of entry or manufacture'

The 10 percent surcharge on imports was 'madness' in the current situation as the rand was so weak that there was no longer any need for a punitive tax to discourage imports.

He said the Government should also reassess its attitude to the imposition of excise duty which was ruthlessly applied to certain goods deemed to be luxuries whether they were imported or locally assembled.

AA told why govt bans cheap petrol

BUS DAY 6/6/86

HAMISH McINDOE

THE Automobile Association (AA) yesterday met Department of Mineral and Energy Affairs' (DMEA) director-general Louw Alberts for a confidential briefing on government's reasons for banning petrol discounts early this week.

The move is part of government's efforts to give the industry, outside oil companies, a firmer grasp of its reasons for outlawing petrol discounts

The AA maintains the discount ban should have been delayed while the DMEA's investigation into restructuring of the petrol price is under way

Oil industry observers have criticised government's failure to explain fully its motives behind the discount ban

An oil industry source said "The public believes it was movement without method"

But he said government had to weigh difficult proposals on allowing the consumer cheaper petrol against

☐ Securing the supply of crude oil imports to wholesalers,

☐ Protecting small retailers and thousands of industry jobs,

☐ Saving about R800m in foreign exchange by avoiding widespread conversion to self-service petrol pumps

He said sustained cutting of the retailer's 5,2c/*l* fixed profit margin could force oil wholesalers to subsidise franchise service stations

About 40% of the country's petrol outlets are owned by oil companies

And he said "Government may be forced to increase the wholesalers' profit margin by raising petrol prices

Bus fares to rise 17,5% in Durban

(244) 6/6/86 N/M

Mercury Reporter

PUTCO and Durban Corporation bus fares are to go up by 17,5% before November

Mr Marshall Cuthbert, general manager of the Durban Transport Management Board, said fares on blue-line and green-line buses in the city would be increased by an average of 17,5% alongside increases by Putco

The increase is one of the biggest The last one was a 15% rise in February

Putco has applied for the bus fare rise of 17,5% by November 1 to cover general cost increases

The company said it did not include any subsidy that might be paid by the Department of Transport for passengers

'As Putco operates bus services under the jurisdiction of the Local Transportation Boards in Durban, Johannesburg, Pretoria, KwaNdebele and Bophuthatswana, separate applications have been submitted to each of the respective boards,' a Putco spokesman said

Mr Cuthbert said the high cost on maintenance, increased costs of spare parts because of the rand-dollar exchange rate, and other expenses had to be passed on to the commuters

Fares on most Indian-owned buses in the city were expected to go up as well, a spokesman for the Durban Bus Owners' Association said yesterday

He said no decision had been taken on the percentage increase, but it would be done soon

Trains

THE timetable for commuter trains between Durban and Pinetown has been amended

Seven SAAF men die in car smash

PRETORIA—Seven South African Air Force servicemen were killed on the N1 near Hammanskraal yesterday when their car smashed into a bridge

The accident occurred in the early hours of the morning and the wreck containing the bodies was only discovered next to the road 6 km south of Hammanskraal after day-break

A serviceman who had miraculously survived the accident attracted the attention of passing motorists

It is not known if the men were killed on impact or whether they died during the night in the freezing cold.

The car, a Volkswagen Passat into which the eight men had crammed, left the road and ran on the island in the middle of the highway for some distance before it smashed into the bridge at high speed

Firemen had to prise the bodies from the wreck

The injured serviceman is in a satisfactory condition at 1 Military Hospital at Voortrekkerhoogte

An SAAF spokesman said the men's names could not be released until their next of kin had been informed —(Sapa)

Tumbling rand threatens new price rises

EVE POST 6/6/86

Business Editor

THE rand's tumbling value will soon force up the price of a wide range of goods, especially those from Japan

The currency was trading steadily at \$0,40 today after a hectic time yesterday, but bankers believe that this slight strengthening could be brief and the currency could plunge below the \$0,3895 mark it reached at one stage yesterday.

Goods affected by the drop could range from cars to computers and from household appliances to petrol

Japanese-sourced companies are hardest hit because not only is the rand dropping, but the US dollar is also tumbling against the yen, compounding the problem they face

Since December the yen has appreciated 13,4% against the dollar, while the German mark has appreciated by 5,3%

Mr Richard Ferrer, a director of a major supplier, Tek Electronics, said that although German-sourced products had been hit by currency depreciation, "the real problem has been the yen", the Post's Johannesburg correspondent reports

"We have no option but to push up prices because we have no excess stock to cushion the rand's fall," he said

"We costed for July at a rate of 75 yen to the rand and it is now 68

"It's almost impossible to do any long-term planning with such a volatile exchange rate

"Foreign companies cannot get consistency from SA buyers and our reputation overseas has suffered "

Spokesmen for the motor industry said they were facing mounting cost pressures because of the drop in the rand

Wheat-grower costs a major factor BUSDAY 6/6/86 (244)

Bread price set to rise

GERALD REILLY

THE chances of government finding the money to avert an increase in the bread price from October are slim, say Pretoria sources.

Wheat producers meet in Paarl next week to recommend what is expected to be a substantial increase in the new season's wheat price.

The recommendation will be discussed at a Wheat Board meeting in Pretoria on July 23 before a final recommendation is made to government.

The last producer price increase of 8,7% to R325 a ton last October was well within the production cost rises of the previous 12 months

Wheat Board general manager Dennis van Aarde said yesterday input inflation since then had been substantial and would be a major factor in determining the new price

Last year's subsidy was R220m Had it not been for R40m contributed by the Wheat Board and the trade, the price of bread would have risen far more than the 5c a loaf of last October

To accommodate the expected wheat price rise and this year's fast dwindling R150m subsidy, a price increase is considered certain

If government did raise the subsidy, it would be contrary to a commission recommendation that the subsidy be abolished from October 1

Van Aarde said that of the 300 000 tons of wheat to be imported this year, 55 000 tons had been ordered from Canada and 90 000 from Australia.

Tenders would close on June 11 for another 90 000 tons.

He said that because of glutted world markets, SA could import wheat without loss even at the current rand value of about $0,39

244

Four cents trebled Pick 'n Pay's fuel sales

WEEKLY MAIL REPORTER

PICK 'N PAY'S profits on petrol have soared since it started discount sales, executive director Alan Gardiner said yesterday.

"Garages are allowed a profit of 5,2c a litre. We offered a 4c discount coupon, dropping our fuel profit to 1,2c a litre. But our sales increased more than three-fold, and we are actually making more profit than we did when we sold at the higher price," he said.

Pick 'n Pay is preparing to seek an urgent Supreme Court interdict to set aside a recently-published government notice which prohibits petrol coupon schemes.

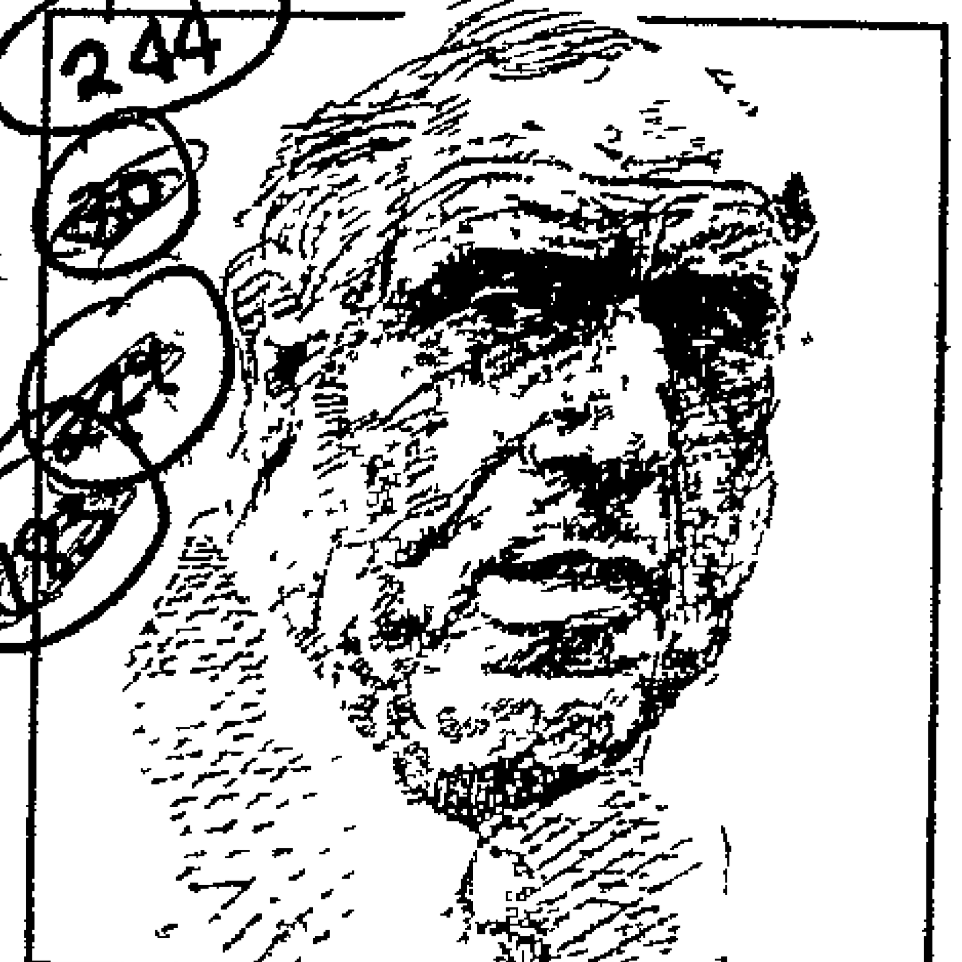
Gardiner said they would seek the interdict within a few days, probably at the beginning of the week.

"There were huge vested interests behind the ban on discounting fuel, he said.

The Motor Industries Federation, representing some 4 000 garages, was in the pro-regulation camp, the oil companies were in the pro-regulation camp and they had persuaded the government to join the same camp.

Gardiner said that if the company lost the fight in court it would not give up, but would look at other ways of keeping the petrol price down.

"I cannot comment on these options at this stage because I don't want to compromise us, but we will continue the fight, we will not give up," Gardiner said.



Raymond Ackerman

This is the company's second legal battle with the government this year over discount petrol.

After Minister of Mineral and Energy Danie Steyn directed in March that suppliers might not sell petrol "other than against a monetary consideration", Pick 'n Pay was granted a Supreme Court interdict setting the order aside. The court found the minister had acted outside his powers.

Notice of the latest prohibition was published at the end of last month

Petrol coupons still go on

244

Star 7/6/88

Pick 'n Pay was yesterday granted permission to continue with its petrol discount coupon scheme until Wednesday

The chain store was to contest last week's banning of its coupon scheme in the Cape Town Supreme Court yesterday afternoon, but instead met the Government's legal advisers

Pick 'n Pay director Mr Alan Gardiner said it was agreed to re-schedule the case for Wednesday "This will give both parties the opportunity to prepare their cases more fully and allow the Government sufficient time to reply to our affidavit," he said cilities at the centre ment, said Mr Henen

be made in Mossel Bay — Sapa

government could do about what was being distributed elsewhere in the world.

Bread price should hold despite wheat imports

STAL 7/6/86 244

By Jackie Unwin

Although South Africa is having to import large quantities of wheat this year, its landed cost will be well below the domestic price and should not affect the price of bread, says Mr Dennis van Aarde, Wheat Board general manager

But he could not say whether the bread price would rise in the long term if the local wheat price rises — as it is expected to — because of substantial input cost increases

This would result in the Government's R150 million bread subsidy running out.

Mr van Aarde said it was difficult to foresee what would happen to the bread price. "We will have to see what the price of wheat for the new season will be If there are no cost increases the bread subsidy will be sufficient to see us through to March next year

"But should the cost of wheat and the milling and baking industry costs increase, the bread subsidy will run out during the year Then there will be two options, to make further funds available, or to push up the price of bread."

The board had recommended the importing of 300 000 tons. "This should see us through until the new wheat comes in at the end of November," said Mr van Aarde.

"We have concluded contracts with the Canadian Wheat Board for the importing of 55 000 tons and 90 000 tons from Australia. We are now calling for tenders for a further 90 000 tons.

Mr van Aarde said the imported wheat at a landed cost of about R300 a ton will still be below the domestic price of R325 a ton.

New toll road will

D063184

W/E Argus 7/6/86

244

Rise in milk price

Weekend Argus Reporter

THE price of full-cream and low-fat milk will rise by a cent and skim milk by 3c a litre in the Peninsula from Monday because dairies are raising their prices

And poultry producers have warned that an egg price increase is inevitable

A countrywide rise in the producer price of fresh milk is expected to be announced by the Minister of Agriculture, Mr Greyling Wentzel

Speculation is that he will increase the producer price by about 3c a litre Producers now receive 45c a litre The consumer pays about 83c.

At least one supermarket, Pick'n Pay, will absorb the increase for the time being.

Wage increases have been given as the reason for the dairies' increase

The Boland Poultry Producers' Association said in a statement that it would have to increase the price of eggs soon Higher maize and oilcake prices had pushed up the cost of production in the Western Cape by seven percent — about 10c a dozen.

Reasons for spiralling costs of motor cars

9/6/86 E Post

Business Editor

NEW car buyers are paying up to 13% more for their vehicles today than they were at the beginning of the year — and 50% more than at this time in 1984

The latest rounds of increases — introduced, say manufacturers, mainly to recover foreign exchange losses — have pushed the least expensive cars up to close to R12 500

When general sales tax is added, this means that the man in the street will need just a few rands short of R14 000 to buy a basic economy model

At the other end of the scale, a locally manufactured luxury car will cost R38 580 — or R43 210 when GST is added — with several costing twice as much as that

Medium-sized cars — the norm in South Africa only a decade ago — start at about R16 00 (R17 920 with GST added) and go up to R22 000 (R24 640 with GST added.)

Latest manufacturers to increase their prices are Volkswagen and Samcor

Volkswagen increased its Golf, Jetta and Passat prices by 4,6% last week

Audi prices — increased by 8,5% in January and 5,5% in April for a total of 13,5% — remained unchanged

Samcor introduced "selective increases" of between 4,5% and 7% on several of its Ford and Mazda models on Friday.

Market leader Toyota also recently increased its prices by 5% on Corollas and 7% on Cressidas

Other manufacturers — General Motors, Nissan, Mercedes and BMW — are expected to follow suit during the course of the month.

Reason for the increases, say manufacturers — who are anxiously awaiting a relief announcement from the Government after intensive lobbying — is mainly the plummetting value of the rand

"Costs of imported components have doubled in the past two years, while local parts are costing 40% more," said the public affairs manager of Volkswagen, Mr Ronnie Kruger.

"That means the industry's costs have risen by 70% in that period

"But price rises have been kept down to 50% as manufacturers have tried to absorb as much as possible and not pass all cost rises directly on to the man in the street"

STAR 10/6/85

SA pipeline prices top the total cost

Pretoria Bureau

Many inland consumers of petrol and diesel carry pipeline transportation costs that considerably exceed the total cost of such transportation.

Mr H S Mabin, former executive director of Assocom, said this at an energy conference in Pretoria today

There had been growing criticism of the Government for charging inland motorists what were considered unreasonable sums for the use of the pipeline, he said

As long ago as 1945 the Board of Trade and Industries had recommended that railway tariffs be made to conform to the actual cost of the service.

"In 1978 the board remarked that the implementation of this recommendation in the case of pipeline tariffs would itself reduce geographical selling price differentials in oil fuels to virtually insignificant proportions

"To the best of my knowledge, organised commerce endorses these sentiments"

Mr Mabin believed price control on petrol could have the effect of raising prices rather than lowering them

"The overall cost of energy might well be influenced by two existing controls that to some extent limit the application of market forces and factors to energy supply — price controls over important energy supplies and export controls."

Cut-price butter could be on way

Mercury Reporter

THE Dairy Board's 5 000-ton butter mountain will probably be sold to the public at cut prices

A board spokesman said a decision would be made later this week.

A committee appointed by the Dairy Board in March to examine the whole question of butter, 'which nobody seems to buy any more', is delivering its report to a meeting starting today and running until Thursday.

An announcement on the fate of the surplus butter would be made as soon as recommendations had been approved by the board, the spokesman said

Quashing speculation that the butter might be dumped overseas, she said there was no chance it would be exported

England alone had a surplus of about 30 000 tons and the European Economic Community was holding about 65 000 tons of butter

Other Pretoria sources have indicated South Africa's butter would probably be released to the public cheaply.

It has already been in cold storage for up to 10 months, but the Dairy Board says it can be kept in good condition for as long as three years.

of the recession," he added.

Capital's kombi taxis cut fares to beat buses

(244) N 14 10/6/86

Pietermaritzburg Bureau

TAXI operators in Pietermaritzburg's northern suburbs yeterday cut their tariffs in an attempt to operate at the same price as the Pietermaritzburg muncipal bus service to Indian and Coloured areas

At the weekend, operators displayed signs advertising the cut of 10c a journey — making tariffs on the rival services the same — to be effective as of yesterday

This means that both kombi taxis and municipal buses charge 40c a trip for adults between the suburbs and the city centre Fares on municipal services were cut last week in an attempt to win back commuters from the highly popular kombi service

Mr P G Mingard, Pietermaritzburg's deputy director of transport, said it was too early to ascertain the effect both decreases would have on the number of commuters carried by the municipal buses

However, the decrease in municipal tariffs, which took effect last Thursday, had definitely resulted in a 'marked increase in the number of passengers carried' by the city's buses on these routes

Mr N Khan, secretary of the Northern Suburbs Taxi Association, the body representing the taxi operators running a service to the Indian suburbs, said fares had been reduced as the association depended a great deal on black domestic workers commuting to and from Northdale daily, and that a saving of 20c a day for these people was 'a lot of money'

He said the taxis provided commuters with a valuable service, especially after 6 p m when the municipal buses stopped running

Mr Khan questioned how the municipal service could expect to 'make it' at 40c a trip when it had been unable to do so at the higher rate of 58c a journey

He said the citizens of Pietermaritzburg would have to make up the loss incurred by the municipal bus service 'somewhere', either in the form of increased electricity tariffs, increased rents or some other means

He felt confident people would continue using the kombis, which he felt provided a 'better service'

Bakery van driver is robbed

Pietermaritzburg Bureau

A PINETOWN bakery van driver was held up at gunpoint by a group of youths after stopping in Mpumulanga at the weekend and was robbed of bread and R720 in cash

Police have arrested four youths

Police said Mr Anthony Mbongwe had stopped in the township when a large group of youths got off a bus and ran towards his van A number of them had guns

They threatened Mr Mbongwe and robbed him

Young lovelies entertained in Durban

Star 11/6/86

Visions of more consumer spending have turned out to be a myth

Breadwinners are worse off than ever

Visions of more consumer spending power that were created by announcements of tax cuts in the 1986 Budget have turned out to be myths

Most breadwinners have found that in fact their income tax-bills are still heavier — and nearly all of them find they are worse off than ever

The cash harvest reaped by the Department of Inland Revenue from personal income tax in the current 1986/87 year will be the biggest crop on record.

Breadwinners who thought the 1986 Budget would leave them better off may be in for a grave disappointment. MICHAEL CHESTER reports.

PAY INCREASE — 12 PERCENT
INFLATION — 18 PERCENT

	1985/86	1986/87
Basic salary	20 000	22 400
How spent:		
Pension fund contributions	1 500	1 680
Medical expenses	1 200	1 416
Taxation	2 027	2 366
Living expenses (the balance)	15 273	18 022
Total	20 000	23 484
Shortfall		−1 084

* * *

	1985/86	1986/87
Basic salary	40 000	44 800
How spent:		
Pension fund contributions	3 000	3 360
Medical expenses	1 200	1 416
Taxation	9 041	9 858
Living expenses	26 759	31 576
Total	40 000	46 210
Shortfall		−1 410

* * *

	1985/86	1986/87
Basic salary	60 000	67 200
How spent:		
Pension fund contributions	4 500	5 040
Medical expenses	1 200	1 416
Taxation	18 169	19 130
Living expenses	36 131	42 635
Total	60 000	68 221
Shortfall		−1 021

The slide in living standards has been illustrated by tables prepared by P-E Consulting Services showing how a family is still worse off than a year ago

To ensure the validity of the comparisons, the experts have drawn a profile of a married man with a non-working wife and two minor children — battling the currents of the present 18 percent inflation rate

Pension fund contributions equal 7,5 percent of basic salary and medical contributions and excess expenses were running at R1 200 last year Tax rebates come to R1 155

It is assumed the family budget last year managed to scrape home in balance Even if the breadwinner won a 12 percent pay increase for 1986 — better than average — the family budget will run into the red.

The Catch-22 problem waits in hiding whatever the pay level — R20 000, R40 000 or even R60 000 a year

"The apparent tax cuts announced by Finance Minister Barend du Plessis on March 17 were illusory," says Dr Azar Jammine, director of the Econometrix research unit.

"While it was intended to sound like a R1 billion give-away — with the abolition of the 7 percent tax surcharge and the introduction of a 5 percent rebate — in fact tax collections will be the heaviest yet"

Econometrix estimates that overall personal income tax will still soar by as much as 22,5 percent, hoisting the total from R8 820 million in 1985/86 to R10 806 million.

The sorcerer at work is inflation and the way it causes what economic boffins call "fiscal drag" or "bracket creep" — the mechanism that pushes more and more breadwinners higher and higher up the tax ladder every time they win increases in salaries and wages in their vain efforts to try to keep pace with the cost of living spiral

Econometrix takes as an example a taxpayer who last year earned R10 000 — about R833 a month If he started 1986 with a 10 percent pay increase (little better than half the rate of inflation but the sort of increase that was better than average), even with the tax cuts his actual tax bill is up from R935 to R1 024

Unaltered

The only scrap of consolation is that had the old tax rates stayed unaltered the taxman would be grabbing R100 more

If the identical taxpayer was lucky enough to be given a 20 percent pay increase, the tax sting would be worse — up from R935 to R1 230

True, if he received no pay increase at all his tax bill under the new rates would be lower, down from R935 to R877 But his spending power in real terms would be slashed by 18 percent or more by the vicious cut of inflation.

So there was no escape from a shrinkage in living standards.

Higher up the income brackets, a taxpayer who picked up a 20 percent pay increase to add to the R50 000 he earned last year is seeing his tax bill shooting up from R17 982 to R20 762.

And even if the basic income tax rate is not quite as bad as it was, the odds are that a taxpayer on this sort of salary now also has to confront more cuts from the perks tax on such items as running a company car or using company housing loans.

"The injustice of the tax system is magnified by trends that prove how fiscal drag is forcing private individuals to carry a more and more disproportionate share of the overall tax burden," says Dr Jammine.

Load

The proof is set out in a set of Econometrix pie-charts.

Five years ago, the share of total tax revenue shouldered by personal income tax payments was only 15,6 percent.

By last year, private individuals were carrying 29,7 percent of the load.

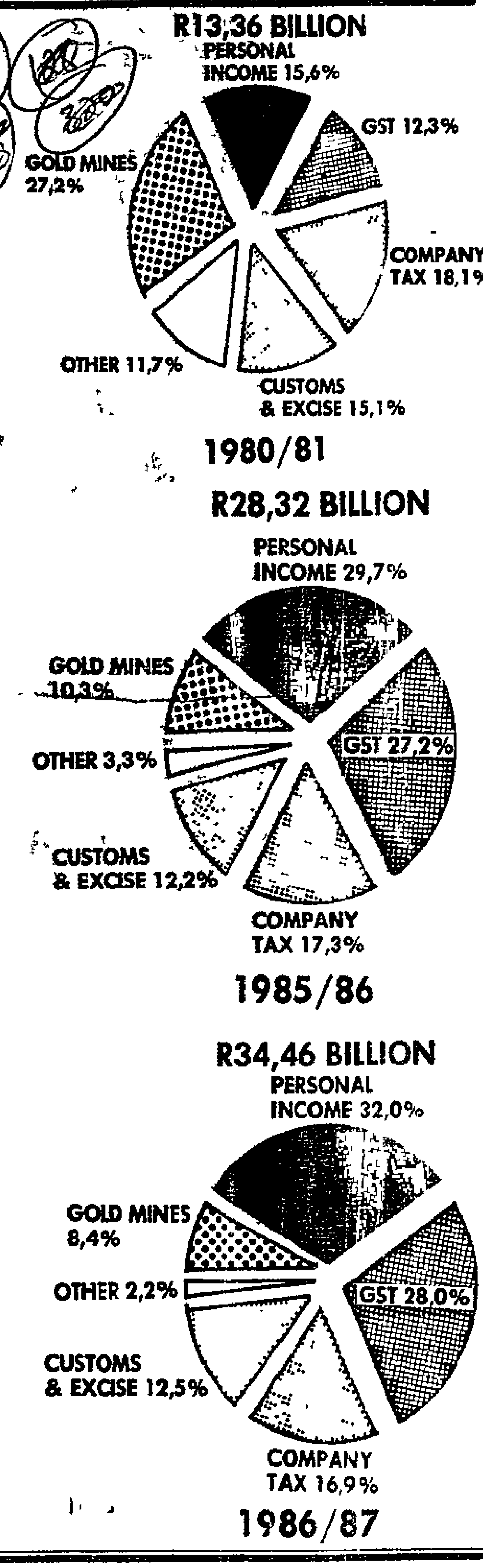
And this year — despite the tax-cut fanfare — they will be lumbered with as much as 32 percent of the burden

"The time has arrived for a really dramatic round of tax reductions," argues Dr Jammine

"No doubt the Government would argue the national economy cannot afford drastic tax cuts

"The governments of nearly all the Western nations are in the process of selling more and more state enterprises to the private sector, which almost invariably do a better job with them.

"Their successes are enormous. South Africa must follow suit — or face calamity"



GUS DA/244 88

11/6/86

Fuel price hopes dashed

GOVERNMENT had been following a progressive policy of deregulation of controlled energy prices — but for strategic reasons decontrol of petrol prices was not being considered, Mineral and Energy Affairs Minister Danie Steyn said in Pretoria.

Opening the SA National Committee of the World Energy Conference (Sancwec), Steyn said govenment price control on aviation fuel and power paraffin had been abolished.

He said an investigation into the price structure of petrol and diesel was under way and two feasibility studies for the production of synthetic fuels.

Govt wants to settle petrol war

BDay 11/6/86 244

Business Day Reporter

GOVERNMENT wants the petrol war with Pick 'n Pay finally settled today when the two sides cross legal swords for the second time in less than three months in the Cape Town Supreme Court.

Meanwhile, the Department of Mineral and Energy Affairs (DMEA) has agreed not to take action against the supermarket chain's coupon linked petrol discounting operation pending the hearing.

A spokesman for the State Attorney's office in Cape Town said Senior Advocate Peter Hodes — acting on behalf of the DMEA — would present a strong case for judgment to be delivered today.

He said Pick 'n Pay was asking the court to set aside Section 2 (B) of the special *Government Gazette* of June 2 as *ultra vires* on grounds that DMEA Minister Danie Steyn acted beyond his powers.

The section states retailers shall not "give or offer any benefit to any consumer on petrol sales".

Service charges go up

SOWETAN 11/6/86 244

THE Atteridgeville Town Council yesterday announced increases on essential services, hostel and creche tariffs to the township.

Local mayor, Mr Matthews Mahlangu, in a statement released yesterday said the increases would be implemented on July 1. Mr Mahlangu appealed to pensioners who experienced financial problems to contact local township managers "so that ameliorating arrangements are made for them".

Mr Mahlangu said monthly rents of businesses presently varying between R46 and R750 would be increased by 10 percent, R13,50 creche fees would go up by R8,50.

Movie tickets will cost more

SOWN 12/6/86 244

Cinema admission prices are to go up, Ster-Kinekor and UIP-Warner have announced

Admission prices at UIP-Warner Metro outlets will rise from R4,50 to R4,90 on Friday. Ster-Kinekor prices will go up to R5 from R4,50 on June 20.

Prices for students and scholars will rise from R3 to R3,50.

Pensioners still pay R1 at Metro outlets and Ster-Kinekor's weekday price for pensioners stays at 50 cents

Saturday morning junior club showings will rise to R1,50 for children and R3,50 for adults

Metro's Monday night budget scheme price of R2,50 remains unchanged

The distributors are to seek an urgent meeting with the Minister of Justice, Mr Kobie Coetsee, to ask him to review his ban on Sunday cinema.

On Friday Mr Coetsee announced that he would not allow cinema on Sundays.

244

P 'n P resumes discount battle

PICK 'N PAY yesterday resumed its legal battle with government in the Cape Town Supreme Court over its petrol coupon discount schemes

On June 2 Mineral and Energy Affairs Minister Danie Steyn banned discount schemes in terms of the Petroleum Products Act of 1977.

The Act allows the minister to regulate or prohibit any "business practice, method of trading, agreement, arrangement or understanding" which he believes may influence the sale or selling price of petrol at any outlet, either directly or indirectly

Pick 'n Pay Retailers (Pty) Ltd seeks an order setting aside the ban

S Aaron, SC, for Pick 'n Pay, said Steyn had used the powers conferred on him by the Act for a purpose for which they were not intended.

He contended that the minister had wrongly interpreted the relevant section and had failed to appreciate correctly the nature of the discretion conferred on him by the Act.

"It is submitted that once a price has been prescribed and customers are required to pay that price, the need to regulate .. falls away — no business practice, method of trading, etc, can any longer 'influence' the price," Aaron said in his written argument

In a replying affidavit Steyn said resale-price maintenance had been permitted to continue in the case of petrol, "inter alia, for strategic reasons", details of which could not be divulged.

"This situation has pertained until today and strategic reasons are equally relevant today, if not more so, inter alia, because of increased international hostility towards the government of SA which manifests itself in boycotts and embargoes in respect of the importation of crude oil from which petrol is derived . . .

"In my view the purchase of petrol and the receipt of a benefit having a commercial value as a result of, or in connection with, such purchase must not be perceived as two unconnected transactions but as one." — Sapa

Discount petrol battle continues

244

CAPE TOWN — Pick 'n Pay yesterday resumed its legal battle with the Government over its petrol coupon discount scheme in the Cape Town Supreme Court

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Mr S Aaron SC, for Pick 'n Pay, argued that Mr Steyn had used the powers conferred on him by the Act for a purpose for which they were not intended

"It is submitted that, once a price has been prescribed and customers are required to pay that price, the need to regulate falls away. No business practice, method of trading, etc, can any longer influence the price," Mr Aaron said in his written argument.

In a replying affidavit, Mr Steyn said resale price maintenance had been permitted to continue in the case of petrol "inter alia, for strategic reasons" details of which could not be divulged.

"In my view, the purchase of petrol and the receipt of a benefit having a commercial value as a result of, or in connection with, such purchase must not be perceived as two unconnected transactions but as one."

Judgment will be given on Tuesday — Sapa

Pick 'n Pay shelves coupon fuel plan

BUSDAY 12/6/86

SUSAN VAN ZYL

PICK 'N PAY service stations would, for the time being, not issue coupons to motorists filling up with petrol, joint MD Hugh Herman said yesterday.

He said this would be the policy while Pick 'n Pay was appealing against the Supreme Court's decision upholding the Department of Mineral and Energy Affair's ban on giving free incentives to consumers.

Sapa Reports that the Artisan Staff Association has said in a statement government was stifling the "spirit of the so-called free enterprise system" by prohibiting Pick 'n Pay from selling petrol at discount prices.

"This smacks of price maintenance and cannot be condoned," the statement said.

"Prohibiting Pick 'n Pay and, for that matter, any other outlet from selling petrol at a reduced price to the hard-hit motorist is not in the interest of the consumer, and is not in the spirit of the so-called free enterprise system and cannot be accepted by members of this union."

The union congratulated Pick 'n Pay chief Raymond Ackerman "for the courageous stand he is taking on this matter and expresses the hope that he will be successful in his endeavours to sell petrol at a price which is to the benefit of the consumer".

FIN MAIL 13/4/86

INFLATION

Third currency bug

Gauging the value of the rand by looking at the dollar has certainly proved misleading. For an explanation why the production price index (PPI) accelerated in April, third-currency positions offer the clearest answer.

The rand plummeted to record lows against the yen and D-mark last Tuesday, lower than the abysmal trough of August 27 1985, the day the markets were closed The currency was also perilously close to a record low against sterling. This was simply a continuation of a trend, masked by dollar weakness, and now seen in the PPI statistics

Undoubtedly, political pressures and the poor economic climate are reflected in increased capital outflows, despite Pretoria's attempts to plug the leaks So the rand plunges another notch, and fears of another rise in the rate of inflation are rekindled In turn this will encourage more capital outflows

The imported component of PPI rose again in April to 28,3% from 27,9% in March, year on year. The all-commodities PPI increase rose to 20,1% year on year, up from March's 19,6%. The most worrying aspect is that the locally produced commodity price index rose for the first time in three months In April it stood at 17,7%, compared to 17,1% the previous month.

Says Jim Buys, economic consultant at Anglo American. "Last week there was another car price hike, reflecting the weak rand which has been pushing up the cost of imported components Relative stability against the dollar for a while disguised our persistently underlying poor performance against third currencies Ultimately the imported component of PPI must work through to local goods Of total imports, about 18% comes from the US, but there are big chunks from Japan, West Germany and the UK"

The index for all-commodities rose to 208,9 in April, up from March's 206,9 — as it was also for February. But this again disguised underlying trends: the fall in the petrol price offset continual price increases in other commodities

Clearly, our third-currency position is dreadful And with the never-ending roll call of administered price increases — both Sats and the Post Office raised tariffs recently, while others look set to follow — there's no hope for the consumer Any tax concessions are likely to be mopped up by rising prices ■

FIN MAIL 13/6/86

244

CONSUMER SPENDING

Retail riddles

Unisa's Bureau for Market Research reckons consumer buying power will increase faster in 1986 than at any time in the last four years. But this is not to say that retail sales forecasts are bright.

The bureau estimates that retail spending, at 1985 prices, will creep up from R30 billion to R31 billion.

However, Assocom economist Bill Lacey disagrees. "The signs are not encouraging," he says, pointing out that retail sales in the first quarter of the year are 6% down in real terms on the same period of 1985.

Unisa's Professor Marius Loubser agrees that "people haven't been spending. But," he adds, "there comes a time when they can no longer postpone the purchase of durable goods."

Loubser lists ability, need and willingness to buy as the motivations for consumer spending. And this year's Unisa forecast shows that the need aspect will predominate. "Need is related to the 2,5% total annual population growth. As the population expands, more goods are sold," says Loubser.

The ability to spend will also increase because of easier hire purchase conditions and credit facilities, lower interest rates, and savings reserves built up in 1985, says the bureau.

Slight increase

It expects a slight overall increase in real retail sales of 1,5% for 1986 because it sees private consumption expenditure, which does not flow through the retail system, rising by only 1%. This is lower than the estimated increase in total private consumption expenditure.

Sales of furniture and household appliances, which have been falling since 1982, are expected to pick up. But sales of imported merchandise will decrease because of the 10% import surcharge, says Loubser.

"The adverse economy, with so many out of work, leaves willingness-to-spend at the bottom. But it is still higher than in 1985," he adds.

But Assocom, which puts the unemployment level at about 3m, takes a more gloomy view. "Consumer and business confidence has been destroyed by high inflation and unemployment. A total economic package of R1,5 billion is needed to boost consumer and business confidence," says Lacey.

The continued fall in real employee remuneration on the one hand, and the maintenance of high personal tax on the other, is expected to cause a decrease of about 2% in real personal disposable income, says the bureau.

"As in 1985," says Lacey, "salary and wage increases will lag well behind the rate of inflation and South Africans will have to brace themselves for another decline in living standards. Wages in the private sector rose 11% in 1985 and indications for 1986 suggest an overall increase of 12%."

Black salaries have increased over the years, raising buying power in this sector, and black spending outweighs that of whites in food, clothing, furniture, alcohol, tobacco and cigarettes and detergents, says Loubser.

But if black boycotts of white retailers continue in 1986, their buying power percentage will decline, with a correspondingly higher share going to whites, coloureds and Indians.

Just how accurate is the bureau's forecast? On the one hand, its estimate of a 1,5% real increase in food sales for 1985 proved accurate; but its 3,5% estimate of increased textile sales was way below the ultimate 7,8% increase. "We obviously didn't take into account the fact that in these times people would be making more of their own clothes and buying more material," says Loubser. ■

Cost of legal assistance is set to drop

13/1/86

244

Mercury Reporter

THE cost of enlisting legal assistance is set to drop with the announcement that senior counsel no longer have to be assisted by junior counsel in court

Mr H P Viljoen, chairman of the General Council of the Bar of South Africa, said in a statement in the latest issue of De Rebus, official journal of the Association of Law Societies, that the compulsory two-counsel rule had been abolished from May 1

'In the light of discussions held on the topic with the Minister of Justice and the Competitions Board, the Bars concerned have decided the public's needs would be best served by leaving it to the discretion of individual senior practioners as to whether they should act alone or be assisted by junior counsel,' he said

The relaxation of the rule was welcomed by the president of the association, Mr Roger Cleaver, who said 'For many years now the association has urged that the rule should be abolished, for although it recognises the value of the two-counsel system in developing a strong Bar, it has in recent times questioned whether the retention of the rule was justified in a South African context'

He said rising legal costs were a problem and the question arose whether the public would be able to continue paying for the privilege of employing two counsel

Mr Cleaver also warned that senior counsel — who still had the option of being assisted by juniors — should be prepared to make sacrifices to serve the best needs of the community at a time when inflation was at its highest

Weak rand set to up fuel price

BUS DAY 11.1.87

244.

GERALD REILLY

ANOTHER petrol price increase — which could be announced later this week — is certain if the rand remains at depressed levels, says a Mineral and Energy Affairs Department source

The current price is based on a rand worth US$0.47 and at that level there is an over-recovery of about four or five cents a litre.

The over-recovery has been used during the past few weeks to hold fuel prices down. However, at US$0.36 to the rand, the price stabilisation fund is draining away, and a decision on a price adjustment will be imperative unless there is a spectacular improvement in the rand's value

Last week Mineral and Energy Affairs Minister Danie Steyn said the price of petrol would remain "provisionally unchanged", but could rise if the rand remained weak

And in the expectation of tougher security measures and the declaration of the State of Emergency, the rand has become weaker.

That could mean that much of the total petrol price decrease of more than 20c a litre this year could be wiped out, and the price could rise again to the region of 95c a litre on the Rand.

Motor Industries Federation director Jannie van Huyssteen said an increase in the petrol price was imminent and it was unlikely to be less than 5c a litre

Govt's petrol discount ban 'indefensible'

GERALD REILLY

GOVERNMENT'S ban on the sale of discount petrol was indefensible on any grounds, Artisan Staff Association (ASA) president Jimmy Zurich said yesterday.

Speaking after an ASA administrative committee meeting, Zurich said the argument that discount sales would add to unemployment was totally unacceptable

Zurich said the free market system, which government claimed to support, could only operate successfully when traders were given the freedom to sell at a price they considered profitable.

Political comment in this issue and newsbills by Ken Owen Headlines and sub-editing by Michael Allwright Both of 171 Main Street Johannesburg

DC rates to rise by up to 15 pc

DD 17/6/86

Dispatch Reporter

EAST LONDON — Rates in the Divisional Council of Kaffraria are to go up by as much as 15 per cent in some areas

This emerged in the draft estimates of revenue and expenditure released at yesterday's monthly meeting of the council

Expenditure of R5 757 121 is expected to be under the following categories general expenditure R1 543 338, roads R3 127 701, public health R405 065 and ambulance R666 286 There is a surplus of R14 731

Anticipated income of R4 26 822 is as follows general administration R481 655, roads R2 847 701, ambulance R666 286, public health R274 180 with the amount of R1 487 299 required from rates to balance the books

The general rate in rural areas is 0,340c in the rand while the rate in municipal areas is 0,115c in the rand

The general rate on all property in the King William's Town municipal area is 0,065c (0,05c last year), in the Stutterheim area 0,080c (0,065c last year), Komga and Kei Mouth 0,101c (last year 0,86c), Beacon Bay and Gonubie 0,215c (last year 0,02c)

Local areas rates are as follows (previous in brackets). Kwelera 0,70c (0,55c), Eureka 0,31 (0,24c), Reeston 0,40c (0,34c), Macleantown 1,71c (1,58c), Kidd's Beach 1,57c (1,41c), Haga Haga 1,62c (1,47c), Morgan Bay 1,15 (0,58c), Sunrise-on-Sea 0,35c (0,25c) Cintsa 0,66c (0,48c)

P 'n P is 'hoist by its own petard'

Own Correspondent

A SUPREME COURT judge "hoist Pick 'n Pay by its own petard" yesterday, quoting the chain's advertising campaign in ruling that its petrol-sales-coupon scheme did influence the price of petrol

Pick 'n Pay had applied for a court order against the Minister of Mineral and Energy Affairs, arguing that he had exceeded his powers by forbidding petrol sellers to offer "any benefit" to buyers

Pick 'n Pay argued that while the Minister was empowered to regulate business practices he thought would influence the price of petrol, he had exceeded his powers because its coupon scheme had no bearing on the petrol price.

Dismissing the application with costs, Mr Justice H Berman said the truth of the matter was that the coupon scheme was "primarily calculated and intended to influence the volume of sales". At the same time it was an exercise in public relations

The judge said the consumer who bought petrol under Pick 'n Pay's coupon scheme did not pay the fixed price of petrol and separately obtained goods at a discount.

Finding that the consumer therefore paid less than the prescribed price of petrol at Pick 'n Pay outlets, Judge Berman ruled that its coupon scheme did affect the price of petrol.

He granted Pick 'n Pay leave to appeal to the Appellate Division on the grounds that another court might come to a different decision.

Post times

No butter decision yet

M 18/6/86

244

Mercury Reporter

A COMMITTEE appointed by the Dairy Board in March this year still has to decide on how the 5 000-ton butter surplus will be marketed

A spokesman for the board said yesterday that a decision could be expected soon

Rumours that butter would be exported were dismissed by the spokesman, who pointed out that the European Community had their own surplus of butter

Although sources say they expect the butter to be released to the public at cheaper prices, the excess has already been in cold storage for 13 months and can be kept that way for another three years

Meanwhile speculation that a banana glut is on its way has been quashed by a Banana Board spokesman

He confirmed that prices had dropped by 28% but said it was a result of increased production and a drop in demand

The lower prices would probably be in force for about two weeks, he said

Argus 19/6/86 (244)

Lamb chops and coffee only for the rich?

By ANTHONY DOMAN
Staff Reporter

TWO South African traditions — lamb chops sizzling on the braai, and mugs of steaming *boeretroos* — could be out of reach to all but the wealthy by the end of the year.

Lamb chops are selling at between R8 and R11 a kilogram and are set to go higher.

Coffee is expected to cost R26 a kilogram by November.

"What happened to crayfish could happen to mutton and lamb — only the rich will be able to afford it," said Mr A L Gaffoor, Press secretary of the Chamber of Muslim Meat Traders (Commtra).

Commtra asked the Minister of Agriculture last month to investigate the meat industry to stop see-sawing prices.

This week the Meat Board wrote back but "failed to address the problems raised".

Commtra wanted a maximum price "to protect the consumer", said Mr Gaffoor.

"The board said we were experiencing our worst drought for 200 years and were importing 70 percent of our meat."

It was conducting scientific surveys to find ways of producing more meat, he said.

Mr Gaffoor said sales of whole and half lambs had dropped drastically with prices at almost R7 a kilogram.

Beef was "not so bad".

Super-lamb chops sold for R11,19 a kilogram and super-leg of lamb for R9,29 at a city store today. "Braai chops" were R10,19 and bulk lamb packs R7,69 a kilogram.

Fillet steak was almost a bargain at R10,69.

At another store super lamb chops ranged between R9,49 and R9,99 a kilogram.

Meat Board branch manager Mr Paul Fahrenfort said there was a countrywide shortage of sheep.

"We have even lifted quotas to get more animals."

Mr Malcolm Simpson, general manager (Western Cape) of Blue Ribbon Meat Products, said lamb cost R5,20 to R5,40 a kilogram wholesale.

"Eventually people will not buy lamb," he said.

The coffee outlook was as gloomy. From R8,80 a kilogram retail two years ago, it is now nearly R18.

Mr John Penfold, buyer for Coffee and Tea Importers, said prices had rocketed because of:

- A drought in Brazil, the world's major supplier; and
- The collapse of the International Coffee Organisation (ICO), which regulated sales worldwide.

As non-members of the ICO South Africa could buy surplus coffee on the free market for about 40 percent less than members — until the ICO collapsed and everybody had to pay the same price.

With the depreciation of the rand the increase in the past 18 months was almost 600 percent, Mr Penfold said

"By November coffee could cost R26."

"Of course, the price of a single cup is 12c or 13c, which is pretty reasonable."

Small comfort indeed.

Little relief expected for new car prices

NM 19/6/86

Mercury Reporter

THE Government's economic stimulatory package might help reduce motor car costs by '1% or 2%', but costs had gone up 15%, Toyota's marketing director, Mr Brand Pretorius, said yesterday

Mr Pretorius was responding to the concessions granted by the Government which included a reduction in excise duties, the removal of the 10% import surcharge on various components and materials and the easing of fringe benefit tax on company cars

But Mr Pretorius pointed out 'We are very grateful for the package that might have some positive impact on disposable income in the long term'

He added that the proposals had to be studied in more detail

Reducing

Mr Pretorius said one question would be whether there would be a price reduction, but this could not be done

He said the drop in the rand over the past 12 weeks had caused the rand to depreciate against the yen by as much as a third

'Our costs have gone up 15% and the Government's package might help 1% or 2%'

A General Motors South Africa spokesman said while they were obviously very pleased with the concessions they could only comment fully once they had studied them in detail

Samcor managing director Mr Spencer Sterling agreed

'We are very pleased with the concessions that have been announced and that will obviously assist in reducing overall costs

'We cannot determine to what extent we will be able to pass these benefits on to the public until we get specific details,' said Mr Sterling

Mr Dudley Saville, joint managing director of the giant McCarthy Group said 'I would think for the beleaguered motor industry any concession is welcomed'

He said he believed the reduction in excise duties would slow the rate of price increases but doubted the industry was in any position to reduce prices

'One has to have regard for the fact that manufacturers are currently losing large sums of money It might restore viability to their businesses,' said Mr Saville

He said fringe benefit tax was a key issue and although he did not know the specific proposals, it was an area which could have a meaningful impact in assisting sales

He said a reduction in the general tax rate was necessary.

● See also Page 13

SOWETAN, Thursday, June 19, 1986

Public can lodge objection

PUTCO BID FOR INCREASE

By MANDLA NDLAZI

PUTCO has applied for a 17,5 percent fare increase to come into effect from the beginning of November.

According to a statement by Mr Pat Rogers, the company's PRO, Putco has made applications to the Transportation Boards in Johannesburg, Pretoria, Durban, KwaNdebele and Bophuthatswana where it operates its buses

"Once these have been published in the Government Gazette, anyone wishing to lodge an objection may do so within a period of 21 days, following which a hearing of the application will be held," said Mr Rogers

He said the increase "does not take account of any subsidy which might be paid by the Department of Transport on behalf of passengers Essentially, should the increase be approved, any matching subsidy in excess of the figure mentioned would result in a lesser amount payable by the passenger a lesser subsidy or none at all would increase the passenger contribution "

Putco effected a 17 5 percent increase in the Transvaal in November last year, and in Durban in February this ye[ar.] Mr Rogers said "th[ese] were to cover cost [in]creases "

He said the pres[ent] application "is to cover increased costs [re]sulting from inflation [ex]perienced or anticipa[ted] for the period 1st J[uly] 1985 to 30th June 198[6]

TV licence hike 'a pity'

Consumer groups have expressed disappointment at the increase in TV licence fees from R46,20 to R60 from October. SPAK 244

19/6/88

Concession fees of R24 which applied to social pensioners and war veterans have been extended to include all people over the age of 70 as well as farm workers.

Mrs Betty Hirzel, chairman of the Consumer Union, said: "In this time of misery, depression and hunger, television is one of the few pleasures left to people and it is a pity the licence fees had to rise."

Mrs Lyn Morris, president of the Housewive's League, said the SABC should improve its services and "give listeners and viewers the type of programme they want".

20/6/86 FIN MAIL (244)

SWINGS AND ROUNDABOUTS

(218)

It's an ill wind, they say, that blows no good. Low crude oil prices are certain to reduce demand for SA's coal in the rest of the world, but the country's gain through the lower cost of oil imports will exceed the value of coal export losses.

Last year South African exports of about 44,3 Mt of coal earned a record R3,138 billion. The big buyers were France (5,1 Mt), West Germany (3,5 Mt), Italy (6,5 Mt) and the rest of Europe (7,2 Mt). Pacific Rim countries, including Japan and Korea, took 13,4 Mt and the US took some 800 000 t.

Now world prices and export tonnages are falling. According to the Transvaal Coal Owners Association average coal export prices are lower than those of last year. And the effect of the Danish embargo on coal imports from SA, due to come into effect in October or November, and other sanctions moves is still to be felt.

But when oil price falls are taken into account, a brighter picture emerges

According to market researchers, Econometrix, if crude oil prices settle at around $18 a barrel, coal exports earnings for 1986 could fall to R2,09 billion, a reduction of some R1,048 billion in foreign earnings.

If the price of crude fell to $10 a barrel, coal exports could fall to R1,416 billion, a loss of R1,722 billion

But the country's oil import bill will also fall, far outweighing the coal losses At $18 a barrel SA would save R2 billion and at the lower level the saving would be R3,6 billion — giving net savings after coal losses of R952m and R1,878 billion respectively.

'4 000-ton mountain' exists, yet . . .

STAR 20/6/86 244

Stores run out of butter

By Jackie Unwin

Some supermarkets have run out of butter. In anticipation of a drop in the price of butter by the Dairy Board, some dropped their prices substantially — by over 90 cents for a 500 g block

But the announcement of the expected decrease by the Board has not yet come through and supermarkets have in some cases run out of stock.

A Dairy Board spokesman said "Nobody is holding the butter back. We have a surplus and want to dispose of it

"The recommendations of the Board's Butter Committee on the disposal of the surplus are with the Minister. As soon as we come up with the solution we will announce it."

Mr Geoff Kahn of Pick 'n Pay said "We have virtually run out in all our stores. We are waiting to hear what the Dairy Board is going to do.

"We heard rumours the Dairy Board would reduce the price and decided to go ahead of them and drop our prices.

"We have in fact advertised and cannot get sufficient stock until the Board finally makes a decision. The Dairy Board is now standing back and watching"

Mr Clive Weil, managing director of Checkers, said· "We were told the prices were coming down and in anticipation decided to drop our prices.

"We believe a move down is inevitable

"But I think it is regrettable we are selling the fresh butter at this low price and the problem with the butter mountain remains.

Battle for supplies

"We are battling to get butter supplies right now — which is a disgrace considering the butter lying in stock is, we understand, 4 000 tons This stock should be made available at a reduced price"

Mr Mervyn Kraitzick of OK Bazaars, said the store would hold butter prices down until further notice

He said the run on butter had caught the suppliers by surprise and they did not have big stocks.

Angry consumers phoned *The Star* yesterday complaining they had combed many supermarkets in vain searching for the advertised inexpensive butter

BUSDAY

23/6/84

Milk price set to go up July 1

244

THE PRODUCER prices of fresh and industrial milk would be increased from July 1, the Dairy Board said in Pretoria yesterday.

The board said distributors of fresh milk and industrial milk factories would pay 4c a litre or 9% more for milk, while producers would receive 3c a litre more

The difference of 1c a litre would be levied by the board.

The board said that although consumer prices of fresh milk, cheese, milk powder and other dairy products were not determined by it, such prices were expected to go up as well.

It said producer prices had to be adjusted to prevent shortages of milk and dairy products in the near future.

It said. "Milk production is declining and the expected production this year will be 4% lower than last year." — Sapa.

6Ч637

N/M 23/6/86 (244)

Price of milk set to go up at least 4 c/ℓ next mont[h]

Mercury Reporter

THE retail price of fresh milk will rise by at least 4 c a litre on July 1.

The Dairy Board announced in Pretoria yesterday that milk distributors would pay 4 c a litre more while farmers would get 3 c a litre more, the difference of 1 c being a levy taken by the board

Milk distributors last night said they would pass on the increase without adding any extra margin But they warned that retailers might

'I would say you will find the retailer will pass on a little bit more,' said Mr Eric Hornby, Natal general manager of Clover Dairies

But both he and Mr Gerald Hunwick, general manager of Creamline Dairies, pointed out that since price control on milk had been abolished, different retailers charged a wide range of prices

The nominal retail price was about 81 c a litre

The Dairy Board said in its statement that producer prices had to be adjusted to prevent shortages of milk and dairy products in the near future

'Milk production is declining at present and expected production this year will be 4% lower than last year,' it said.

'The consumption of dairy products remains fairly constant and with the exception of butter, no surplus of cheese, milk powder or other dairy products exists at the moment.'

More building societies drop bond rates

NM (244) 24/6/86

Property Editor

MORE major building societies followed the UBS's lead and dropped their home mortgage bond rates to 16% across the board yesterday

Now financial experts are looking to Barclays Bank, which started the current run of reduced rates last month, to see if it will meet the new challenge from the societies

Official reaction from the bank was that rates would remain the same for the time being But experts believed that, having started the battle, the bank might be tempted to beat the societies' rate — even if only by a quarter or half a point

But while the societies' moves will be hailed by hard-pressed home-owners, there will be more glum faces among those who rely on fixed deposits for their incomes

Society officials said deposit rates must inevitably drop as the mortgage rates declined

This would mean less income for thousands of people for the second time within weeks And with inflation still at a high level, their disposable income was being steadily eroded

It also disproves the theory that the mortgage rate reduction would pump more money into the economy — as home-owners have more to spend, so savers have less

The Allied, the S A Perm, the Provincial and the Natal Building Society announced yesterday that they were dropping their bond rates by 1% immediately on all new home loans

In the case of the Perm, the rate charged to existing borrowers will be reduced to 16% on notice to borrowers

In the case of the others, the new rate on existing loans will be effective from October 1

Eastern Cape milk not dearer

DD 24/6/86

244

Dispatch Reporter

EAST LONDON — Consumers in East London and the rest of the Eastern Cape will not be affected by the 4c a litre increase in the producer price of milk to be introduced countrywide on July 1

The branch manager of United Dairies here, Mr D. Barkhuizen, was out of town yesterday and could not be reached for comment, but the general manager of United Dairies in Port Elizabeth, Mr Fred Botha, confirmed that there would be no increase in the price of milk for consumers.

He said that the producer price increase should not affect consumers in the Eastern Cape as the area was not under the control of the Dairy Board in Pretoria.

Prices were set between local producers and the United Dairies Co-operative, and no plans had been made to increase the price of milk to consumers, Mr Botha added.

He said there might be a slight increase in processed dairy products such as cheese, but this was "unlikely".

Cape Times
24/6/86

244

Milk goes up for 3rd time this year

Staff Reporter

THE consumer price of bottled, home-delivered milk from the Western Cape's largest dairy will increase by 6c a litre from July 1 — and it is likely that major retail stores will follow suit and increase the shelf-price of fresh milk.

The managing director of Dairybelle, Mr Maarten Henning, said the new milk price would be 84c a litre if coupons were bought from diary agents and depots. Coupons bought from deliverymen would cost 86c.

The Dairy Board on Saturday announced a 4c a litre increase in the producer price (the price distributors pay) of fresh and industrial milk "to prevent shortages". It said distributors of milk and dairy products would probably have to increase their prices from July 1.

The producer price increase will result in the third increase in the shelf-price of milk in the Western Cape this year.

The general manager of Pick 'n Pay, Mr John Barry, said the company would hold the shelf-price until July 14.

A Checkers spokesman said it would spell out its position after talks with distributors today.

● Consumer and trade union organizations have expressed dismay at the increase.

The president of the Housewives' League, Mrs Lyn Morris, and the president of the Trade Union Council of South Africa, Mr R H Botha, warned against raising the price an essential foodstuff.

Days of lamb and coffee on the wane for most

STAR 24/6/86 244

Own Correspondent

CAPE TOWN — Two South African traditions — lamb chops sizzling on the braai and mugs of steaming coffee — will be out of reach to all but the wealthy by the end of the year if trends continue

Lamb chops are selling at between R8 and R11 a kg and are set to go higher

Coffee is expected to cost R26 a kg by November.

"What happened to crayfish will eventually happen to mutton and lamb — only the rich will be able to afford them," said Mr A L Gaffoor, Press secretary of the Chamber of Muslim Meat Traders (Commtra).

INVESTIGATE

Last month Commtra asked the Minister of Agriculture to investigate the meat industry and to stop prices see-sawing

This week the Meat Board wrote back but "failed to address the problems raised", said Mr Gaffoor

Commtra wanted a maximum price "to protect the consumer"

"The board said that we were experiencing our worst drought for 200 years, that we were importing 70 percent of our meat and that if necessary we would get this meat from overseas."

DRASTIC DROP

Mr Gaffoor said sales of whole and half lambs had dropped drastically with prices at almost R7 a kg depending on quality

Beef, he said, was "not so bad"

Super lamb chops sold for R11,19 a kg and super leg of lamb for R9,29 at a city centre store today "Braai chops" were R10,19 and bulk lamb packs R7,69 a kg

Fillet steak was almost a bargain at R10,69

The coffee outlook was as gloomy From about R8,80 a kg retail two years ago, it is now selling at nearly R18

Mr John Penfold, buyer for Coffee and Tea Importers, said that prices had rocketed because of a drought in Brazil, the world's major supplier and the collapse of the International Coffee Organisation

DURBAN TRANSPORT MANAGEMENT BOARD

Alice Street, Durban
Telephone 321481

26/6/86

FARE INCREASE

(Blue Line Service)

The public is hereby notified that the following new fare structure will be introduced on the Board's Blue Line Service as from **TUESDAY, 1 July 1986.**

New priced coupons will be available from 25 June 1986 at the Transport Information Bureau, corner of Gardiner and West Streets and agents sale outlets from 27 June 1986

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COUPON

(10 Journey Coupon)

STAGE	EXISTING	NEW FARE
1	R5,65	R6,50
2	R6,80	R7,80
3	R7,95	R9,15
4	R9,20	R10,60
5	R10,05	R11,55
6	R11,00	R12,65
7	R11,80	R13,60
Child	R5,65	R6,50
Scholar	R4,20	R5,00
Senior Citizen	R1,60	R1,70

CASH

STAGE	EXISTING	NEW FARE
1	R0,82	R0,85
2	R0,97	R1,00
3	R1,07	R1,24
4	R1,18	R1,37
5	R1,33	R1,54
6	R1,43	R1,65
7	R1,58	R1,83
Child	R0,82	R0,85

Child's Fare: R0,85 Cash or Stage 1 coupon irrespective of distance travelled

Colour of new Coupons as shown below:

Stage 1	Turquoise
Stage 2	Brown
Stage 3	Pink
Stage 4	Gold
Stage 5	Mauve
Stage 6	Yellow
Stage 7	Green
Scholars	Red
Concessions "P"	Orange

Commuters are advised to pay particular attention to the validity period printed on the existing coupons, which are not refundable.
Old fare coupons are valid only up to and including **Friday 29 August 1986.**

M.G. CUTHBERT
GENERAL MANAGER

26/6/86 BUS DAY

244

AA calls on govt to look at levies

Fuel price 'must be reconsidered'

DAVID FURLONGER

THE FUEL price structure must be urgently reconsidered and unfair components removed, Automobile Association president Peter Good said in Johannesburg yesterday.

He told the AA's annual meeting that pipeline charges and the imposition of GST on government levies within the price of fuel should be reappraised.

The price of a litre of fuel is made up of several components, including landed cost from overseas, wholesale and retail profit margins, and a series of government taxes in the form of levies.

GST is imposed on top of all that, leading to the accusation that motorists are paying tax-on-tax.

Among government-imposed levies is a pipeline charge. Based on the cost of pumping fuel from the coast to the Witwatersrand and other inland centres — even though much of SA's fuel is produced inland by Sasol — the levy helps pay other transport costs.

Good said: "The cost structure of a litre of fuel must receive urgent attention. The individual components should be carefully examined with a view to removing the element of tax-on-tax and the cross-subsidisation of uneconomic rail passenger services through the exorbitant levy on the pipeline charges."

He also criticised government's refusal to sanction petrol discounting.

Commenting on Pick 'n Pay's court battles with government, he said: "Recent actions brought in the Supreme Court regarding the discounting of petrol has highlighted the need to permit the free enterprise system to operate through all petrol retailers."

CM Times 27/6/86 (244)

Mixed feelings over Iscor price concession

Own Correspondent

JOHANNESBURG. — Rival steel producers are ready to follow Iscor in knocking 4% off the price of delivered steel to the Eastern Cape.

However, industry officials yesterday expressed alarm at government's involvement in bringing down the price.

Government's abolition of steel price controls last July had freed the industry to set its own levels, they said.

Industry Minister Dawie de Villiers announced this week Iscor had bowed to a government request to cut its steel price to the Eastern Cape from October 1 in order to assist industry in the depressed region

He said Iscor had agreed to bear part of the cost of transporting its steel from the Reef — a concession that will cost the corporation about R2m a year

In a guarded statement yesterday, Iscor would say no more than "government asked us to do something to assist industry in the Eastern Cape, and we agreed".

Other steel producers are already looking at ways of matching Iscor's price cuts to the Eastern Cape in order to remain competitive

Highveld Steel sales manager Ian Gunn said yesterday: "It will certainly put pressure on other producers. We will probably have to match this eventually"

However unpopular among steel producers, the steel price cut — described by Dawie de Villiers as one of several measures being considered to alleviate economic problems in the Eastern Cape — is certain to be welcomed by industrialists in the region, particularly what remains of the motor industry there

Eastern Cape industry pays more for its steel than other regions because of the high cost of transport from Reef steel producers The Iscor concession means they will now pay the same price as industry in the Durban region.

F W Mail

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INFLATION

27/6/86

183

Fruity puzzle

It's rare these days for the sun to shine out of Central Statistical Services, but for the month of May it did The consumer price index (CPI) dropped to 17,5% year-on-year, down from 18,6% in April

Main contributors were the cut in fuel prices on April 14, which was brought into the May statistics, and a surprising fall in fresh fruit prices Transport running costs, according to a spokesman, went down 6,1%, showing what dramatic influence a fall in fuel prices can have on inflation But for this, inflation would have held at 18%

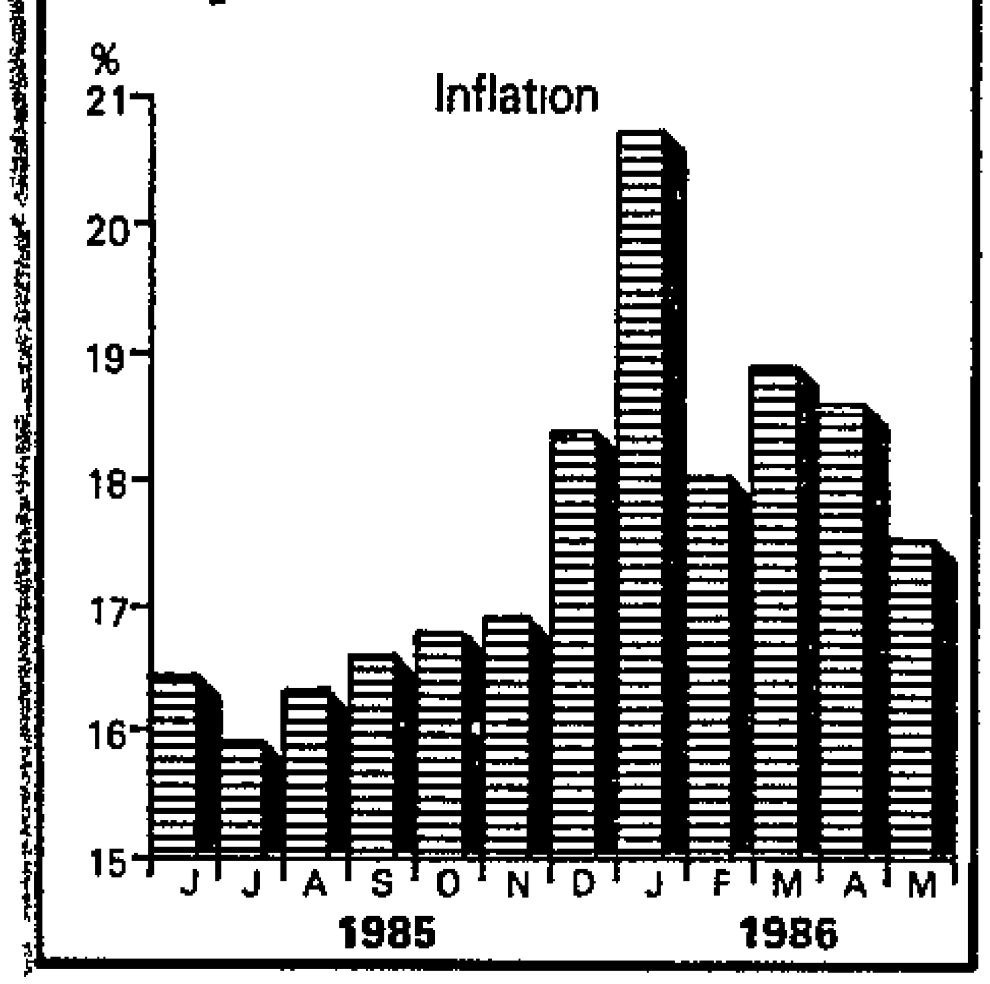
This is just the direct effect Under "normal" circumstances consumers would also look forward to follow-on effects as lower transport costs filtered through to retail prices, slashing as much as another 1,5% off CPI over the next six months

But this is doubtful For one thing, the rand has shown extreme volatility over the past few weeks, plunging to around US35c ahead of June 16, before rebounding no less than 7c in just six days, for another, government's latest stimulatory package relies on significant raping of fuel sales levies garnered for its central energy fund This could complicate fuel pricing strategy

Says Louis Geldenhuys, economic consultant to stockbroker George Huysamer. "The fall was a surprise, given the environment we are living in"

More startling perhaps is that the monthly increase — just 0,2% — was the lowest since November 1976 Geldenhuys, however, points to the extreme price volatility of some commodities For example, the major fall, aside from fuel, was fruit, down 5,4% month on month — "I find this impossible to explain"

Hope for consumer?



Overall Geldenhuys feels that inflation is bound to rise "Economic and political instability has escalated, time horizons are shortening, and there's the capital flight, while international pressures are still increasing"

Other month-on-month changes to May include fats and oils, down 2,5% The main increases were new car prices, up 3,9%, sugar, up 2,9%, and books, up 2,5% Third-party insurance is now included in the fuel price, of course, from May 1, which means its separate weighting falls away This also contributed to the statistical fall

There are positive signs for inflation through lower interest rates, especially on bond accounts Existing bond rates fall on July 1 and then October 1 On the negative side, the fuel price is based on a 47c rand, and will have to be increased if the rand remains below this Milk prices are set to rise from July 1

But the fresh fruit price fall is unusual Maybe exports have gone down because of sanctions, increasing domestic supply Ironically, however, the Chernobyl accident may make "grown in SA" fruit a future attraction

Says an economist "I believe the May figure reflects a lot of coincidental low increases, and zero growth on some items By the same token, January went up 3% because a lot of big increases came together It's better to look at trends longer-term, and I don't see food deviating from its normal 1% monthly increase For the year I'm still expecting around 18% inflation overall" ■

Argus 30/6/86

City supermarket prices rise over a broad front

244

SHOPPING BASKET

ONLY eight of the 30 items in The Argus shopping baskets have not gone up in price during the first six months of the year.

Five of the 30 have remained at the same price and only three items — bath soap, cought remedy and margarine, all of them "specials" — have gone down in price

In the past month alone one-third of all the items listed have gone up in price, reflecting broad and insidious inflation.

The two shopping baskets contain goods which do not usually enjoy individual media attention when prices go up and they are intended to reflect the experience of a housewife who buys the same goods at the same outlets each month.

The same goods are priced at the same outlets in the last week of each month In fairness to the manufacturers and retailers concerned, trade names have not been used

Jan Feb Mar Apr May June

Wax Paper (25 m) R2,05 R2,25 R2,25 R2,25 R2,25 R2,25
Toilet Paper (Single Ply, 4s) R1,55 R1,65 R1,65 R1,65 R1,75 R1,75
Facial Tissues (200) R1,19 R1,35 R1,35 R1,35 R1,45 R1,45
Black Refuse Bags (20s) R2,29 R2,55 R2,79 R2,79 R2,79 R2,79
Tea (loose 250 g) R2,85 R2,85 R2,85 R2,59 R2,85 R2,85
Instant Coffee (250 g) R2,69 R2,69 R2,69 R2,79 R2,89 R3,15 (up)
Packet Soup (45 g) R0,52 R0,52 R0,52 R0,52 R0,52 R0,52
Macaroni (500 g) R1,05 R1,05 R1,05 R0,95 R1,05 R1,05
Rice (1 kg) R1,69 R1,69 R1,69 R1,79 R1,79 R1,79
Breakfast cereal (300 g) R2,09 R2,09 R2,09 R2,09 R2,19 R2,19
Sunflower Oil (750 ml) R1,75 R1,75 R1,75 R1,75 — R1,85k (up)
Self-raising flour (1 kg) R1,09 R1,09 R1,05 R1,12 R1,12 R1,12
White Sugar (2,5 kg) R1,99 R2,05 R2,05 R2,19 R2,35 R2,35
Margarine (500 g) R1,75 R1,75 R1,75 R0,79 R1,69 R1,69
Apricot Jam (900 g) R1,29 R1,15 R1,29 R1,35 R1,35 R1,35
Pilchards in Tomato (425 g) R1,09 R1,09 R1,09 R1,05 R1,09 R1,09
Pet Food (425 g) R0,69 R0,59 R0,59 R0,61 R0,59 R0,61 (up)
Washing Powder (1 kg) R2,49 R2,49 R2,49 R2,35 R2,59 R2,75 (up)
Household Cleaner (750 ml) R1,35 R1,35 R1,29 R1,29 R1,39 R1,45 (up)
Dishwashing Liquid (750 ml) R1,49 R1,49 R1,49 R1,69 R1,75 R1,75

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Antiseptic Liquid (500 ml) R1,99 R1,99 R1,99 R2,65 R2,69 R2,65 (dn)
Painkilling Tablets (96) R1,99 R1,99 R1,89 R1,89 R2,09 R2,25 (up)
Antacid Tablets (100) R1,79 R1,79 R1,79 R1,79 R1,85 R1,95 (up)
Fabric plaster strips (50) R2,29 R2,29 R2,29 R2,29 R2,29 R2,29
Cough and Chest Remedy (200 ml)R4,85 R4,85 R5,25 R5,25 R4,89 R4,55 (dn)
Bath Soap (150 g) R0,55 R0,55 R0,55 R0,55 R0,55 R0,49 (dn)
Toothpaste (100 ml) R1,29 R1,29 R1,29 R1,29 R1,25 R1,35 (up)
Deodorant Spray (100 g) R2,15 R2,25 R2,25 R2,25 R2,25 R2,19 (dn)
Shampoo (500 ml) R4,89 R4,99 R4,99 R4,99 R4,75 R5,39 (up)
Razor Blades (5) R2,39 R2,39 R2,59 R2,59 R2,59 R2,79 (up)

U'hage rates, water up

Post Reporter

RATES, water and refuse removal charges are to be increased in Uitenhage, and sewerage tariffs are to be restructured

The effects of the 1986-87 budget, presented to the Uitenhage Town Council last night, include

- Rates will increase by 13,6%.
- Water tariffs will rise by 9% with householders paying 60c a kilolitre up to 50 kilolitres, an increase of 5c on last year
- Refuse removal tariffs have been increased by an average of 17%.

AR PRICES UP

Argus 1/7/86

5% IN A YEAR

244

By DEREK TOMMEY, Financial Editor

NEW car prices rose a huge 35,4 percent in the 12 months ended May, one of the main reasons for the steep increase in living costs, official figures show.

Car price increases were a major factor in the 17,5 percent increase in the consumer price index during this period, the Government's official recorder of price changes, Central Statistical Services, reports.

Motor manufacturers blame the sharp increase in car prices on the fall in the rand. Imported components make up about 60 percent of the cost of a locally-assembled car.

The steep fall in the rand against the dollar, and the fairly steep decline in the dollar against the Japanese yen and the German mark, have together greatly increased the cost of importing car components

However, in spite of the sharp increase in the price of cars, its impact on the cost of transportation was partly offset by the drop in the petrol price.

Running costs

Central Statistical Services estimates that vehicle running costs in the 12 months ended May rose by only 0,8 percent

As a result, total transportation costs rose overall by 14,2 percent

But according to Central Statistical Services' figures, cleaning materials (soap powder, detergents) showed an even larger rise in price during the same period

Figures show the price of these rose by a staggering 44,9 percent in the 12 months ended May Here again the effect of the fall in the exchange rate on the price of imported raw materials appears to be to blame

Other goods and services which showed a larger than average increase in price in this period were coffee and tea, recreation and entertainment, education, medical care, home appliances, reading matter, meat, fish and communications

Most of these items either have an imported content or imported materials are used in their production.

Central Statistical Services' figures show that in the past five years the biggest price increase has been in the cost of education, which has risen 220 percent

Then come cleaning materials (200 percent) followed by communications — postage, telephone calls — (171 percent) and then vehicles (163 percent).

At the other end of the scale, the commodity showing the smallest rise in this five-year period has been vegetables (72,6 percent), followed by vehicle running costs (82,4 percent), and then fuel and power (91,6

Lekoa Council to raise some tariffs

1/7/86 SOWETAN (244)

THE Lekoa Town Council has resolved to increase various tariffs in the area, pending approval from the Minister of Constitutional Development and Planning.

The council's town clerk, Mr Nick Louw, yesterday said the hikes had been neccesitated by the increase of water and electricity tariffs by the Rand Water Board and Escom respectively

Mr Louw added that the hikes did not affect house rentals, which had not been raised in the area since 1984

Residents in the six townships falling under the council, have not paid rent since 1984

Once the Minister approves the hikes, hostel dwellers will have to pay R5 more for their monthly rental Rent for trading sites will go up by about R30.

Other service charges that will go up include cemetery fees, swimming bath fees, inspection fees and the approval of plans, building plans approval, bookings of halls and entrance fees at halls.

Object

Particulars of the resolutions are available at the office of the town clerk during normal office hours until July 14

Any person who wishes to object against the proposed tariffs must lodge his/her objection in writing to the town clerk not later than July 21 this year

Butter price slashed by R1,45 a kg

July 1986.

DAIRY (244)

Pretoria Bureau

The wholesale price of butter has been slashed from today by R1,45 a kilogram

The Dairy Board announced the drop in price in Pretoria today — from R5,45 a kg to R4 a kg, or R2 for 500 gms.

The price is reduced with immediate effect, although distribution limitations mean that the cheaper butter may not be immediately available in all stores

The Dairy Board has said it will use its stabilisation fund to subsidise butter prices to the benefit of the consumer

The major cause for the drop in the price was the tremendous decline in butter consumption.

At present about 13 000 tons of butter a year are consumed by South Africans Before substitutes were introduced on to the market in 1971, about 54 000 tons of butter were consumed annually

The board said it was not in favour of exporting butter and it hoped the cheaper butter would help it regain some lost momentun in the market

The butter surplus was not the reason for the drop in price and the "butter working group" was considering ways of disposing of it

Milk price up by 4c

STAR 1/7/86

Consumers will have to pay an extra four cents a litre for milk — perhaps more.

The producer price of fresh and industrial milk went up today by nine percent (four cents) and major milk distributors are passing it on.

National Co-operative Dairies and Dairy Belle say they cannot absorb the rise because of inflation and higher operating costs, but the increase will be no more than the four cents.

However, the impact of the increased producer price on the retail price could vary from dairy to dairy as it is not controlled.

Major supermarkets, Checkers, Pick 'n Pay and OK Bazaars, have announced they will peg the milk price at old levels for a period

120 000 cabbages for charity

NM Mercury 2/7/86 (244)

Pietermaritzburg Bureau

A GLUT of cabbages on the market and consequent low wholesale prices have caused a local farmer to give away thousands of cabbages in protest against the 'vast' difference between wholesale and retail prices of the vegetable.

Mr David Williams-Freeman, of Nottingham Road, has given away 70 000 cabbages so far, and still has 50 000 which he wants to donate to charity.

Mr Williams-Freeman said he had been prompted to give away the cabbages as the top wholesale price, which is paid at the Durban market, gains him only 3 c a cabbage after transport and packaging costs and market dues, while retailers in the city sell the vegetable at an average of 40 c each.

He said he was paid on average 50 c for 12 to 15 cabbages, which retailers sell for about 40 c each.

'They sell them for 40 c but we get only 3 c,' he said.

He said he decided to give the cabbages away as this at least earns some appreciation from needy people.

He told the Mercury that he still had about 50 000 cabbages which could be collected by people wanting to distribute them among the needy, but that he would not give any to people wanting to sell them.

He added that many other farmers in the area had been hit by the cabbage glut.

Anyone wanting to distribute the cabbages among the needy should contact Mr Williams-Freeman at (033312) 14

CT Times 4/1/86

244

Butter price drop passed on at once

JOHANNESBURG — Supermarkets are to pass on immediately the decrease in the butter price announced by the Dairy Board yesterday

OK Bazaars dropped its butter price by over 90 cents to R1,95 for a 500g block two weeks ago in anticipation and increased its butter sales "sixfold if not more" according to Mr Mervyn Kraitzick, marketing controller of the company's food group

Mr Richard Cohen, director of Pick 'n Pay, said "As far as we are concerned we will pass on totally whatever is being passed on to us.

'Good news'

"We are advertising butter today at R1,98 for 500g"

Mr Mike Dobson of Spar said "It's very good news for the consumer and we will pass on at least the whole of that decrease and run it for as long as possible Consumers will see the reduced price later today and tomorrow"

A spokesman for the Consumer Council said: "The council welcomes the decrease in the butter price"

The Dairy Board announced in Pretoria yesterday that the wholesale price of butter will be reduced with immediate effect by R1,45 a kg, bringing down the wholesale price from R5,45 a kg to R4,00 a kg or R2,00 for 500g

Due to distribution limitations, sufficient supplies, however, might not be available in all stores immediately, the board said in a statement

The board will use funds from its stabilization fund to subsidize butter prices to the benefit of the consumer

The price adjustment was introduced as the price of butter was mainly responsible for the tremendous decline in its consumption

In view of the present economic climate, and because the board was not in favour of exporting butter, it had reviewed the price structure of dairy products sympathetically and decided to offer butter to the local consumer at a reduced price.

"This step will enable butter to regain its lost momentum in the market.. " said the board

Investigate

The price reduction was one of the recommendations of the Butter Working Group which was appointed by the board to investigate the marketing of butter.

Further recommendations regarding the disposal of the present small butter surplus — which is not affected by the promotion — are being considered

Consumer prices are not controlled by the board but retailers will probably add only 5 percent to the wholesale price or may even lower the price further in their promotional campaigns

Inquiry blamed for 20% rates increase

(244) NM 4/7/86

Mercury Reporter

A 20% jump in rates in Pinetown is a direct result of the three-year long Commission of Inquiry into the borough's municipal affairs says Councillor Roy Stuart, Chairman of the Finance Committee

Although the amount incurred by the commission in cold cash only amounted to R330 220, Mr Stuart maintains 'at least' a further R500 000 was lost in man hours and productivity

The Commission of Inquiry — which began in 1983 and finnished last year — was a shocking excercise in wasting time and energy, which in turn adversely affected staff morale and productivity

Many essential capital projects were not undertaken during the three years because heads of department, who should have been in charge of the projects, were busy researching information for the inquiry, discussing aspects with legal representatives and attending the inquiry sessions, he said

'The crux of those lost hours is that it eventually cost the council in the region of half-a-million rand The staff were not enthusiastic and it showed in the resultant drop in work potential and productivity, an entirely understandable and natural reaction,' said Mr Stuart

The costs incurred are reflected in the high rates increase, says Mr Stuart

'If we had not had the commission, ratepayers would not have been faced with such a high increase,' said Mr Stuart

Pinetown's Mayor, Mr Michael Wheelwright, said the rates increase should have exceeded 20%, as the borough's rates increases had not kept pace with inflation over the past 10 years

He said that councils in the past had drawn heavily on reserves to soften the increases, but that this had not been done this year

Bread price rise on the cards

9/1/86

244

GERALD REILLY

A WHEAT and bread price rise from the start of the new season on October 1 is considered a certainty.

Producers expect an increase of about 15%. Their recommendation will be discussed at a Wheat Board meeting next week, before the board submits its recommendation to the National Marketing Council.

Producers claim their input costs have risen by at least 16% in the past season. Last year government agreed to an increase of 8,7%, which was just more than half the inflation rate.

Consequently, producers say the profitability gap is closing. Whatever the producer-price rise is going to be, it will be loaded on the bread price.

This year's R150m bread subsidy will probably be enough to maintain current prices until the start of the new financial year, provided the wheat price and millers' and bakers' margins remain unaltered.

So, unless government agrees to supplement the subsidy, an increase in the bread price is inevitable.

The Davin Commission recommended that the subsidy lapse on October 1. However, the Wheat Board says if the subsidy is abolished, the price of brown bread will have to rise by at least 25%.

Price of lamb may drop soon

By Jackie Unwin

The price of lamb and mutton is still sky high, but the Meat Board hopes that the situation will ease in a few months.

The deputy general manager, Mr Frans Pieterse, said the supply situation is fluctuating "more than is normal".

"The shortage was caused by the drought. Farmers are shearing. By the end of July some of these animals will come on to the market.

"By September we should have a good supply again"

The importing of lamb and mutton was unfeasible because of the weak rand-dollar situation

Beef prices are also high — "possibly in sympathy with lamb" — but there is a good supply.

Mr Pieterse advised: Be selective and buy in bulk if possible

In a Johannesburg supermarket this week super lamb chump chops sold at R9,99 a kilogram — the same price as fillet steak. Super leg of lamb was R8,59 and silverside R7,89

Buyers on sectional title beware

9/7/86 STAR

The South African Consumer Council has warned consumers to take extra precautions before signing contracts to buy sectional title units

A recent spate of transgressions of the Sectional Titles Act will soon culminate in court actions, the council says

The Consumer Council recommends that prospective buyers should:

● Inspect the unit and building — particularly older ones — carefully for defects.

● Ask — if the building was put up before February 25 1981 — whether a sectional title register has been opened and for the sectional title register number.

● Check whether the sectional title number relates to the building. A sectional title register is only opened for a building once the local authority is satisfied the building is structurally sound and that it complies with all the local authority's regulations

A consumer who has bought a sectional title unit in a building put up before 25 February 1981 and for which a sectional title register has not been opened is entitled to all remedies available for breach of contract, because the contract is void in terms of the Sectional Titles Act.

An estate agent transgressing the Act should not only be reported to the police but also to the Estate Agents' Board — Sapa

Bread price may rise in October

9/7/91 STAR 264

The price of wheat and bread is expected to rise from October 1.

Producers hope for an increase of about 15 percent. Their recommendations are to be discussed by the Wheat Board. The last producer price increase was 8,7 percent, to R325 a ton, last October.

PPI increases

DD 11/7/86

244

PRETORIA — The production price index showed an increase of 19,6 per cent in May compared with May 1985, the Central Statistical Service said

Although the rate was still high, it was lower than the comparable rate of 20,1 per cent during April 1986, the service said

The monthly rate — May 1986 compared with April 1986 — was higher at 1,7 per cent against 1,0 per cent in April 1986

The increase could especially be attributed to locally produced commodities for consumption in South Africa, which showed an increase of 2,4 per cent.

Increases in the prices of locally produced commodities occurred mainly in food (3,4 per cent), rubber and plastic products (1,6 per cent), non-metallic mineral products (3,8 per cent), metal products (3,7 per cent), and non-electric machinery (2,2 per cent).

Compared with April 1986, imported commodities showed a decrease of 0,4 per cent

Decreases occurred in the monthly rates (May 1986 compared with April 1986) of mining and quarrying products (11,1 per cent) and petroleum and coal products (7,3 per cent) — Sapa

Paint prices likely to go up

The cost of paint has risen about 68 percent during the past two years because of the rand/dollar situation and is likely to rise by between 20 and 30 percent more during the next 12 months

Mr Billy Hart, marketing manager of AECI paints said "It is a frightening figure"

He said more than 50 percent of raw materials involved in paint manufacture were imported who have gone out of their way to do something to help the needy.

Pretoria-Jo'burg bus fares go up

14/7/86 Star 244

Pretoria Correspondent

Bus fares on the multiracial Pretoria-Johannesburg route will be increased by between 5,2 and 9,9 percent from July 21.

A new pupil coupon of R1,25 a trip (any distance) will be introduced at the same time, with buses on a new timetable taking school children as far as Roper Street.

Mr L K Fitzroy, traffic manager of Putco Operating (Pty) Ltd yesterday said this would particularly be of convenience to pupils of many schools.

Cash fares between Pretoria and Johannesburg will be raised by 5,2 percent from R3,80 to R4 a ticket, with five-day season tickets going up by 7,4 percent from R27 to R29

Passengers travelling from Valhalla and Clubview will be hardest hit, being charged the Pretoria-Johannesburg tariff if going to Johannesburg and the Randjesfontein-Pretoria tariff if going to Pretoria in future.

The new cash tariffs (with five-day season tickets in brackets) are: Pretoria to Valhalla, Clubview, Rooihuiskraal and Randjesfontein — R2,10 (R19,00), Pretoria to Halfway House — R2,40 (R22,00); Pretoria to Wynberg — R3,50 (R24,50); Pretoria to Johannesburg — R4,00 (R29,00), Randjesfontein to Johannesburg — R2,80 (R24,50), Halfway House to Johannesburg — R2,40 (R22,00); and Wynberg to Johannesburg — R2,10 (R19,00).

Mr Fitzroy said buses would, from July 21, only run from Mondays to Fridays and there would be no service on public holidays.

The new timetable for buses departing from Johannesburg will be as follows 5 50 am (to Roper Street in Pretoria), 2 pm (via Hillbrow), 2 15 pm (via Wits to Randjesfontein only), and 5 pm (via Hillbrow)

Buses from Pretoria will depart as follows 6.20 am, 2 pm (from Roper Street, leaving the Pretorius Street terminus at about 2 15 pm), and 5 pm

In addition a bus will leave Randjesfontein at 6 35 am travelling to Johannesburg via Wits

Paint price set to rise

14/7/86 DD.

JOHANNESBURG — Paint is to cost between 20 per cent and 30 per cent more in the next 12 months because of the present rand fluctuations, says Mr Billy Hart, marketing manager of AECI Paints

"Many homeowners were expecting the reverse to apply when the rand strengthened against the US dollar and with the reduction in petrol prices," Mr Hart said.

"But these conditions have not been sufficient to offset the increase in costs of imported raw materials which account for a significant percentage of the domestic paint content

"Of the balance of the content of paint manufactured in South Africa, most raw materials are import related

"This together with a 20 per cent inflation rate over the past year has made it impossible to contain prices, even though profit margins have been considerably reduced," he said.

He said raw materials are, in the main, imported from the US, the UK and Germany. — Sapa

NATIONAL/INTERNATIONAL

Postpone 'frightening' rise in medical fees — PFP

Argus 15/7/86 (244)

By BRUCE CAMERON
Political Staff

"FRIGHTENING" rises in medical fees announced yesterday should be postponed until at least next year, Progressive Federal Party medical spokesman Dr Marius Barnard said today.

He called for a new look at the way the medical fees were set in the face of the announcement by the Medical Association of South Africa that fees for contracted-out doctors had been increased by between 19 and 20 percent

Announcing the new fees, the Medical Association of South Africa (Masa) said yesterday the latest adjustment was "reasonable compensation to doctors for their services"

Dr Barnard said "I think this is a very inopportune time to increase the fees

"Medical schemes are running into trouble and the general public has a great burden to carry

"The increases should at least be postponed until next year"

He felt an independent group should be brought in to assess a fair fee structure

He warned that unless the medical profession was adequately compensated, doctors who were already leaving the country because of the political situation would also leave for economic reasons

The Minister of Health, Dr Willie van Niekerk, would not comment on the rises, saying the matter was a private one between the medical profession and medical aid societies

Concerned

Consumer groups believe the increase in medical costs will push up the cost of living

Mrs Lyn Morris, president of the Housewives' League, said "I am very concerned that people really battling with their income are going to think twice before they go to the doctor"

The Johannesburg Argus Correspondent reports that the Masa announcement said the new tariffs would not bring about an improvement in the real income of doctors, but the adjustments were based on the consumer price index

The Federal Council of Masa said it was concerned about the possible collapse of private medical services due to spiralling practice costs

"Even with the latest increases, doctors' incomes will continue to reflect the decrease of between five to 10 percent in the real income of the population over the past 16 months"

Masa emphasised that the new tariffs were a guide only and doctors were requested to take the financial position of their patients into account

The new tariffs represented an increase of 19,10 percent for general practitioners and specialists, 20 percent for anaesthetists, 21,6 percent for radiologists and 20 percent for clinical pathologists

"This represents an annual increase of 15,1 percent, which is still an average four percent lower than the consumer price index over the past 16 months," said Masa

Specialities which were cost intensive as they were dependent on sophisticated imported equipment received special consideration because of the falling exchange rate

(Report by B Cameron, 122 St George's Street, Cape Town)

244

Massive rise in doctors' fees

AN average increase of 20,1 percent in the private fees of doctors has been recommended as a guideline for medical practitioners from July by the Medical Association of South Africa.

In a statement in Pretoria yesterday Masa said it regarded its latest annual adjustment of the tariff "as reasonable compensation to doctors for their services."

It emphasised the adjustment would not bring about an increase in the real income of doctors

"As in the past the adjustment was based on the Consumer Price Index, the reason being that practice costs will increase in accordance with CPI increases."

According to calculations by economists there had been a decrease of between five to 10 percent in the real income of the population over the last 16 months (since the last revision of the Masa tariff).

"It is therefore accepted that in order to maintain their relative position in the economy doctors' incomes should also reflect this decrease," Masa said.

The recommended tariff increase are

- Anaesthetists 20 percent;
- Radiologists 21,6 percent; and
- Clinical pathologists 20 percent.

"This is an average increase of 20,1 percent and represents an annual increase of 15,1 percent which is more or less four percent lower than increases in the CPI over the same period."

Services which merited special consideration in the increases were anatomical pathology (27 percent), ultrasound (41 percent) and computerised tomography (41,7 percent).

Expensive

These specialities were immensely cost-intensive because they were dependent on imported sophisticated and expensive materials. The deteriorating exchange rate had made these adjustments essential.

Masa said it realised everybody had to make sacrifices in the present economic climate and requested doctors to take their patients' financial position into consideration when determining their tariffs.

"Because the private tariff is meant to serve as a guide only, it creates the opportunity for negotiation between doctor and patient — Sapa.

Higher medical fees proposed

Dispatch Correspondent

PRETORIA — An average increase of 20,1 per cent in the private fees of doctors has been recommended as a guideline for medical practitioners from July by the Medical Association of South Africa (Masa)

Masa has issued a new set of private tariffs to be used by medical practitioners as a guide only

"Because the private tariffs are meant to serve as a guide, it creates the opportunity for negotiation between doctor and patient," Masa said in a statement yesterday

"In considering the adjustments, Masa's federal council took into account the possible collapse of private medical services because of spiralling practice costs

Masa regards the increases as reasonable It claims the adjustments, based on the consumer price index, would not improve the real income of doctors

A Masa spokesman said the association realised everyone had to make sacrifices in the current economic climate

"Doctors are, therefore, asked to take patients' financial circumstances into account when determining tariffs," he said

The increases are general practitioners and specialists 19,05 per cent, anaesthetists 20 per cent, radiologists 21,6 per cent, clinical pathologists 20 per cent, anatomical pathology 27 per cent, ultra-sound 41 per cent, and computerised tomography 41,7 per cent

"This is an average increase of 20,1 per cent and represents an annual increase of 15,1 per cent, which is more or less 4 per cent lower than increases in the CPI over the same period," said Masa

The last three services listed were seen as immensely cost-intensive They depend on imports of sophisticated equipment and costly materials and are thus vulnerable to the rand's deteriorating exchange rate.

20% rise in doctors' fees is recommended

NM 11/1/84

PRETORIA—The Medical Association of South Africa has recommended an average increase of 20,1% in doctors' fees as a guideline for medical practitioners.

Last night Durban doctors said that if the increase was accepted as proposed, a consultation in Durban would cost patients about R16,32

One doctor said practitioners who did not charge tariff rates 'normally' charged about 25% more than the recommended fee

In a statement in Pretoria yesterday, Masa said it regarded its latest annual adjustment of the tariff 'as reasonable compensation to doctors for their services'

It emphasised the adjustment would not bring about an improvement in the real income of doctors

'As in the past, the adjustment was based on the consumer price index, the reason being that practice costs will increase in accordance with CPI increases'

One Durban doctor said doctors whose patients were from lower income brackets very often included medicines in the consultation fee.

'But your average doctor will probably charge the recommended tariff for the consultation only,' he said

The recommended tariff increases are.

Clinical disciplines (general practitioners and specialists) 19,05%, anaesthetists 20%, radiologists 21,6% and clinical pathologists 20%

'This is an average increase of 20,1% and represents an annual increase of 15,1% which is more or less 4% lower than increases in the CPI over the same period,' said Masa

According to calculations by economists there had been a decrease of 5%-10% in the real income of the population over the past 16 months (since the last revision of the Masa tariff)

'It is therefore accepted that in order to maintain their relative position in the economy, doctors' incomes should also reflect this decrease,' Masa said

Services which merited special consideration in the increases were anatomical pathology (27%), ultra sound (41%) and computerised tomography (41,7%) — (Sapa)

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Medical-fees jump of up to 41% suggested

GERALD REILLY

PRIVATE fees of medical practitioners should have been raised by between 19% and 41% from the beginning of the month, says the Medical Association of South Africa (Masa)

It has issued a new set of private tariffs to be used by medical practitioners as a guide only.

"Because the private tariffs are meant to serve as a guide, it creates the opportunity for negotiation between doctor and patient," Masa said in a statement in Pretoria yesterday.

In considering the adjustments, Masa's federal council took into account the possible collapse of private medical services because of spiralling practice costs

Masa regards the increases as reasonable. It claims the adjustments, based on the consumer price index, would not improve the real income of doctors.

"As in the past, the adjustments were based on the consumer price index, the reason being that practice costs will increase in accordance with CPI increases."

A Masa spokesman said the association realised everyone had to make sacrifices in the current economic climate.

"Doctors are, therefore, asked to take patients' financial circumstances into account when determining tariffs," he said.

The increases are general practitioners and specialists 19,05%, anaesthetists 20%, radiologists 21,6%; clinical pathologists 20%; anatomical pathology 27%; ultra-sound 41%, and computerised tomography 41,7%.

"This is an average increase of 20,1% and represents an annual increase of 15,1%, which is more or less 4% lower than increases in the CPI over the same period," said Masa.

The last three services listed were seen as immensely cost-intensive. They depend on imports of sophisticated equipment and costly materials and are thus vulnerable to the rand's deteriorating exchange rate

Masa added that, in terms of the Medical Schemes Act, doctors are not compelled to formally contract in or out. The Representative Association of Medical Schemes (Rams) determines the scale of benefits.

According to calculations by economists, there had been a decrease of between 5% and 10% in the real income of the population over the past 16 months

"It is therefore accepted that, to maintain their relative position in the economy, doctors' incomes should also reflect this decrease," Masa said

Few doctors to ask maximum

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Dispatch Correspondent

DURBAN — Very few doctors in general practice were expected to charge the maximum R22,50 consultation fee suggested by the Medical Association of South Africa (Masa), Dr Roy Davey of the General Practitioners' Society said yesterday

The maximum rate increased from R18,90 to its new level with effect from July 1, the second increase this year The last increase was on January 1.

Dr Davey said while many general practitioners had been discounting off the Masa tariff, they could charge what they liked on negotiation with the patient

"Although Masa says we can charge R22,50, very few will charge that sort of fee, depending on time and the sort of examination," said Dr Davey

He said while a lot of doctors charged the standard medical aid tariff of R13,60, those who did not had been charging about R15 a consultation and would probably increase this to about R18

Specialist fees were roughly a third more than their GP counterparts, but were all different, said Dr Davey

Regarding a possible increase in the medical aid tariff as a result of the Masa increase, the chairman of the Representative Association of Medical Schemes, Mr John Ernstzen said "We are obliged to review our scale within three months and have already started doing so"

But, he added, any increase would be determined on how doctors reacted to the increases and the state of the economy

"Our decision will be determined on what we find is being charged and by the economy because our subscriptions come from the employers and members of industrial and commercial sector," said Mr Ernstzen

Mr Ernstzen emphasised that the situation was "not quite as bad as it sounds" and that the 20 per cent increase granted was hypothetical since most doctors did not charge the maximum rate

He pointed out that for all the services for which the medical schemes paid, more than 80 per cent were charged according to the scale of benefits as laid down by the medical schemes

Mr Ernstzen appeared to find the real increase doctors would get a little high when it was compared with the 8 per cent average salary increase for the man-in the-street whose real income was being eroded by inflation

Cape Times 16/7/86

'Medical fees rise was inevitable' — doctors

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Medical Reporter

DOCTORS have greeted the announcement by the Medical Association of South Africa of a new fees structure as "inevitable" under the present economic circumstances

But some have questioned the timing of the announcement because of the severity of the current economic slump

In a snap survey conducted by the Cape Times yesterday, several doctors said the new recommended tariffs for medical practitioners constituted a necessary and long-delayed adjustment

The new tariffs, suggested as a guideline to doctors wishing to charge more than the rates laid down in medical-aid schemes, have been increased by an average of 20 percent effective from the beginning of July.

One doctor practising in the southern suburbs as a general practitioner said the increased tariffs represented a "quite reasonable adjustment for those 'contracted out' doctors not charging patients strictly according to the medical-aid schemes rates"

"However, 'contracted in' practitioners won't be affected since the medical-aid schemes tariffs were adjusted in January — this is only a long overdue raise in the 'contracted out' rates," he said.

A Sea Point doctor agreed, saying that "everything else has gone up with the general rise in the cost of living"

"Radiologists and pathologists especially are entitled to an increase in rates since they have tremendous overheads in the form of film and chemicals, as well as equipment, much of which has to be imported at unfavourable exchange rates"

But another doctor said he was concerned about the timing of the increase because so many people were unemployed or struggling to make ends meet.

"There are many in the profession who will, with justification, say that the increases are not only necessary but overdue — doctors have to live too and overheads have sky-rocketed in the last 18 months.

"But what worries me is that this is a very inopportune moment to recommend such increases with the structure of the country's health services under pressure — one medical-aid scheme having gone under already — and many people out of work.

"It also will not do the profession any good in the eyes of the public. While everyone is having a tough time of it, I don't know one doctor that is starving, but many people needing medical care are starving," he said

Sapa reports that the dispensing doctors group in the Western Cape supported the guidelines for increased doctors' tariffs, but expects general practitioners to continue taking into account the ability of patients to pay medical fees.

by Mrs Carol Burger, the owner of the house.

granting an extension to Katleho

Supermarkets freeze prices

17/7/86 (244) STAR

By Jackie Unwin

Three major supermarkets say they are freezing their house brand product prices until next year. A fourth is considering doing the same.

This could also put pressure on the manufacturers of branded products not to increase their prices drastically, retailers believe.

First off the mark in the highly competitive retail trade was the OK which announced yesterday a price freeze on 121 house brand products until January 16

It claims that by the end of the year its products will be at least 18 percent lower than the national brands.

Asked by *The Star* for reaction, Mr Richard Cohen, director of Pick 'n Pay, said. "We are planning a price freeze until next year right across the board on our no-name brands.

"There will be a total freeze in hypers and supermarkets."

Checkers says it is also freezing its prices on all its house brands until the end of the year

Mr John Williams, group merchandise director said: "But I must reserve the right on Government controlled products — if they go up, we will hold prices for as long as we can but will have no option but to put them up in the long term"

He said Checkers had been considering this move "for some time" but the decision had been "accelerated" because of the opposition strategy

OK Bazaars claims it will fix its prices on a wide range of products.

Mr Gordon Hood, managing director of the chain, said "Apart from holding the price of goods such as canned fruit, jams, meat and vegetables, tomato sauce, rice and tea bags, pasta, oil and frozen fish, we will, on an ongoing basis, be offering certain products at prices lower than those fixed today

"We are acutely aware that inflation and unemployment has had a devastating effect on our traditional customers.

"Last year they were battered by a series of price increases and it seems inevitable that the pattern will be repeated"

Law expert hails Natal judgment

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By Hannes de Wet

17/7/86 Star

The Natal Supreme Court's rejection yesterday of key clauses in state of emergency regulations was a "remarkable activist judgment", an expert in constitutional law said today.

"It confirmed that the judiciary in South Africa is prepared to lean backwards to look after individual rights — despite the fact that we have no Bill of Rights," Professor Dion Basson, an expert in constitutional law at the University of Pretoria, told *The Star*.

Professor Basson said not even English courts would go to such lengths to meet the rights of the individual.

The three judges on the Natal Bench upheld the legality of the state of emergency, but rejected several clauses concerning subversive statements and detainees' rights of access to lawyers

Professor Basson said: "The Government will now probably simply replace them with new, clearer clauses which cannot be rejected by the court on the basis that they are too vague.

"Had the Durban Bench ruled that the state of emergency was illegal, the Government could simply have issued new regulations this morning The only condition would have been that these regulations be ratified by Parliament at the next session."

The constitution did not allow the juduciary to rule on the content of any law There were only technical loopholes — on procedural matters and the clarity of clauses in the law.

"The series of judgments on state of emergency clauses we had in the past few weeks indicate that the courts were going all-out to apply these loopholes

"Similar court actions on the emergency regulations and judgments in favour of the individual, where possible, can be expected in the future," Professor Basson said.

CAPE TIMES 17/7/86

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Retail chains in price freeze

By CHRIS ERASMUS

THREE of the country's major retail chains have decided to freeze the prices of all or most of their in-house products until at least the end of the year — and a fourth is considering a similar move.

Yesterday Pick 'n Pay, OK Bazaars and Checkers all announced a price freeze in an effort to protect hard-hit consumers from the effects of spiralling food prices — and Spar said it was looking into the matter

Pick 'n Pay's general manager in charge of perishables, Mr Raymond Murray, said that with immediate effect and until the end of the year, the chain's no-name brands would be under a price freeze

121 products

"The main reason for this is the tough economic times and the need for consumers to be protected from rising prices. We hope this gesture will help housewives make ends meet and that the other major chains will follow suit," he said

The managing director of OK, Mr Gordon Hood, yesterday announced a similar price freeze on 121 Pot O'Gold products until January 16, 1987.

He said the wide range of products affected by the price freeze includ-

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ed highly representative, meaningful items that could be found in the South African consumer's monthly shopping basket.

"Apart from holding the price of goods such as canned fruit, jams, meat, vegetables, tomato sauce, rice, tea bags, pasta, oil and frozen fish, we will be offering Pot O'Gold products at prices even lower than those fixed today

Mr Brian Sacks, of Checkers, said the company would "be doing exactly the same" with its own in-house products between now and the end of the year

"We will not accept any price increases on any of our yellow brand products until the year end, although the prices of some of these products might drop temporarily from time to time as part of our normal promotional activities," he said.

The managing director of Spar, Cape, Mr Ray Whitmore, said the company was considering a price freeze on in-house products

Mercury 17/07/86

Two chains to freeze food prices

Mercury Reporter

TWO major supermarket chains have announced a six-month price freeze on most products sold under their house brand labels, starting today

Pick 'n Pay and OK Bazaars announced yesterday that the freeze would be applied nation-wide until the end of this year

Almost 60 house-brand basic commodities, mostly foodstuffs, will be affected in Pick 'n Pay stores nationally

From today the prices displayed on the products will remain unchanged until the end of the year

Mr Martin Rosen, general manager of the Hyper market in Durban said 'What you see marked on the tin or packet today is the price you will pay

'This "price hold" has been introduced in the hope that it will be a stabilising influence on other prices'

In the Pot o' Gold range sold by OK Bazaars, 121 products are affected, including tea, pasta, jam, oil, canned meat and vegetables

The OK price freeze would end on January 16 and had been planned to help the consumer, who has been battered by a series of price increases, said Mr Gordon Hood, managing director of the company

-versity of the Western Cape, telephoned train control personnel at Simon's Town who alerted train drivers.

WARNED

Mr Fresen and Mr Clark ran to the line to make sure no trains had reached the broken section.

The driver of an approaching train had slowed down after being warned that something was wrong by a built-in device on the track which triggered a red danger light.

Two more drivers then stopped their trains.

Mr Roy Granger, superintendent of operations in the Western Cape, said the broken rail had triggered a warning system built into the line and the first train driver to approach the section had seen the danger signal.

"However he did not know what was wrong and learnt the cause only when he stopped," he said.

Railway maintenance crews were sent to replace the rail and the service was restored at 5.10pm.

2-week Mercedes Benz strike ends

ARGUS 17/7/86

The Argus Correspondent

EAST LONDON — Mercedes-Benz strikers returned to work today after almost a fortnight

A spokesman for the firm, Mrs Delene MacFarlane, said workers returned for the morning shift as agreed at a meeting with the management yesterday.

Many were absent but she hoped attendance would be back to normal soon

"It always takes a little while to start up again," she said.

The strike was sparked by a dispute over the interpretation of short-time rules

Paint-shop workers were sent home early on July 1 because of hold-ups in production. They demanded full wages in spite of working short time and when the management refused began a go-slow which led to the closure of the plant.

Yesterday's agreement has not resolved the issue

A dispute has been declared and referred to the Industrial Council, said the branch secretary of the National Automobile and Allied Workers' Union (Naawu), Mr Wilson Monqo

Food chains freeze some prices

ARGUS 17/7/86 (244)

Staff Reporter

THREE supermarket chains have frozen the prices of their no-name and house products until January

The managing director of OK Bazaars, Mr Gordon Hood, said the prices of 121 products would not be increased until January 16 next year. Pick 'n Pay and Checkers will hold prices until January 1.

Mr Hood said the products were "highly representative, meaningful items" in the monthly shopping basket.

Mr Ray Murray, Pick 'n Pay general manager (foods) said "Consumers need lower prices — a light at the end of the tunnel"

The company had asked its suppliers to support the effort.

CAR PRICES

Keeping longer

Dramatic car price increases in recent years are forcing South African motorists to keep their vehicles for longer The average period of ownership is now seven years, already three years up on 1980's average, say industry sources

Latest National Association of Automobile Manufacturers of SA (Naamsa) figures show that the average car price increase in the year from July last year to June 30, 1986 is 29,5% "The reason for the sharp rise is the depreciation of the rand, compounded by local inflation," says a Naamsa spokesman

Not surprisingly, Prestasi Brokers' insurance statistics for July 1986 show that of 102 000 cars insured through them for white- and blue-collar workers from government and semi-government sectors, only 18% are for new cars During the same period in 1985 more than 30% of the 87 000 cars insured were new cars The recession is evidently biting in many quarters

Together with the trend to hold on to existing vehicles or buy second-hand rather than new, there is an increased demand for spare parts But, say some sources, there is a shortage of imported parts.

"This could be because suppliers expect the rand to improve and therefore cut back on imported goods," says an authoritative motor industry source.

Spare parts demand

National Motor Spares and Equipment Association (NMSEA) chairman Oscar Taub blames the lapse on the weak rand and related import hikes "This is causing increased demand for second-hand spare parts," he says

But most part manufacturers don't see a shortage of spare parts either in the local or imported divisions. "There can't be a shortage of spare parts," says Nissan MD John Newbury, "We are supplying 92% of spare parts to the dealer on a first call monthly basis," he confirms

Most South African manufacturers are running near full capacity to meet demands for spare parts Because of their competitive prices and easy availability they now experience better times than ever before Some even consider the possibility of exporting

"We are smiling all the way," says Toyota marketing manager Brand Pretorius "Our parts service rate is running at about 95% "

National Association of Automotive Component and Allied Manufacturers (NAACAM) director Densell Vermooten agrees He tells the *FM* that although manufacturers are running at below 50% capacity, some lines are doing well

"Because motorists are not buying new cars, we are manufacturing many of the fast-moving components like spark plugs, which have to be replaced relatively often," says Vermooten "But slow-moving components like engines, which usually last the car's lifetime, bring our total capacity down " ■

Oil price sag could delay fuel increase

GERALD REILLY

THE sag in international oil prices — North Sea crude tumbled to below $10/barrel this week — could, if maintained, postpone the threat of a local petrol price increase, say Mineral and Energy Affairs sources

This is provided the rand remains around $0,38 and falls no further.

But another fuel price increase is considered certain by September, should the current under-recovery by oil companies continue

Authorities claim if it were not for the substantial, but shrinking, balance in the Slate Fund — it was R126m at end-June — the local price would have risen by probably 5c/l weeks ago

At end-May the fund peaked at R160m — the result of a strong rand (it rose to just above $0,50 earlier this year) — which coincided with falling crude prices.

This allowed a substantial balance to accumulate in the fund Since then, however, the rand has continued to sink in value and under-recovery is emptying the fund to a point where if there is no swift rand improvement, and oil prices fall no further, the fund will be virtually drained by September

Cape Times 18/7/86 (244)

Spar joins big price freeze

Staff Reporter

SPAR retail outlets are to carry in-house products on which prices have been frozen for the rest of the year, in line with three of the country's other main retail chains.

On Wednesday Pick 'n Pay, Checkers and OK Bazaars announced that prices on no-name and house products would not be increased before the end of the year at least.

Yesterday Spar's national marketing director, Mr Robin Burnill, said there was "nothing new in Spar product prices being frozen — it has become our tradition to do this every year from August".

Mercury 21/07/86

Gold shares boom predicted

Mercury Correspondent

JOHANNESBURG—The surge in the gold price to $355,50/$356 in New York over the weekend could herald a run on gold shares similar to the platinum boom

The combination of a higher dollar price — convincingly above the $350 barrier — and a weak financial rand acting as protection against foreign profit-taking, could warm up the gold board this week, say brokers

A conjunction of stars — gold remaining at $347 in past weeks, indicating a breakthrough on charts, the coming US Congress debate on the national debt (the US is technically in default); Bank America's shock losses, the Bank of Oklahoma's collapse, bringing the failure of US savings and trusts institutions to more than 40 this year; plus the debt repayment problems of Mexico and Venezuela, are all bullish for gold.

In the shorter term, fears of production disruption at gold mines point to a gold price rise

Brokers have in past weeks persistently predicted a gold breakthrough A gold price of $360 could see the rand strengthening to $0,40, easing SA's import bill of strategic products such as oil

Oil imports were said to have caused last week's rand slump

The run in diamonds, platinums and mining houses in the past week could well signal a similar run on gold shares

But the strength of the industrial market in the face of a faltering economy came into question on Friday. Experts were calling the market overheated as yields narrowed dramatically.

De Beers stood at a yield of 1,8%. Such yields were seen in the late 1960s boom and analysts were beginning to distrust the JSE's run when Wall Street was faltering

New highs in minings and selected rand-hedge stocks were achieved on relatively low turnover

The JSE's total turnover in ordinary shares, at R169,4 million, showed only a small percentage gain on low volume trade in past weeks

Dealings in industrials perked up at nearly R70 million, but mining board volume was relatively weak at R99,4 million

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Sharp rise in PE prices for lamb

21/7/86 EVE Post

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By BARBARA ORPEN

THE price of lamb has increased by as much as 50% in Port Elizabeth over the past two months.

A prized piece of fillet steak is selling for much the same price as lamb chops at some stores

Butchers spoken to today said lambing season and the accumulative effect of the severe Eastern Cape drought over the past few years had caused a shortage of mutton, resulting in the price rises.

Tomorrow there will be no mutton available at the abattoir as not enough sheep have come in for slaughter.

Mutton prices have risen from R4 to R6 a kilogram in the past two months, with the price of lamb varying between R7 and R11 a kilogram.

A butcher said this meant that some chops were selling for R1 each

Mr A Kolesky, a PE butcher, said "We generally experience a shortage of lamb at this time of the year, but the situation is far worse this time because the drought has aggravated conditions.

"The veld-carrying capacity has been reduced and farmers are struggling to buy fodder."

Mr L Henen, who has worked as a butcher in PE for 26 years, said this was the highest price rise he had experienced in the city.

He added that butchers were expecting the shortage to continue well into September, when the lambing season would come to an end.

Mr J Kolesky, another butcher, said customers were definitely cutting down on the buying of mutton

"They are going for cheaper cuts of beef and also for poultry and fish," he said.

Sharp increase in

Consumers are losing ground, says Sanlam

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STAR

22/7/86

By Stan Kennedy

Taking into account inflation and a population increase of 2,5 percent a year, real disposable income per capita has dropped by one percent a year over the past six years — and that is without GST, which has shot up by 36 percent a year during this period

Consumers are still burdened with obligations incurred earlier and which must be redeemed now, while their real income is shrinking. The weaker financial position of consumers and their inability to discharge obligations is leading to a sharp increase in summonses and judgments for debt since 1981. For many, bankruptcy is inevitable.

In its July *Economic Survey*, Sanlam says the factors contributing to the decline in spending in the first quarter of the year include a general lack of consumer confidence, only modest increases in wages, high unemployment, exceptionally high inflation, the increasing tax burden and organised consumer boycotts.

Political instability

Others are a strong rise in Government spending, a sharp decline in real fixed investment by the public and private sectors and a further depletion of inventories

"It is against this background in the first quarter, and the signs that real economic activity most probably declined further in the second quarter, that additional stimulation has become extremely urgent

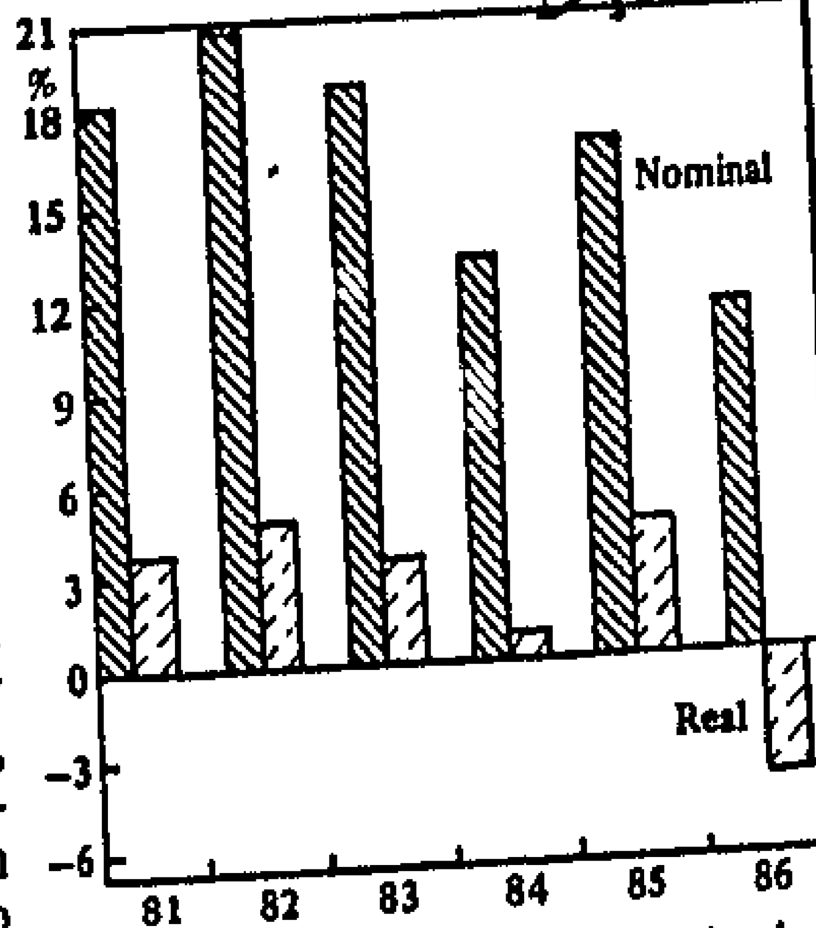
"We consider that further fiscal stimulatory measures, more reductions in short-term interest rates, a stronger rand and more stable socio-political conditions are necessary to get the economy going again"

Sanlam questions whether South Africans, in the midst of the current political instability, have the economic determination to ward off the sanctions onslaught

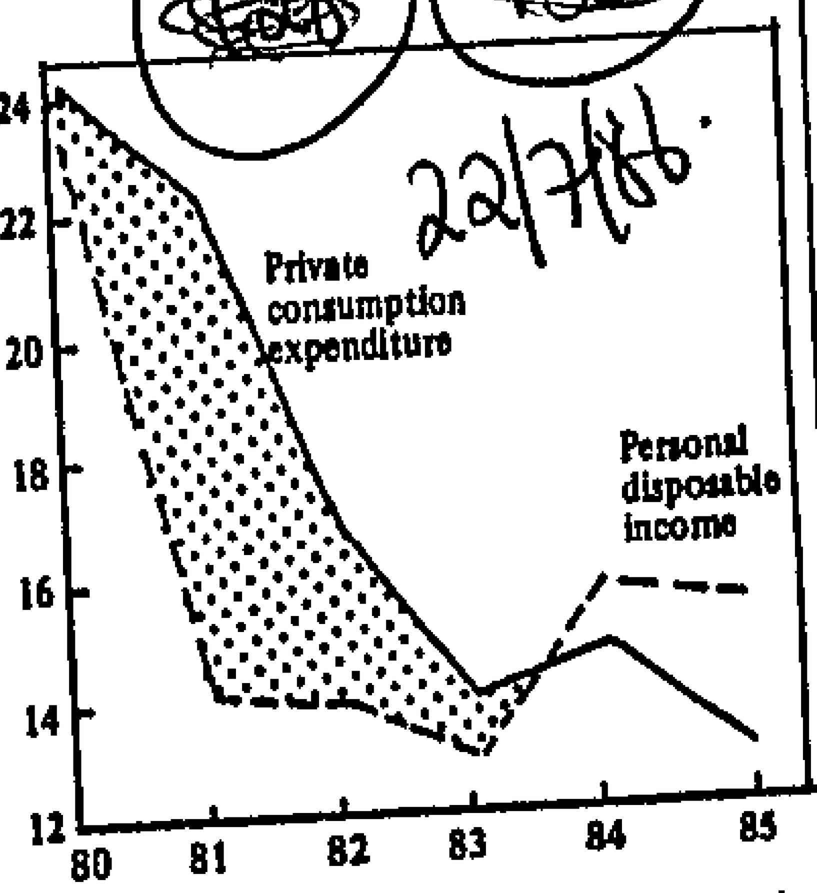
"It goes without saying, that a general improvement in business and consumer confidence is a prerequisite for a sustained upswing

"Considering the daunting problems facing the country, a continued high economic growth rate is all the more necessary now. Private consumption expenditure represents between 50 and 60 percent of the total domestic expenditure on goods and services and is an important incentive to growth"

To absorb all the new job-seekers, an average economic growth rate of about 4,5 percent a year is necessary — more than double the rate South Africa has been able to attain since 1980 Unofficial estimates are that up to two million workers, or 18 percent of the available labour force, are either out of work or not fully employed



Percentage changes in nominal and real renumeration per worker.



Annual percentage changes in private consumption expenditure and personal disposable income.

The surplus on the foreign trade account rose steeply in May, bringing the total surplus for the first five months of the year to just over R4,9 billion This compares with the R4,4 billion surplus for the same period last year

However, Sanlam estimates that the current account of the balance of payments for the first five months will be down from R2,2 billion last year to R2 billion

Large purchases of strategic goods, notably crude oil, in the first three months of the year, pushed up the volume of merchandised imports, at a seasonally adjusted annual rate, to 40 percent from 25,6 percent in the last quarter of 1985

"However, there are indications that the programme of stockpiling strategic goods is almost completed and that, in future, the volume of imports will once again be more closely related to the general rate of expansion in the economy"

Although the depreciation of the rand is pushing up import prices considerably, Sanlam believes that the current account of the balance of payents will show favourable surpluses during the rest of the year It estimates that there will be a surplus of between R4 billion and R5 billion for the year as a whole

Inflation falls to 16,9%

Finance Reporter

SOUTH AFRICA's year-on-year consumer price inflation which the Central Statistics Office (CSO) said yesterday has slowed to 16,9% for June after 17,5% in May was greeted with pleasant surprise by Old Mutual economist, Mr Rob Lee

Speaking from Cape Town, he said such a significant reduction was unexpected for June because of the very low increases in May

The main factor in both reductions, he said, came from the small increases in food prices, which forms about 25% of the index.

He said it was not clear if the reductions were seasonal and could reverse, but he thought it unlikely there would be any further significant falls until December or early next year

Trust Bank projected an average rate of 17% for the year in their Economic Report released yesterday

It said the forecast was based on a recent sharp drop in the value of the rand, signs that the government sector will further increase its share of the economy this year and supply shocks to the economy which could be caused by limited sanctions

According to Reuters the all items index (base 1980) rose a monthly 0,8% to 224,4 in June after a 0,2% gain to 222,6 in May

A year ago the index stood at 191,9 and year-on-year consumer inflation at 16,4%

The food only index rose to 219,4 in June from 218,8 in May and 187,5 in June 1985, giving a monthly rise of 0,3% and year-on-year gain of 17%

The lower income group index rose to 219,2 from 217,7 and 188,2 respectively for respective gains of 0,7 and 16,5%

The middle income group index rose to 226,7 from 224,8 and 193,9 for a monthly gain of 0,8% and a year-on-year gain of 16,9%.

The higher income group index rose 0,8% to 224,6 in June from 222,8 in May, giving a 17,1% rise from 191,8 a year ago.

Gold pierces $350 to boost markets

Mercury : 22/07/86 (244)

Mercury Correspondent

JOHANNESBURG—The London market yesterday confirmed that the price of gold had pierced the crucial $350 mark registered in New York on Friday. This supported bullish signs in financial markets in the wake of Reserve Bank Governor Gerhard de Kock's hint last week of further economic stimulation.

Short-term interest rates look set to fall further The market has already discounted another cut in Bank rate

Dr de Kock said yesterday 'The Reserve Bank is ready, willing and able to provide reserves through the discount window to the banking system We will provide as much credit as they need'

In March, the Bank indicated that if money supply figures consistently fell below the target 16% to 20% range, it would either lower the targets or change policy.

Below

The money supply figures have fallen below the target since February and, taken with a projected inflation rate of 14% by the end of the year, the way seems clear for a drop in short-term rates

Benchmarks in these encouraging developments were

☐ The JSE key indices yesterday scaled new heights, spurred by gold's crash through the $350 barrier The all-gold index climbed 49,3 points to 1 325,4 — surpassing the previous high of 1 314,3 on January 27. Gold shares recorded across-the-board advances, with leaders hitting new highs and marginals showing gains of up to 7,7%,

☐ The jump in the gold index, plus firmer platinums and mining financials and a 8,4-point gain in the industrial index to a high of 1 219,2, pushed the overall market index up 25,6 points to a high of 1 591,7

☐ The three-month BA rate softened 20 points.

☐ Long-term capital market rates softened 20 points, making a drop of almost 1% for the past week,

☐ The rand firmed to close at 39,75 US cents after opening at 39,40/50

To cap the good news, inflation dropped and, if the trend continues, could drop to 14,5% by the end of the year.

In London, the gold price rose sharply to close at $354 after $350 on Friday

Optimistic

Although too early to tell, some dealers are optimistic that gold has moved to a higher trading range.

Lower US growth figures could put further pressure on the dollar, which will in turn consolidate gold at its higher trading rate.

Although the rise in the gold price is linked to the fall in the dollar, if the new level is sustained for some days, it could develop a mo-

Brokers are now looking for a run in the gold price to $360, which would strengthen the rand to 40 US cents

It is ironic that this should occur just two days after a suggestion by the influential London financial weekly, *The Economist*, that Western governments and central banks should act in concert to crash the gold price by selling off part of their reserve stockpiles

The financial rand was only slightly firmer yesterday at 19,75 US cents, reflecting the difference between dollar gold share prices and rand prices This prevented foreign selling into the strong Johannesburg market

Soweto costs you more . . .

Sowetan 24/07/86 (244)

SOWETO residents fork out more for sewerage disposal and garbage removal than many of their affluent white counterparts in plush Johannesburg suburbs, a Consumer Corner investigation can reveal.

Consumer Corner
By SY MAKARINGE

Tariffs for these services in Soweto constitute about 30 percent of the monthly rents, which are now the centre of controversy between residents and the Soweto City Concil.

Whenever the council made proposals to increase rents, it argued that it was not increasing rents, but service charges in order to meet the workers' rising wage demands.

Residents in Soweto pay R7,93 a month for sewerage disposal and R4 a month for refuse collection.

Our investigation found that the average resident of an elite Randburg suburb pays R2,12 a month for sewerage disposal — about three times less than his Soweto counterpart

For refuse collection, Randburg residents pay only R1,75 a month — R2,25 less than what Soweto people pay

A spokesman for the Randburg Town Council said these amounts came into effect at the beginning of July when the council decided to increase tariffs The Soweto City Council has not yet increased its rates for some time

In Krugersdorp, Consumer Corner found residents paid more for refuse removal. But when the amounts are added together, Soweto tariffs are about R3 a month higher

A spokesperson for the Krugersdorp municipality said residents paid an average of R6 a month for garbage collection and R48,75 a year for sewerage disposal — about R3 a month.

Affluent

However, the Johannesburg City Council, which has suburbs such as Lower Houghton, Northcliff and other affluent suburbs under its jurisdiction, charges people living on property not exceeding 500 square metres R39 half-yearly for refuse removal

When the figure is broken down, it shows that they pay only R2,50 more than Soweto residents

But, according to our information, the biggest site in Soweto is about 321 square metres The average is about 178 square metres

Mrs Ellen Kuzwayo, president of the Black Consumer Union, said it was disgusting and frustrating that Soweto people did not get the services they were paying for.

"There are heaps and heaps of filth everywhere in Soweto, but we are expected to sit pretty and say everything is all right We are being exploited everywhere . at our workplaces and at our homes It is disgusting," Mrs Kuzwayo said

She said conditions under which people in the sprawling ... of Soweto lived were extremely bad that their rates should not even be compared with those of whites, let alone coloured people

A breakdown of the services Soweto residents pay for includes:

- Refuse collection (R4);
- Sewerage (R7,93),
- Administration (R5,45);
- Maintenance of roads (74 cents),
- Maintenance of electricity reticulation and street lighting (46 cents),
- School levy (38 cents),
- Water reticulation (12 cents);
- Maintenance of clinics (50 cents), and
- Planning (30 cents)

Council r

Mr Nico Malan, chief executive officer of the Soweto Council, said as far as he knew, his council was not charging consumers the highest tariffs on services.

He said he could substitute this with his own figures The figures had not yet been made available to the Sowetan when we went to Press

Minister backs meat price system

While the meat industry's system of floor and support pricing is not without flaws, it has a number of advantages, the Deputy Minister of Agricultural Economics and Water Affairs, Mr Gert Kotze, said yesterday.

"Proof of this is found in the relatively stable prices which have been maintained in recent years in spite of the problems which dominated the red meat industry when even breeding stock had to be slaughtered," he told a seminar held in Pretoria by the Organisation of Livestock Producers (OLP).

Mr Kotze was referring to the situation last year when the drought and a lack of grazing forced farmers to slaughter animals in large numbers

The result was a "meat mountain" of hundreds of thousands of carcasses and the Meat Board launched its "big meat sale" of frozen beef

Mr Kotze added that there was "always room for new ideas, thoughts and plans in the marketing of agricultural products" He hoped the OLP's conference would produce such ideas

Turning to abattoir hygiene, Mr Kotze said basic standards would never be relaxed

"One often hears that we must scale down our hygiene standards It must not be forgotten that we are dealing with a relatively expensive edible product where quality is an important factor.

"The consumer is very interested in the cleanliness surrounding the handling of this very perishable product. Meat under suspicion is not bought by the consumer"

Nevertheless, he added, the law as it affected abattoir hygiene was due to be reviewed shortly

STEF NAUDE

Toothless grin?

244 FIN MAIL 25/7/86

FACE TO FACE

Stef Naude is chairman of the Competition Board, which recently acquired new powers to outlaw price fixing and general cartel collusion.

***FM:* What impact have the new measures had?**

Naude: Undesirable practices by reputable companies have been stopped Some cartels have been terminated, while others are being phased out or investigated We had no alternative but to introduce a general prohibition An industry-specific system would be unwieldy and ineffective We are achieving results in a cost-effective way

What examples are there of success?

Information is strictly confidential, otherwise our credibility would be destroyed, which in turn would undermine our work Firms seeking guidance or exemption disclose information fully with the knowledge that it is safe with the CB Permanent exemptions are made public.

Are you saying the only evidence is your word?

Unfortunately, yes We tread a delicate line between confidentiality and information. Opportunities for abuse are virtually nil, as we require full information. As industry has pointed out to us, it would be unfair to disclose refusals

How many exemptions have been granted?

So far, five We have granted many temporary exemptions, few of which will remain by the end of the year The CB has received 84 applications for industry exemptions of which 15 have been withdrawn Each receives careful attention Exemptions are given by the minister on our advice

Why does the CB not disclose these temporary exemptions?

The information is confidential Refusals are also not disclosed

Are you not providing undesirable loopholes that could undermine your objective?

We do not want to be disruptive, but prefer to phase in the new measures and give industries opportunity to adjust We cannot expect industries that suddenly find themselves operating illegally, after acting within the law for many years, to change overnight Dismantling a highly organised cartel can be an intricate exercise We are fair but firm Crooks will be dealt with severely, but we do not aim to make crooks out of honest people.

What about petrol price collusion?

This is ultimately the responsibility of the Minister of Mineral and Energy Affairs

Is the CB investigating the high degree of economic concentration?

Not at the moment Our brief was changed in March, allowing us to investigate existing structures Previously we could only examine increases in economic concentration through takeovers or mergers

But the economy is dominated by a handful of enormous companies; does this not worry you?

It is a matter of serious concern Apart from other fears, it indisputably inhibits competition Once we get our hands free from phasing in the anti-collusion dispensation, the structural problem of existing concentration will be high on the priority list However, it is important to maintain a balanced and responsible perspective. Concentration can also be advantageous

In our small economy with its limited markets monopolistic conditions or oligopolies are inevitable in some sectors Unhealthy concentrations resulting in an abuse of power or inferior performance are undesirable, but economies of scale are important.

It is pointless destroying for the sake of destroying. We must be realistic, especially at a time when the economy has a serious overcapacity problem A reckless competition policy can cause harm

One must also distinguish between causes of concentration and its symptoms Avoidable causes, such as undoubtedly exist in the tax system, have to be removed. Attacking symptoms, such as acquisitions directly caused by economic realities, will not affect concentration

What is the procedure in approving a deal?

Firms are not obliged to consult us, but face the embarrassing possibility of an investigation after a deal I know of no large deal that has not come before the CB for consultation and non-binding advice Usually we are satisfied that a deal is in the public interest We have guidelines, so companies know in advance what information we want On occasion firms present particulars to us many times before announcing final details Deals we do not make public are confidential Any other approach would destroy the consultation procedure.

What happens when the CB is not happy that a deal is in the public interest?

We express dissatisfaction, with reasons This does not prevent companies going ahead, but they run the risk of a formal investigation coupled with a ministerial standstill order and dissolution of the deal. We have never had a case where parties proceeded despite negative advice.

How many deals have been scrapped after CB advice?

In the past six months the CB has given negative advice on four occasions. All these proposed transactions were significant, two very large

When does the CB investigate?

We can investigate on our own initiative or be instructed by the minister All complaints must be considered But virtually all investigations have been at our initiative

Do all these niceties not reflect what many feel, that the CB is toothless?

This is nonsense Our impact has been significant We did not start off with a clean slate and things take time The effect of competition policy will increasingly be seen and felt

~~JULY 26, 1986~~

W/E Post 26/7/86

Lower prices to boost car sales

244

Weekend Post Reporter

SOME dealers in new cars are offering big discounts in the hope of generating business for their service and parts departments.

The public affairs manager for General Motors, Mr Mike Killeen, said in an interview that dealers were prepared to take a minimum profit on new cars.

"A dealer who is operating service and parts departments can generate business by getting more cars on the road," he said.

Discounts of up to R4 000 are being advertised.

Some cars "with fewer than 500 kilometres on the clock" are for sale at a discount of about 10%.

This ploy, Mr Killeen said, appeared to be a "demo scheme" whereby a dealer deliberately ran up a little distance on new cars and advertised them as "demonstration models".

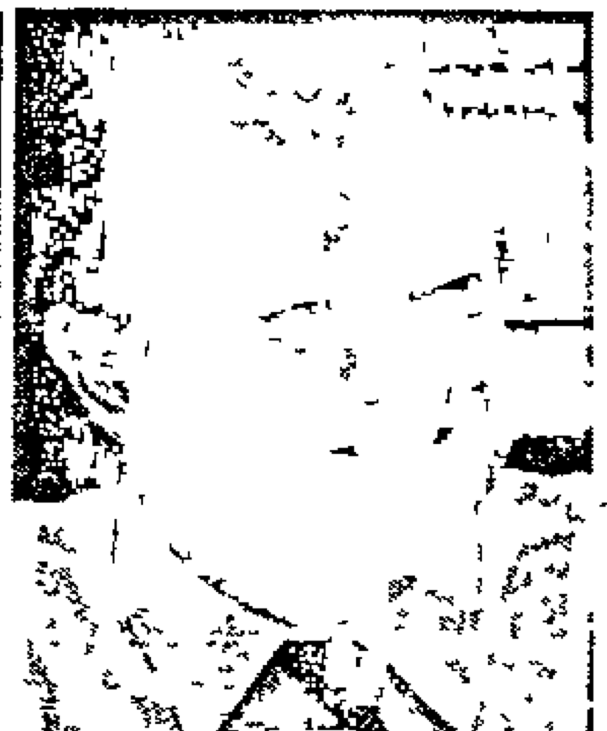
A spokesman for a company dealing in new cars said: "We're not discounting. We're selling old stock at the prices going before prices went up on July 1. When stocks run out we'll sell at the normal price."

One salesman said he disliked discounts because it threatened to "chop my salary in half".

29/7/86 "THE VITAL VIEWPOINT"

BUS DAY 244

TV shows that OK Bazaars is not Hood-winking on prices



● HOOD

MICK COLLINS

TELEVISION viewers met yet another potential supermarket superstar last night when OK Bazaars MD Gordon Hood did a 60-second candid-camera spot.

Hidden cameras showed him chatting to customers in the first of a series of a huge ad campaign

The OK boss now joins the ranks of chief execs — in particular retail bosses — who believe consumers like to deal with the top man

The ad campaign, launched by the Grey Perspectives agency, is seen as a move to counter publicity drives by Checkers' "big man" Clive Weil, high-profile Pick 'n Pay boss Raymond Ackerman and Downtown's Tony Factor, who has been appearing regularly on Bop-TV.

An OK spokesman said the ads, filmed by concealed cameras, reflected consumers' comments about their shopping needs and problems. Customer permission was received before screening

He said "This week we've slashed R2m off food prices and toiletries We are serious about keeping down prices and inflation"

Retail chain Downtown, which recently completed an ad contract with Bop-TV, has found the personality of boss Tony Factor an effective selling tool over the years

Factor said last night: "They've cottoned on about 25 years too late. I have proved during the past 25 years that people want to buy from people, not shops"

Checkers' chief executive, 'supermarkets, Lionel Blakeman said the TV campaign which pushed his MD Clive Weil into millions of homes had been a resounding success.

He said "It's obviously worked. Our turnover is up considerably."

He declined to say what percentage of market share Checkers had gained.

Housewives query credibility of economic figures

244

The Housewives' League has queried whether published figures relating to inflation rates and the consumer price index (CPI) are reliable "or just a good PR exercise"

Mrs Lyn Morris, president of the league, says in its magazine *Rands and Sense* "We do not see how the compilers of these figures can say prices have come down over the past month, resulting in lower rates

"Do they conduct their surveys where the SA housewife does her shopping?" she asks

"As far as inflation is concerned, what is wrong with us? Our trading partners and other countries have managed to reduce their rates of inflation and living costs Why can we not do the same?

"In the past few months, we have lost an insurance company and a medical aid society and have experienced problems and loss of confidence in parts of our banking sector

"We have been getting into debt as never before, summonses and judgments against individuals are at the highest level in history, unemployment is also at a frightening level, and companies have been going into liquidation almost daily Soon our rand won't be worth the paper it is printed on — if it is now

INTEREST RATES

"Salary and wage increases have by no means kept pace with our totally unacceptable inflation rate

"If they had, would we be have been able to afford the compensating increases in the marketplace?

"Dropping interest rates are crushing those who live on investments — pensioners, widows and the retired What is the point of trying to save?"

Addressing businessmen, Mrs Morris claims that many have lost credibility in the eyes of the consumer She says to them "Petrol and transport costs have been blamed consistently for price rises, but when we had two petrol reductions your response was 'Oh, no, transport is such a small element of our costs the decreases will not make any difference to our prices' Can we believe anything you say from now on?"

Mrs Morris writes that interest rates were lowered to stimulate the economy, but consumers are afraid to buy on hire purchase in case interest rates go up again, as they did last year

CATASTROPHIC

"The latest economic-stimulation package is being funded by borrowing from the Central Energy Fund This smacks of borrowing from Peter to pay Paul — an exercise that any housewife can tell the Minister of Finance usually has catastrophic effects on finances"

Mrs Morris maintains there is no confidence in the marketplace If the Minister had dropped GST a percentage point or two, she says, consumers would have been aware of the move with every transaction and confidence would have been built up

Turning to the political situation, she says housewives have had to shop in stores faced with strikes "Some stores closed because they could not guarantee the safety of their customers staff This is a totally unacceptable situation and must be addressed immediately"

STGOS 30/07/86 (240)

High interest rates blamed

Dispatch Reporter

GRAHAMSTOWN — Despite a drop this year, high interest rates continued to have a negative effect on the farming community, the chairman of the Cape Eastern Meat Co-operative Company (CEM), Mr John Mitchell, said at the co-op's annual meeting here this week.

He said the problem facing South African farmers remained the high input costs which were a direct result of the high inflation rate, "something over which farmers have no control."

"When it is considered that from 1980 to 1984 net farming income decreased by 10,2 per cent a year and total farming debts increased by 25,4 per cent a year, then the predicament of the farmers becomes apparent"

There was no reason to suppose that the 1985 position would be any different.

In the Eastern Cape, the emphasis was on stock farming and the position was not nearly as serious as in the crop growing areas to the north, but it was still causing "great concern," he said.

Mr Matthews said the boom in mohair and angora goats had caused prosperity in the region and had also caused many farmers to switch to mohair from beef and sheep farming This in turn had affected red meat supplies to the local markets.

"Wool prices have increased and during the latter part of the year beef prices adjusted themselves upwards much to the relief of many farmers Mutton and lamb prices also increased," he added.

Generally, the overall picture was favourable.

31/7/86

Dawe predicts new hike in beef price

Dispatch Reporter

EAST LONDON — A rise in the price of beef could be expected in the near future, the chairman of the East London Meat Traders' Association, Mr Ivan Dawe, said yesterday.

He was reacting to a statement by Vleissentraal's deputy senior general manager for livestock management, Dr Jan Lombard, predicting the price of beef would top the R3 a kilogram mark for retailers by the end of the year and would subsequently affect over-the-counter prices to consumers The average price for all grades of beef at present was R2,40 a kilogram.

Dr Lombard was speaking at the annual meeting this week of the Cape Eastern Meat Co-operative Company in Grahamstown

"Indications are that we will pay more for beef but it it is difficult to tell by how much at this stage, Mr Dawe said

He said super grade beef was virtually at the R3 a kilogram mark — and over at times According to recent meat market reports, super beef was priced at about R2,94 a kilogram on top of which butchers had to pay additional levies.

"In December last year the price of super beef was around R3,30 a kilogram and already we have the situation where the better beef is priced at R3 and over

"The price of lower grade beef has also risen considerably I know that in Durban a few weeks ago third grade beef was going for R3 a kilogram, Mr Dawe added

More price increases on the way, say retailers

SMF 244 1/8/86

By Jackie Unwin

Consumers must brace themselves for more price increases at supermarkets, warn retailers.

There will be increases of between 8 and 12 percent over a broad spectrum of products.

Mr Richard Cohen, director of Pick 'n Pay, said: "Although the inflation index has dropped in June it has only been a temporary situation which came about as the rand recovered in the middle of the year.

"The pressure of the rand dropping again and other costs going up has caused another round of increases.

"If there are increases early in the year suppliers usually come back after eight to nine months for a second"

The canning industry is increasing prices on a variety of products from canned vegetables to canned jams, although it will manage to hold prices on some items.

Increases are envisaged in paper goods and disposable nappies. Toiletries, canned fish and biscuits will rise in price.

These increases will hit the consumer towards September.

Mr Cohen said coffee prices would have to be eased up because replacement costs were "horrific". He said the replacement value of coffee now selling at under R6 was R7,50. Coffee has been hit by the exchange rate and the failure of the crop in Brazil.

Mr Cohen said the inflation rate was the scourge of this country.

Delay increases

"How the housewife and the fixed salaried person are coming out I don't know."

His company had bought in bulk and would defer the price increases as long as possible.

An OK Bazaars spokesman said it would negotiate for the best prices and had bought stock in advance to enable it to hold prices.

Its managing director, Mr Gordon Hood, had promised R2 million to be used to cut prices over the next few months. Some of this would be used on staving off some of the impending price increases.

Checkers has also been buying-in wherever possible. Mr Brian Sacks, grocery buying director, said: "There is a huge discrepancy between the prices on the shelf today in relation to what the manufacturers' prices are because of our ability to buy in and hold prices down."

All three supermarket giants, Pick 'n Pay, the OK Bazaars and Checkers, have pledged to freeze the prices of some of their house brand products until the end of 1986.

FIN MAIL 1/8/86 (244) (260) (153)

STEEL STEADILY UP

Iscor's price increases of 8% and 12% — from August 1 — for 12 of its steel products received a mixed reception in trading and manufacturing circles. However, the steel giant counters criticism of its second hike in six months by saying that only a selected number of products are being increased — while the average of the past two years is well below the rate of inflation.

Apart from round bars — going up by 8% — the following Iscor products will be hiked by 12% from August 1: plate, floor plate, roller-quenched and tempered plate, billets, blooms and slabs, window sections, re-rolling billets, steel sections, special sections, rails and flange materials.

Genrec MD Hendrik Esterhuizen says no price increase is welcome — especially when certain finished imports from Japan can be landed here at below South African steel prices. But the impact should be limited, he adds A source in a major construction company says that some 25% of heavy civil engineering costs are steel-related — and with Iscor leading the market, the 12% hike would lead to a 3% upward cost structure.

The impact should be considerably less in the building industry, leading to limited cost increases there. Bester Homes director Willem Bester says the increase of window frame prices is reasonable.

Iscor spokesman Pieter du Plessis says that although the company's input costs are rising steadily, average annual steel price increases over the past 26 months were only 14,3% a year — against a much higher inflation rate

Metal prices jump

CHICAGO — Platinum and gold prices jumped on the futures markets this week amid fears about the US economy and South African metals output

Gold for delivery in August gained $10,70 to close at $362,70 a troy ounce, its highest level since January

August platinum jumped $15,90 an ounce to $463,80 dollars, a three-year record. Silver gained 10 cents in sympathy

Analysts said the market was concerned that South Africa might reduce gold and platinum output to retaliate against sanctions being considered by the US and Britain.

The weak US stock market and the decline in the dollar also helped gold — Sapa-RNS

4/8/86 BusDay

244

MICK COLLINS

Fluctuating red-meat prices cause chaos

SHARP fluctuations in red meat prices are causing chaos as farmers continue to withhold livestock for slaughtering.

In an appeal to farmers at the weekend, Meat Board chairman Flip du Toit said the board was concerned at excessive price moves.

"Although market prices are a function of supply and demand, the price fluctuations not only cause an uneven flow to markets, but also make cost-effective slaughtering difficult."

For the week ending July 24, 20% less cattle were slaughtered than had been granted access by the Meat Board

"At present no control measures in respect of sheep and lambs are in force as a result of under-supply

"Because of this reduced supply, producers offered only 40% of normal requirements for slaughter for the weeks in question"

Supply has dropped despite relatively high prices being offered at present.

Control measures administered by the Meat Board are aimed at ensuring early slaughtering turns for producers transporting animals over long distances.

"The supply position is expected to improve from September, particularly in respect of sheep and lambs.

"Consumers should take note that at present beef and pork are still well supplied and buy accordingly."

Supermarkets angry over co-op price rise

MICK COLLINS

SUPERMARKET chiefs reacted angrily at the weekend to reports that a major Cape co-operative plans to increase the price of canned goods from August 25

The increases, between 4% and 7%, come at a time when retailers have promised consumers to freeze prices until 1987.

Explaining the increases, Langeberg Co-Op CE Carel Strassen said "Since prices were last increased in February, other costs have escalated, necessitating further adjustments The majority of the products affected are normal annual seasonal price adjustments"

He said the overall weighted-average increase on an annual basis, including the rise anounced in February, was 11,7%

"This is well below the national food price inflation level"

Products affected include jams, vegetables, salads, sauces and fruits.

Pick 'n Pay GM Gordon Hoult said "We will fight them tooth and nail They will have to come and negotiate with us. We never, as part of policy, accept either telex or letter confirmation of price rises"

Checkers group merchandise director John Williams said prices to the consumer had been frozen

"We reject these increases Our buyers have been instructed to negotiate"

OK marketing director Ralph Horwitz said his company had been advised of the increases

"We have not seen any price lists yet Despite any attempt by suppliers to up prices, we have promised to freeze and reduce prices until January 17 1987, and this we will do."

(BD) 4/8/86

Supermarkets slam tinned food hike

244

Dispatch Correspondent

JOHANNESBURG — Supermarket chiefs reacted angrily at the weekend to reports that a major Cape co-operative plans to increase the price of canned goods from August 25

The increases, between four and seven per cent, come at a time when retailers have promised consumers to freeze prices until 1987

Explaining the increases, Langeberg Co-op's chief executive, Mr Carel Strassen, said: "Since prices were last increased in February, other costs have escalated, necessitating further adjustments The majority of the products affected are normal annual seasonal price adjustments."

Products affected include jams, vegetables, salads, sauces and fruits

Pick 'n Pay's general manager, Mr Gordon Hoult, said. "We will fight them tooth and nail They will have to come and negotiate with us "

Checkers group merchandise director Mr John Williams said consumer prices had been frozen

"We reject these increases Our buyers have been instructed to negotiate "

OK marketing director Mr Ralph Horwitz said his company had been advised of the increases.

"We have not seen any price lists yet Despite any attempt by suppliers to up prices, we have promised to freeze and reduce prices until January 17, and this we will do"

Car prices go up again — and again

DDS 5/8/86

Dispatch Correspondent
JOHANNESBURG — Car prices are going up again — and further increases are on the way.

Toyota and Samcor raised car and light commercial vehicles prices by between 6 and 8 per cent this week Other manufacturers say they will follow suit

General Motors and Nissan will both increase prices on Monday — GM by 6 per cent on its Opel Kadetts and Isuzu bakkies, and Nissan by an average 5,5 per cent on its entire car-bakkie range

Volkswagen officials met yesterday to discuss prices. The managing director Mr Peter Searle said an increase was likely "in a few days" BMW, which put up its prices on July 7, says it has no plans for a further increase at this stage, but Mercedes-Benz says it expects to put up prices by the end of August

Nissan's Mr Peter Coetzee said yesterday "It all depends on the rand, but prices will have to move at least once again, probably in October, and then again at the end of the year"

Toyota executive director Mr Bert Wessels said "Further increases before the end of the year are unfortunately inevitable."

The chief reason for the increases is the collapse of the rand against the yen and deutschemark Since February, the rand has declined by 50 per cent in value against the yen

Mr Wessels said "The crux of the pricing problem is that although imported content only accounts for 30 to 33 per cent of the weight of a vehicle, the cost of these imported components accounts for more than half the total vehicle cost"

He said imported content had increased from 44 per cent of total cost at the end of February to 55 per cent at the end of July

In pure cash terms, this is the effect of the latest price increases

- A Nissan Langley 1500GL that cost R13 965 on January 1 and costs R15 450 today, will go up to R16 350 on Monday,
- An Opel Kadett 1300LS, R12 340 on January 1 and R13 385 today, goes up to R14 190 on Monday,
- A Mazda 1300L hatchback, R11 230 on January 1 and R12 780 last week, went up on Tuesday to R14 085,
- A Toyota Corolla 1600GL, R14 185 on January 1, went up to R16 580 on Monday,
- A Mercedes-Benz 280SE, R60 445 at the beginning of the year, and R66 995 today, is expected to rise to about R70 000 later this month

6/8/86 STAR 244

Price hikes expected soon, warn retailers

By Jackie Unwin

Despite the raging supermarket war and promises of low prices, retailers have warned of price rises soon to hit the consumer.

Langeberg Co-op has announced it will increase the price of its canned goods from August 25.

The increases, which affect canned jams, vegetables, salads, sauces and fruits, vary between four and seven percent.

Mr Carel Stassen, chief executive of the Co-op, said the last rise was in February and the total of both increases is 11 percent — far below the inflation rate.

"The cost of cans has gone up by 14 percent and rail price increases over the past 18 months have been tremendous," he said.

"Agricultural products generally increase even higher than the inflation rate because of the cost of the input, which is mainly imported."

"We normally have increases twice a year because of the seasonality of the product."

Retailers have warned of other pending increases of between eight and 12 percent on paper goods and disposable nappies, toiletries, canned fish, biscuits and coffee These have been caused by the drop in the rand and increases in costs.

Coffee prices will also rise due to the Brazil coffee crop's failure and the exchange rate.

A Consumer Council spokesman said: "Now more than ever consumers must be discerning when they buy groceries."

"They must compare prices. We are monitoring prices on a weekly basis and suggest consumers do the same."

Mr Richard Cohen, director of Pick 'n Pay advised consumers not to buy by brand name but to compare and buy the best value.

OK Bazaars intends using some of the promised R2 million to be used to cut prices to stave off some pending increases.

Checkers has also stockpiled and will hold down prices as long as possible.

All three supermarket giants have pledged to freeze prices on some of their house brand products for six months.

7/8/86 B[illegible]

Toyota increase takes prices to new high

By Jeremy Sine

244

New car prices are going into orbit again.

Toyota has put up the prices of its cars ~~and light~~ commercials by between six and eight percent — and it predicts that further increases are inevitable this year

Once market leader Toyota moves on prices, most other car makers usually follow suit within one or two weeks.

This latest increase comes only two months after the last one, and means that today's Toyota costs around 17 percent more than it did in January.

Since August 1984 the prices of most models have risen by between 70 and 75 percent. The rises are blamed on the weakening of the rand against the currencies of the two countries from which most car components are imported, Japan and Germany.

The value of the rand has dropped from 90 yen in February, for example, to around 60 yen at present.

"The crux of the pricing problem," says Toyota Marketing company's executive director, Mr Bert Wessels, "is that although our imported content only accounts for 30 to 33 percent of the weight of a vehicle, the cost of these imported components accounts for more than half what the vehicle costs."

On a typical compact car, he said, the imported content by value had increased from 44 percent in February to 55 percent at the end of July.

Mr Wessels said that his company had tried to absorb as much of the increases as possible, and that retail prices had risen by only 17 percent since February while costs had risen by 24 percent.

Used car prices ready to rocket

8/8/86 EVEPOST 244

By BOB KERNOHAN

USED CAR buyers face price increases of up to 25% between now and the end of the year as more people switch from buying new vehicles, the prices of which went up again this week.

"The used car market is facing a crisis", said a major Port Elizabeth dealer, Mr Barry Levin

"We cannot supply the types of used vehicles in demand as even businessmen and professional men look for late-model used cars rather than buy new ones," he said

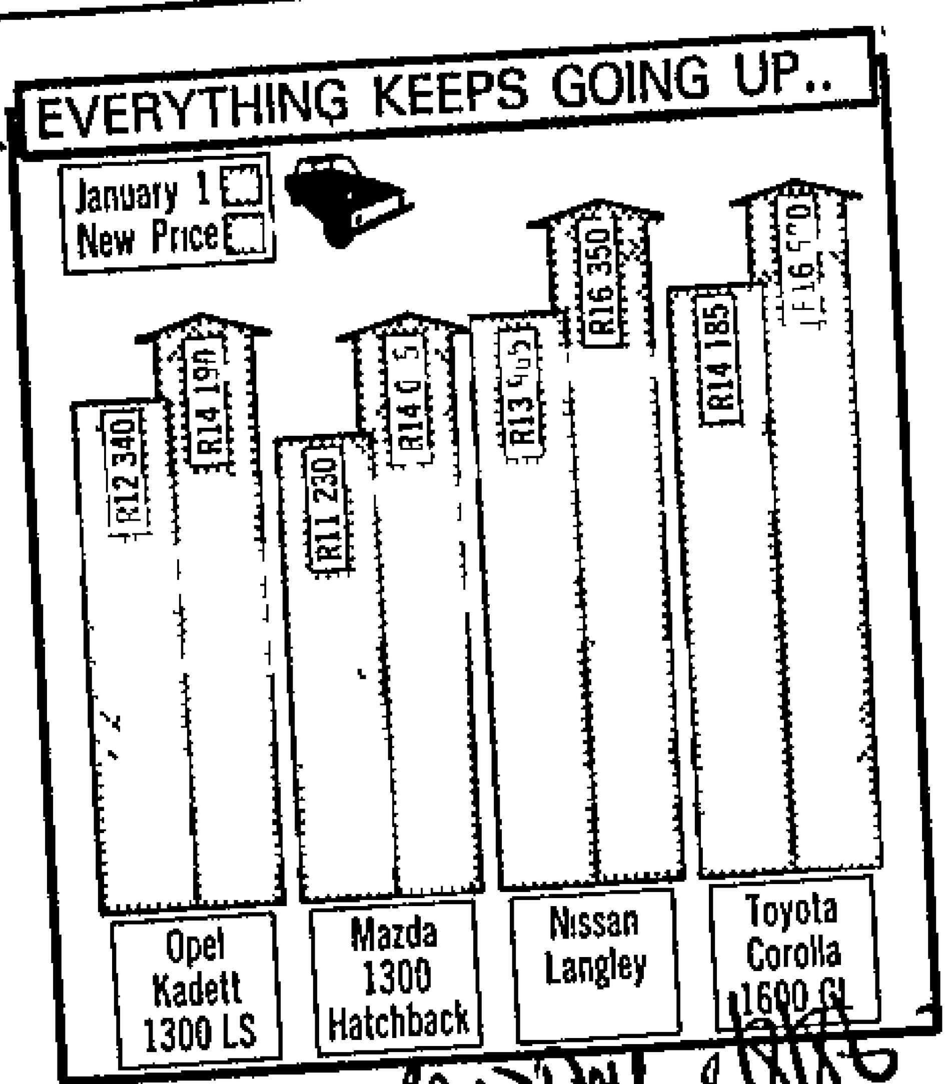
"This pattern has been accelerating and will result in price increases of up to 25% by the end of this year

Several major manufacturers have announced or warned of price increases for new cars This pushes to between 15% and 25% the increases on models

In the latest move, Toyota have increased their prices by 5,5% and General Motors and Nissan are expected to follow

Mercedes-Benz and Volkswagen are expected to put up their prices by the end of the month

Mr Syd Lippstreu, vice-chairman of the local branch of the National Automobile Dealers' Association, said low-mileage used cars were gaining popularity as buyers increasingly found the price of new vehicles "out of reach".



BUSDAY. 8/8/86

Car prices accelerate

DAVID FURLONGER
Industrial Editor

CAR prices are going up again — and further increases are on the way.

Toyota and General Motors raised car and light commercial vehicles prices by between 6% and 8% this week. Other manufacturers say they will follow suit.

General Motors and Nissan will increase prices on Monday — GM by 6% on its Opel Kadetts and Isuzu bakkies, and Nissan by an average 5,5% on its entire car-bakkie range.

Volkswagen officials met yesterday to discuss prices. MD Peter Searle said an increase was likely in a few days BMW, which put up its prices on July 7, said it had no plans for a further increase at this stage.

Mercedes-Benz said it expected to put up prices by the end of the month.

The increases are the fourth for most manufacturers since the end of last year

● To Page 2

BUS DAY

Car prices get into gear

● From Page

— and there are more on the way.

Manufacturers predict a further round of price rises early in October and another at the end of the year

Nissan's Peter Coetzee said yesterday "It all depends on the rand, but prices will have to move at least once again, probably in October, and then again at the end of the year."

Toyota executive director Bert Wessels said. "Further increases before the end of the year are unfortunately inevitable"

The chief reason for the increases is the collapse of the rand against the yen and mark. Since February the rand has declined by 50% in value against the yen.

In pure cash terms, this is the effect of the latest price increases:

● A Nissan Langley 1500GL that cost R13 965 on January 1, and costs R15 450 today, will go up to R16 350 on Monday;
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Cape Times 8/8/86 244

Car prices going up again

Own Correspondent

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Toyota and Samcor raised car and light commercial vehicles prices by between 6 percent and 8 percent this week.

General Motors and Nissan will both increase prices on Monday — GM by 6 percent on its Opel Kadetts and Isuzu bakkies, and Nissan by an average 5,5 percent on its entire car-bakkie range

Volkswagen officials met yesterday to discuss prices. MD Mr Peter Searle said an increase was likely "in a few days" Mercedes-Benz says it expects to put up prices by the end of August

Manufacturers predict a further round of price rises in October and another later in the year

The chief reason for the increases is the collapse of the rand against the yen and Deutschmark

More than half the cost

Toyota executive director Mr Bert Wessels said "The crux of the pricing problem is that although imported content only accounts for 30 to 33 percent of the weight of a vehicle, the cost of these imported components accounts for more than half the total vehicle cost"

This is the effect of the latest price increases

- Nissan Langley 1500GL that cost R13 965 on January 1 and costs R15 450 today, will go up to R16 350 on Monday
- An Opel Kadett 1300LS, R12 340 on January 1 and R13 385 today, goes up to R14 190 on Monday
- Mazda 1300L hatchback, R11 230 on January 1 and R12 780 last week, went up on Tuesday to R14 085
- Toyota Corolla 1600GL, R14 185 on January 1, went up to R16 580 on Monday
- Mercedes-Benz 280SE, R60 445 at the beginning of the year, and R66 995 today, is expected to rise to about R70 000 later this month

Buy me, buy my line

30 244 FM 8/8/86

The strategy of the latest outbreak of store wars is to woo the consumer into the belief that he (more usually she) is winning against inflation From there, the fight is more about market share than a lower general price level.

Of late, amiable grocers have gone on the box, reaching out for consumers in the privacy of their lounges It could not have been easy They do not look like star material neither do they really have anything new to say Still the Checkers and OK Bazaars campaigns appear to be effective founded as they are on the respective personalities of Clive Weil and Gordon Hood

Behind the high-profile store war battlelines, other incidents, of no lesser a magnitude are underway Cash-and-carries are fighting cat-and-dog and manufacturer-suppliers are taking an all-time bruising Manufacturers are now wont to describe themselves as MM s with MM s" — *miserable manufacturers with mauled margins*

The reason retailers are laying out millions to come into our homes is to consolidate what might be called the consumer alliance — a feeling that it s us (retailers and consumers) against them' (suppliers and control boards and government) This tactic was perfected by Raymond Ackerman after he founded Pick n Pay (P n P) in 1967 It is essentially a subtle campaign which casts any grocery chain in the role of a neutral but concerned bystander in the one-sided war between consumers and inflation

The message is we are awfully sorry for you, but we shall do our best to screw our suppliers trim our margins and slash and freeze prices where we can And the shopping-bag ladies applaud

The thing is to look genuinely concerned and sincere Sometimes they overdo it and merely look unctuous That is the risk you take on television For the grocers however, theirs not to reason why The retail sector in calendar 1985 was worth R30,7 billion So they are locked in a war of terrific intensity in which conceivably, too many shops are chasing a consumer base that is being eroded by adverse economic conditions

In this sector the artillery is heavy, the battalions big and the stakes large The Big Four retailers — P n P Checkers OK, and Spar — employ around 70 000, which is more than Escom Last year they generated gross sales nearing R8 billion (see table)

The retail sector is as multifaceted as any But it is important to remember that, of the average South African consumer rand 33% is spent on food, beverages and tobacco This is the largest chunk by far and makes up the real battlefield of the stores war OK the most diversified of the chains, sells 64 000 items, 62% of which is food The only liquor the chains may stock is wine

The turnover and earnings breakdown is interesting Though they have different reporting months it s clear that the stakes in profit terms are exceptionally high P 'n P, in the year to end-February 1986 had a turnover of R2 144 billion (taxed earnings R35,5m) OK, reporting on March 31, had turnover of R2,042 billion — but taxed earnings were only R13m To June 30, Checkers' turnover was R1 756 billion — but profits are not disclosed

The latest retailing clash lies in the recent history of Checkers Advertising agency Kuper Hands wanted the company to capitalise on the *personal* aspect of retailing It was advised that it needed a new image — that of a friendly grocer looking agreeably stout as he amiably passes among his customers, but nonetheless concerned about providing value for money The aim was to regain market share after control had passed from Kirsh to Sanlam The message of the TV campaign is fairly convincing for, as we have said, it could not have been easy for ("Hi, arm Clarve") Weil to go before the cameras That is why it does not look phoney

This is very important When the goods on the shelves are all the same the people who sell them have to be different Weil is no Richard Loring or Martin Locke let alone Lee Iacocca, a major pioneer of the approach — but he looks solid and reliable, especially with that Sanlam muscle he keeps telling people about

On the face of it, Ackerman seems unmoved by the Checkers-OK campaigns He tells the *FM* that he will not be appearing on TV — or rather not in the same way as Weil and Hood since he is an agreeable presence on the chat shows He is a man for the Big Issues and continues to work on his hard-won reputation as a retailing Robin Hood the urban guerrilla who pressures suppliers to pass savings to the housewife ' But is it all quite as it seems?

Ackerman agrees that much of the retailing business is showbiz What sets him apart from his rivals is that he is beneficial owner of the chain he built. A near-parallel is Tony Factor who has established a zany but appealing personality behind a reliable corporate image Factor s style is to champion the underdog ("I will discount cars at any cost") and play the maverick ("Discount coffins, only one per customer ') Both Ackerman and Factor have enormous public appeal

Ackerman s technique is to launch shrewd and serious attacks on the establishment, conducted at high level with high exposure Government's muddled marketing policies, where so much control — aimed at protecting inefficient producers and other interest groups — creates distortions and fuels inflation, provide him with plenty of issues, so that he is always in the news

P 'n P's most recent and widely publicised war against the establishment — which ended in the Supreme Court — was over petrol discounting Unnamed vested interests obsessively countered P 'n P's attempts to sell petrol below the listed price Ackerman appeared to be taking on the oil companies, Pretoria, and inflation — all at the same time

Comparing the Big Three

Note Spar stores are a franchise-type retail chain Spar year-end is September 30 with turnover of about R1bn 10 000 employees and 459 stores Checkers is not listed.

*Excludes Jazz stores

Hood and Weil do not operate in this fashion, but their intention is the same, to get the tills ringing louder by the day

OK s TV campaign seems to confirm that that of Checkers is working, although Hood seems to have upmarket" appeal because he looks more like a MD than a concerned grocer He tells the *FM* that the cost of advertising is justified when a company has something new to say He sees OK's campaign as just that, for all its *Candid Camera* approach

Checkers has probably turned red ink to black Maybe that is what spurred OK onto television, to spend millions of rands to regain what it perceives as loss of market share Within the past week, the big stores have frozen prices of their housebrands until 1987 Nobody is sure who initiated this move, but it looks like a massive game of follow-the-leader (but do it your way)

The sector is also concerned about politically motivated consumer boycotts and escalating union trouble, and needs to project itself as the consumers friend P 'n P in particular was marked out as a soft target earlier this year for union action

Nonetheless, Ackerman and Hood are confident of holding figures this year Checkers is certainly conducting more business than a year ago and Spar — notching up about half of P 'n P s and OK's turnover — reports volumes up more than 15% Time will tell But what other sector can claim to have frozen prices in times of high inflation? The store retailers are one of the few domestic operations (97% of OK's lines are South African-made) able to increase market share in adverse times Most other businesses are obsessed with simply maintaining turnover and at least delaying bankruptcy

What distinguishes most retailers is a bottom line pinned to the concept of recession-proof demand People must eat and drinkers need bottle stores Butchers and dairies and

TALE OF THREE STORES

They sell similar products, and on TV their executives make the same reassuring noises, but that is where any similarity ends between Pick 'n Pay, Checkers and OK Bazaars In essence, the three retailers are vastly different, emergent from different cultures, and facing different problems

This is largely reflected in their respective share prices, which, as the graphs show, move in divergent cycles OK Bazaars is the oldest of the three Founded in 1927, the chain was initially targeted at black consumers For this reason, most branches are located in downtown CBD areas, usually close to commuting points

Ironically OK's business ethos has left it vulnerable to political unrest and economic recession, far more so than either Pick 'n Pay or Checkers, both of which have strong white market support in affluent suburban areas

Also in product mix OK is more vulnerable to downturns While both Pick 'n Pay and Checkers sell mainly food, toiletry and related goods, OK sells a large range of unrelated products, covering the entire spectrum from foodstuffs to stereo sets This is a concept rooted in the era of departmental stores and, although overtaken by modern theories on focused trading, this is a strategy OK still employs successfully

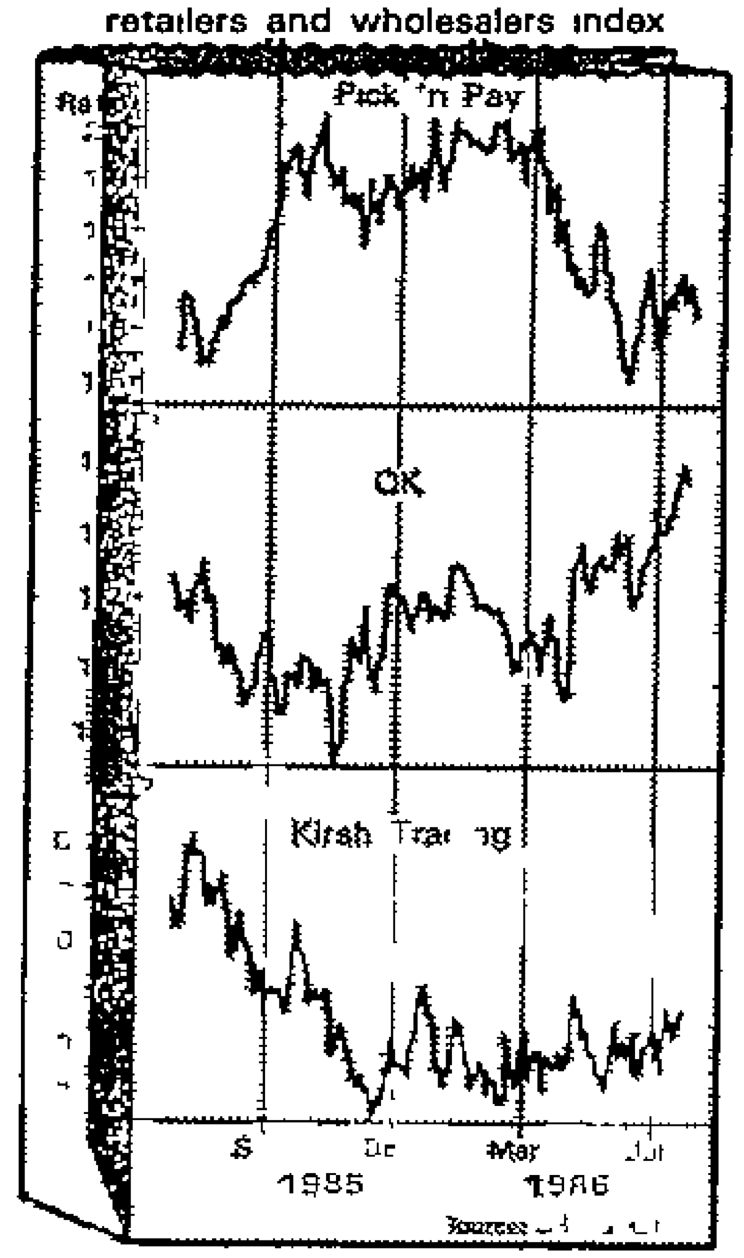
With recession, however, OK has seen a sharp shift in sales away from its high-margin products like furniture and appliances, towards its low-margin foodstuffs This resulted in lower overall margins, and a sharp fall in profits since 1983, causing its share to plunge

Towards the end of last year, however, sales of high-margin items picked up after HP regulations were changed And after the group reported creditable year-end results, the share price began rising sharply The graph shows OK's share price making up ground it had previously lost.

Unlike OK, Pick 'n Pay's profits have never fallen The chain's dominant food trading base, and relatively affluent target market insulates it from the worst affects of recession It is a superbly run chain, headed by a chairman with peerless marketing instincts (at least in the local market) which makes the sharp fall in the share price this year from a high of R51 to R36,50 all the more remarkable

Although the group's interim profit growth had slowed in the year to end-February to a sedate 5,9%, the result was certainly not bad enough to warrant the subsequent plunge in its shares But there are few real mysteries on the JSE What the results seemed to do was create a perception of Pick n Pay having reached

Share price versus retailers and wholesalers index



maturity within a market that had itself reached stagnation

With Checkers gaining ground, some analysts believe the vaunted white market is now over-provided for So, while OK has the capacity for explosive profit recovery on the back of improved black consumer spending on, particularly, high-margin durables, Pick 'n Pay is focused on the white market

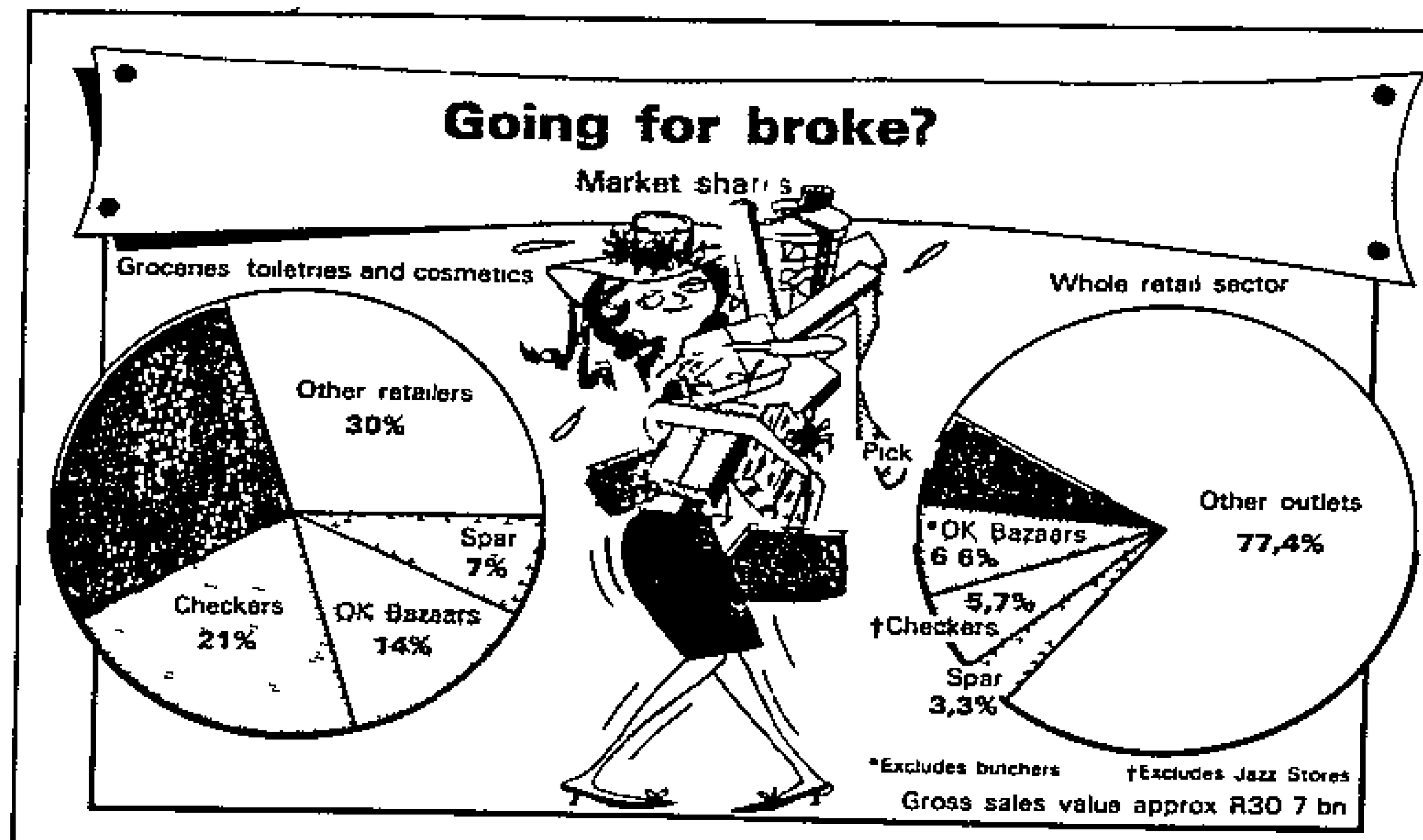
Although Checkers cannot be rated directly, its investment image is to some extent linked to the shoddy JSE performance of its amorphous parent, Kirsh Trading (to be renamed Tradegro) Checkers lost its competitive edge during a long deterioration that started during the Seventies, and a massive property expansion in the Eighties

Cash flow that should have been used to generate income to shore up thin operating margins was absorbed in property deals This placed Checkers at a structural disadvantage to Pick 'n Pay, which has always been astute at cash management It meant that in any battle for market share, Pick 'n Pay could cut prices to levels Checkers could not match profitably Checkers plunged into losses, and in 1983 it was delisted as a separate entity and moved into Kirsh Trading, which also contained Kirsh's interests in Russels, Metcash, and Dion

Checkers has since hived off its property interests, and now trades with the same structural advantages as Pick 'n Pay In image and profits, Checkers is said to be gaining from the TV appearances of its burly MD, Clive Weil Maybe, but any such perceptions in the retail industry have not yet been enough to persuade the stock market that Checkers is capable of a strong and sustainable profit recovery Pick 'n Pay yields only 2,4% on dividend, OK Bazaars has crept closer at 4%, but Kirsh Trading's share (weighed down also by Russel and Dion) has yet to improve from its level around 160c, despite listings of Metcash and Cashbuild

Neville Glaer

Going for broke?



chemists are needed in war and peace alike But food is becoming more the most vital component in the store war As Retailinform's Eric Levine notes the retail sector peaked in volume terms in 1981 and has run downhill since But as a percentage of the total retail cake food has increased its share dramatically This affects retailers product mix profits ratios OK s latest results reflected the impact of the recession on its bias towards furniture

Behind the store wars stand pressured manufacturer-suppliers to the retailers Johnny Frankel of major supplier Tiger Oats reckons the retail war can go no further "As manufacturers, our margins are pared to all-time lows Many of our inputs are price-controlled for example, by the agricultural control boards ' He speaks for all suppliers in saying that not another inch can be afforded on margins

Retailers are also past masters at passing all manner of costs onto suppliers promotions displays, incentive rebate schemes advertising allowances, and literally every other trick " But suppliers do benefit from dealings with the Big Four from bulk orders, deliveries and displays Yet most perceive that SA s large retailers have been allowed unfettered expansion In most comparative sectors abroad, suppliers are compelled to offer the biggest chain and the one-man store the same price In SA the Competition Board has outlawed supplier price-collusion

In these circumstances, the small grocer is up against formidable odds There is still a large number of small vendors, who presumably offer service and convenience Inland Revenue has registered more than 250 000 vendors liable to collect GST and outlets owned by the Big Four comprise 0 4% of this total

Meanwhile, expansion is taking place Spar looks to add an outlet a month in the next year while OK is replacing and developing other stores And Ackerman is considering the launch of a fourth P n P module, or mode of operation, in a month s time

The first was the supermarket in the early Seventies — the hypermarket came later — and the superstore in the early Eighties Ackerman believes P n P should continue its tradition of biological growth not switch to predation I do not want to be the biggest retailer in the country But of course he is controlling 55% of SA s biggest retail chain Of note too is that last year Sanlam as ultimate owner of Checkers offered it to Ackerman He turned the offer down flat

On the basis of speculation, P n P s fourth module would most likely specialise in future retailing Madness in these times? Perhaps not — in store wars the consumer gains continually The big retailers and their suppliers will emerge as more efficient businesses eventually able to pay higher wages Indeed in terms of efficiency, the benefit to the economy of the nightly pantomime could be quite substantial Sadly however it will not bring about the general price stabi that is so badly needed That will come o when a stable currency ceases to force up cost of vital imports

BUILDING SOCIETIES

Entering the listing lists

Perhaps the biggest investment most people make is in a home With some building societies set to go the equity route, accounts need to be standardised so that further investment possibilities can be correctly assessed

Investors demand performance So the legislation expected this month, to allow mutually owned building societies to convert to equity ownership and seek a listing on the Johannesburg Stock Exchange (JSE), will create new parameters Once content to be a friendly neighbourhood presence with a comfortable dependable image, societies which decide to go public will need a high profile on the JSE floor

And, whether willing or not to put profits before other priorities the mutuals will be forced to follow suit To compete in the marketplace they will have to keep pace with their high-powered rivals

Listings are expected later this year or early next So the annual reports of the five major societies for the year ended March set the scene for the drama to come

Star performer of course is the United Building Society (UBS) which reported a R76 2m profit 34 6% up on the previous year The executives of SA's biggest building society with total assets of R8 2 billion have passionately advocated ' the equity-based route since the option was mooted in the second interim report of the De Kock Commission in November 1982 UBS is expected to be first to go for a listing when the Building Society Bill is passed Its crucial ratio — reserves in relation to liabilities to the public — is 0 25% over the 4% minimum requirement expected in the new legislation

According to the directors report the statements were prepared on the most conservative basis in anticipation of the flotation Stocks were valued at the lower of c or market value specific provision was m for identified potential losses on mortg advances a general provision for the sa was increased from R6m to R50m an deferred taxation account was created match the tax charge with net income for year among other things

It s interesting to compare the repor profit with results that would have b obtained with other accounting policies for instance the UBS had not made R44m provision for loss, profits would h been nearly 66 2% higher than the previ year (The deferred taxation item redu the increase somewhat)

However if it did not reflect its previou prescribed investments at the lower of cos market value the effect on the bottom l would have been even more interesting the previous financial year with soaring terest rates reducing market values to v below cost this had a decidedly negat

RONNIE BETHLEHEM

Groupthink, home and abroad

8/8/86 FM. (250)

Dr Bethlehem is Group Economics Consultant of JCI The views expressed here, however, are his own, not those of his company

A powerful argument in favour of sanctions — especially considering changes in SA sport, and the repeal of many apartheid sacred cows — is that pressure works And sanctions are the ultimate form of pressure short of military intervention, to bring about political change This, certainly, is the hypothesis on which the Eminent Persons Group (EPG) and more generally the Commonwealth base their thinking It needs to be thoroughly examined

Reading the EPG report however, invites disappointment It fails actually to consider the matter of sanctions at all, directing itself mainly to constructing a moral case to justify their introduction

In particular, the EPG declined to consider the following questions of absolutely vital concern to any meaningful sanctions strategy

☐ What damage could sanctions of varying levels of intensity be expected to do to the SA economy and to the economies of neighbouring countries closely linked to it?

☐ How would the likely hardships and costs of sanctions be distributed between countries and population groups in the region?

☐ What would be the SA government s likely response be to continued outside pressure for political change without any accompanying acknowledgement of the reform initiatives it has already undertaken?

☐ What would government's likely response be to actual implementation of sanctions, and what initiatives are available to it to counteract them?

☐ What is the likelihood of government succeeding in its efforts to overcome sanctions? and

☐ What would be the consequences for the Commonwealth and more importantly for the goal of getting rid of apartheid were government to succeed effectively in countering any sanctions?

The EPG would have been driven to a totally different conclusion had it considered these questions It is remarkable, given the centrality of sanctions to its thinking on SA, that it did not do so

In considering sanctions and change it is worthwhile to recall two events in recent world political history which hold important lessons both for government and its critics at home and abroad

The first is the Polish rebellion of the summer of 1980 staged by the newly instituted free trade union Solidarity under the leadership of Lech Walesa Those following its development from abroad were naturally warmed, but also a bit surprised, by its initial successes

Given Poland s indebtedness to Western banks and the economic difficulties of the whole Comecon bloc at the time (which precluded even Russia coming to Poland s aid), the Jaruzelski government was prepared to concede a great deal in increased civil liberties But the more it conceded the more Solidarity's demands grew

These demands may be perfectly understandable, but given the totalitarian nature of the Polish regime and the ultimate danger of direct Russian intervention, Solidarity seemed in danger of overreaching itself If only it had had the wisdom, and the internal self-discipline, to have consolidated

But it was not to be The momentum of feeling in the organisation became too strong for good sense to prevail In the end, the concessions won at first were lost altogether Sadly, pressure for change was in the end excessive

The kind of euphoria which possessed Solidarity is something participants in financial markets know well It is the substance albeit in a different form, of every speculative bubble

The Bay of Pigs fiasco provides one very important example It need never have happened, had the newly-elected Kennedy administration and its Joint Chiefs of Staff heeded the information available to them, they chose instead to disregard or ignore it

It was a classic example of groupthink" — the syndrome in which reliance on consensual validation tends to replace individual critical thinking and reality-testing in face-to-face group encounters Latent disagreements are prevented from surfacing when a risky course of action is contemplated

The emotionalism and hysteria about SA and sanctions that is gripping the world has all the trappings of crowd madness of the classic kind The fact that it built up over a long period means it may not easily dissipate Crowd madnesses in history often endured for decades before they finally ended

Certainly, the kind of behaviour we have witnessed in the US Congress and in the EPG have disturbing features In both cases important facts are being brushed aside in a euphoria of consensus

But it would be wrong to believe that the groupthink phenomenon is limited only to SA's adversaries Within the South African cabinet the danger lurks too The evidence suggests that it has already begun to manifest itself How else can President Botha's blunt rejection of Sir Geoffrey Howe s mission be explained?

What Sir Geoffrey did was to argue a case, which could have been rejected after give-and-take from both sides without sacrifice of courtesy or diplomatic breakdown If the State President's words at his press conference are taken at face value, one is forced to conclude that government, having made up its mind in advance as to the inevitability of sanctions, decided it would no longer expose itself to the logic of other people's arguments The situation, therefore, has all the ingredients of a compounding tale of woe

Were the Commonwealth heads of government, in their turn, open to reason, they would recognise that sanctions — short of military blockade and invasion — do i only not work they actually very often ha the ironic effect of strengthening the cou tries they aim to damage

This was the result, for example, of Ar League sanctions against Israel The m tary embargo on SA and cutting oil suppl had a similar effect Denied the benefits trade, both countries were forced towa greater self-sufficiency Internal politi will to surmount adversity by sinking dom tic differences increased

In the cases of both Israel and SA, a m effective strategy for weakening the tar regime would have been maximum trade a cultural exchange In the face of the benef which flow from these, the governments c cerned would have been hard pressed maintain policies of political separation

It is too much to believe that recognition this subtlety, namely the prospect strengthening SA by sanctions lies beh the anti-apartheid agitation of the Frontl States and their Third World Comm wealth partners Were SA to be streng ened in this way, it would compound t consequences of Frontline folly if those sta found themselves, because of sanctions, v largely cut off from its benefits

Another round of car-price increases

10/8/86 SUNTIMES

By Don Robertson

THE third round of car price rises this year has been sparked off by market leader Toyota.

It has increased prices of the top-selling Corolla by 7% and the Cressida by 8% Other manufacturers have either followed or will in the next few weeks.

Because the price increases are based on high figures, a small 1,3*l* car will go up by about R1 500, and a medium-sized 2,0*l* car by about R2 300

The continuing weakness of the rand has added to the cost of components imported from the main source plants in Germany and Japan Although the imported content of a car represents an average of only 34% by weight, the increasing cost of components has lifted this value to about 50%

Manufacturers relying on components from Japan, for instance, have been hard hit by the rand's low exchange rate. Since January, the rand has declined in value from 90 yen to about 60 yen The result being a 24% increase in the cost of components

Toyota last raised prices in mid-June by 5% on the Corolla and 7% on the Cressida The previous price increase was an average of 4% in February.

Increases by Samcor, which produces the Mazda and Ford range, are between 6% and 8% The Mazda 323 is up by 6%, and the Mazda 626 by 8% Light commercial vehicles have risen in price by about 6% Medium and heavy trucks cost 10% more

Holding

The new Ford Laser and Meteor cost 6% more and the price of a Sierra is up 8% The Courier and Triton are up in price by 6% and 10% respectively

Samcor last moved prices by between 4,5% and 7% in the middle of June

Volkswagen raised its prices a month later than the others in mid-year, waiting until mid-June before announcing increases of about 5% It has no immediate plans for a price increase

Volkswagen models rose between 4% and 5% in price The Audi range was increased by 5,5% in April after going up by betweeen 4% and 6% in February.

General Motors will raise prices tomorrow, but their extent is not known. The last GM increase was 5% in June

Nissan prices went up by between 5% to 6% in June, but it has not decided on the next round

BMW is holding prices after an average increase of 5% on July 7. The previous increase was 5% in February

Mercedes-Benz is reviewing its prices, but no date for a change has been set. The company last raised prices by 5% on the Honda and between 5,1% and 5,5% on the old Merc 123 and S Series

11/8/86 BUSDAY

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Commodities consumption index shows only tiny rise

Import-price falls curb producer-price inflation

Economics Reporter

PRODUCER-price inflation, aided by far lower import prices, continued to slow in June, rising just 0,4% from May this year and 19% from June 1985.

Central Statistical Services say the index of all commodities for consumption rose to 213,3 in June — from 212,5 the month before and 179,2 a year ago. The year-to-year increase in June was the lowest since last December's increase of 18,7%.

The monthly index rose 1,7% in May and 1% in April.

Prices of imported goods, which account for 25% of the total index, declined for the fourth consecutive month — to 221,7 from 225,5.

Rand Merchant Bank economist Rudolf Gouws says the annualised increase in import prices for the first six months of the year was just 6,0% — down from 35,9% in the last six months of 1985 — "really a remarkable slowdown".

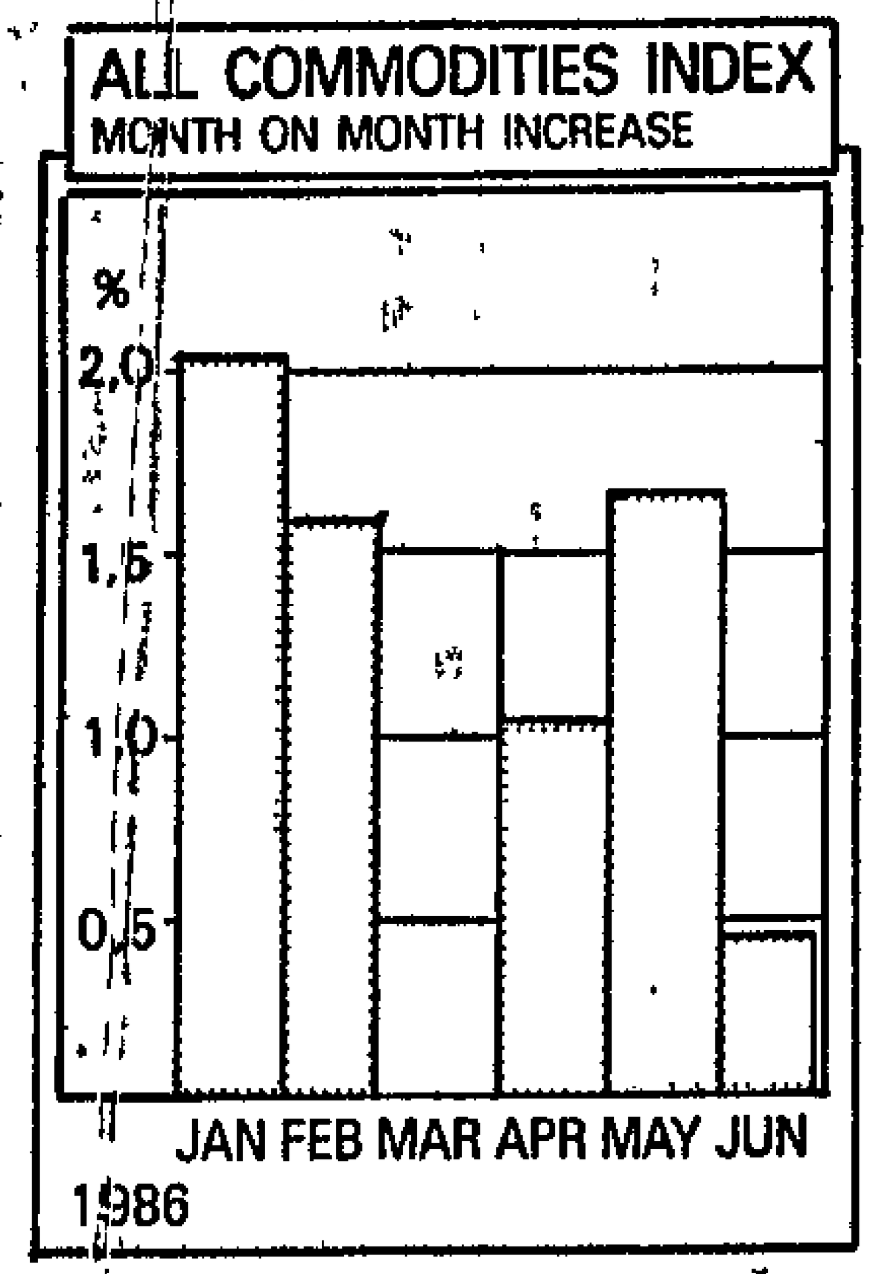
Gouws attributes the improvement in imports to the relative strength of the rand up to June. Its weak performance since then will probably show up in higher producer prices beginning in July.

Economists differ on whether the favourable trend in inflation will continue.

One says the June result, though somewhat surprising, will probably not be duplicated in the next few months because of pent-up demand for production.

Locally produced commodities rose in price by 1% in June from May and by 18,6% from a year before. The annualised rate of inflation for the January-to-June period declined to 16,7% from 20,4% in the July-to-December period of 1985.

The producer price index generally indicates how the broader measure of consumer price inflation will perform in the next few months.



Wheat price set to rise soon

GERALD REILLY

A WHEAT price increase is certain from the start of the new season next month, say Pretoria sources.

The Wheat Board is understood to have made a strong recommendation to Agriculture Minister Greyling Wentzel for a substantial price rise.

Wheat Board GM Dennis van Aarde says wheat producers received an 8,7% increase last year and nothing in 1984. With the increase in input costs, he says, there is strong justification for a price rise.

Other sources claim an increase of at least 10% is likely. The issue is now with the National Marketing Council.

There is said still to be a residue in this year's R150m bread subsidy pool. However, if the wheat price is raised and there are increased margins for the baking and milling industries, a bread price increase is certain — if not next month then before year-end.

Government is unlikely to allocate further funds to boost the bread subsidy and prevent a bread price increase.

Liquor outlets asked to cool price war

Daily Disp 12/8/86

244

Dispatch Reporter

EAST LONDON — Liquor stores and off-sales outlets here which are members of the Federated Hotel, Liquor and Catering Association (Fedhasa) have been asked not to advertise liquor prices in the press in an attempt to cool a fierce price war.

But it was learnt yesterday that the decision, taken at a meeting of the local branch of Fedhasa last month, would not be binding on members.

Except for three hotels and a few small outlets, all liquor stores here are members of Fedhasa.

In a memorandum to members, the Fedhasa area representative, Mr James Viviers, said the decision not to advertise prices came into effect on August 4 — and advised members to stick to price guidelines

The memorandum said a follow-up meeting would be held shortly Further recommendations would be made

"The price war and the boycott has continued for several months and we are trying to establish stability in the trade This is a start and if members co-operate, we can hope for better days," it said.

Yesterday Mr Viviers said the memorandum was confidential and he would not like to comment on it.

He referred inquiries to the local chairman of Fedhasa, Mr Bob Thielscher, who said he was not at the meeting when the decision was taken — but it was probably done to bring stability to the trade

"It is a healthy thing to bring back stability as liquor was virtually being given away during the price war over the past few months," Mr Thielscher said.

One major retailer in the city said yesterday it was not bound by the recommendation.

A company spokesman, Mr C Robinson, said from Johannesburg that if the company wanted to advertise prices tomorrow, it could do so

"We have had different campaigns Some campaigns have been without prices, others with prices, but we are definitely not bound by the Fedhasa recommendation," he said.

Another liquor store spokesman, Mr Hilary Nagel, referred anquiries to Mr Viviers

Informed that Mr Viviers had refused to comment, Mr Nagel said there was no cartel or price fixing

"We all do our own thing," he said.

The owner of a smaller outlet not a member of Fedhasa, Mr N Preston, said his advertising was strategically aimed and he would continue to do so in the future.

A spokesman for the office of the price controller here said there was no price control over liquor and retailers could "charge what they like".

Past drought pushes up beef price

DD 15/8/86 244

Dispatch Reporter

EAST LONDON — Further meat price increases could be on the way for local consumers, the chairman of the East London Meat Traders' Association, Mr Ivan Dawe, said yesterday.

Mr Dawe said the increase in the price of beef at the city's abattoir during the past six to seven days — super from R2,80 to R3,50 per kg, first grade from R2,50 to R3,10 per kg and third grade from R2,40 to R2,90 per kg — could last for a long time.

Mr Dawe attributed the price hikes to the effects of the drought of a few years ago, when farmers had to slaughter a large proportion of their stock because they were unable to feed them.

He said it would take a long time for stock to recover from this.

The East London area is short of 180 beef carcasses at present.

Some good news, however, is that the current escalation in the price of lamb (super to R5,40 per kg and first grade to R5,10 per kg) and mutton (prime to R5,10 per kg and first grade to R5 per kg) should be reduced by next month, he said.

The prices are currently high because many farmers are shearing their sheep at present — and not selling them for slaughter.

Sheep and lamb take less time to mature than beef and last lambing season was exceptionally good, Mr Dawe said.

The regional manager of the Meat Board in the area, Mr Tom van der Merwe, said another reason for the shortage was the fact that the feeding pens in Bloemfontein, normally a large supplier of beef to the area, had not been supplying the usual number of carcasses.

He ascribed this situation to the drought that was felt throughout the country.

The branch manager of a meat co-op, Vleissentraal, Mr Neil McKowen, said the present situation could worsen because rainfall in the area had not been sufficient this year.

He said although there had been good rains in September and October last year they had not broken the drought as far as stock farmers were concerned.

There had been no decent rains this year and the situation was drifting back towards that prior to the rains last year.

If the spring rains were good, the situation could improve.

The general manager of the Meat Board, Mr Frans Pieterse, could not be contacted for comment yesterday.

Conditions in the Queenstown area are also reported to be serious but this could not be verified yesterday.

Red meat will be scarcer and dearer

SPN 15/8/86

It can be expected that red meat will become scarcer and more expensive, the Deputy Minister of Agriculture, Mr Gert Kotze, said at a recent country meat retailers' conference in Johannesburg

Mr Kotze said the number of sheep and cattle in the country had decreased between February 1985 and February 1986 — cattle by 280 000 to 7,99 million and sheep by 980 000 to 25,62 million

Over the same period, however, the number of pigs had increased from 1,04 to 1,08 million.

"Seen against the expected population increases, these decreases in livestock numbers can be expected to lead to scarcer, more expensive meat supplies," Mr Kotze said

SURPLUS BEEF

Surplus beef supplies were not as large as generally thought, he added

For example, the Meat Board had a 6 000 ton surplus on July 24, but this was only enough to meet the country's needs for 4½ days.

Mr Kotze also said that, following an investigation, controls over abattoir tariffs would be lifted from October and abattoir owners allowed to determine their own prices

A major issue discussed at the conference was the deregulation of meat hygiene in South Africa

Butter price slashed to sell surplus

20/8/86 244

Pretoria Bureau

The price of butter has been slashed again and the last 2 000 tons of the Dairy Board's stockpile will be sold off from today at a discount of R2 a kilogram.

The price of a kilogram of this butter will be R3,45.

A spokeswoman for the Dairy Board said the butter was the last of an 8 000 ton surplus which has been sold at a cheaper price of R4 a kilogram.

She said because this butter was old stock it was best used for cooking.

She said it would be available on most supermarket shelves from today.

Choice butter already released on to the market would still be sold for R4 a kilogram or R2 for 500 g.

The discount on the price of choice butter continues until the end of February next year.

22/8/86 244

Butter cuts: no consumer rush

DAILY DISP.

Dispatch Reporter

EAST LONDON — Consumers here have generally shown little interest in reduced cooking butter prices in local stores following an announcement by the general manager of the Dairy Board, Mr E. du Roux

The manager of a Beacon Bay wholesale supermarket, Mr T. Schroeder, said yesterday his store did not stock cooking butter

"Even with the Dairy Board's announcement and competitors advertising yesterday, none of my staff have had any requests from our shoppers for the butter," Mr Shroeder said

"Perhaps this is because very few people use butter regularly enough for purely cooking purposes."

The manager of a Vincent Park supermarket, Mr Rod Ricketts, said from a sales point of view his store had experienced a 20 to 25 per cent run on cooking butter compared with choice butter sales

"The position is self-explanatory, I think Buyers still prefer to pay slightly more for choice butter than pay less for the slightly older butter, marketed as cooking butter," he said.

The only large supermarket in East London to report increased sales of cooking butter was a city venture managed by Mr E Lawrence.

"Our stock of cooking butter has proved popular with our shoppers and our supply is moving fast," Mr Lawrence said.

The price cuts on cooking butter will remain for as long as stocks last

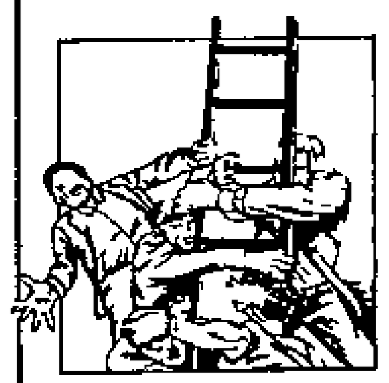
22/8/86.

FIN MAIL

244

INFLATION

Down, but not out



The inflation rate, though lower than most predicted at the turn of this year, is still too high How much further can it fall; and what can we do to bring this about?

Scarcely did the De Kock Commission conclude that over the past 25 years virtually all SA's inflation had been demand-pull generated, than the position changed radically Deteriorating foreign perceptions of the political situation and the capital outflow (culminating in the debt standstill) nipped nascent economic revival in the bud shot down the rand, and triggered a bout of cost-push inflation

At last money supply has been brought under control — and with a vengeance, the latest estimate for July showing an annual increase of only 7,6% (see *Economy*) Wage and salary increases are running well below the inflation rate implying declining purchasing power Yet inflation remains obstinately high, around 17%

Why?

Well in the first place as Gerhard de Kock himself points out that 17% may be misleading He believes that in times of rapid fluctuations the seasonally adjusted quarter-on-quarter rate is a better indicator of the underlying trend While for the consumer price index (CPI), this peaked at an annualised 27% in the first quarter of this year by the second quarter it had dipped to only 12,8% — a remarkable turnaround On this basis the producer price index showed an even higher peak, but has fallen even more steeply

De Kock believes that if the rand holds around US$38c, quarter-on-quarter CPI should stay around this level If that is indeed possible, then by early next year annual growth in CPI could also be down around 12%-14%, and possibly even lower

That is still too high for comfort Even at 14% inflation, the value of money halves in five years Not only does this hit pensioners and others on fixed incomes, it redistributes wealth — often in the direction of those already well off Anyone who has owned a house for 20 years, for instance, has acquired a valuable asset at little real cost This wealth redistributive effect of inflation is particularly damaging in a society like ours

De Kock

Then there is the force known as fiscal drag When money wages go up even if their real value is only maintained, our "progressive tax system diverts an increasing percentage of total income away from the (productive) private sector into the (largely unproductive) State sector This is another unhealthy redistributive effect of inflation

If all prices — including the price of money — went up at the same rate, inflation would be inconvenient, but harmless The trouble is that inflation brings changes in relative prices, and these distort the economy and cause all the problems

But although the South African inflation rate has outstripped those of our main trading partners for some years, Rand Merchant Bank's Rudi Gouws — whose minority view early this year, that inflation had peaked, now seems justified — stresses that we must not accept that SA is intrinsically prone to a high inflation rate "We suffered all the rigidities now blamed as causes of structural inflation in the Sixties, when we didn't have an inflation problem"

(Nor did we then have wide fluctuations in oil and gold prices, nor increasingly militant black trade unions, nor were we the polecat of the world)

Gouws points out that disinflationary pressures take some time to work through We are still paying the penalty for previous lack of monetary discipline and the decline of the rand He thus remains confident that the steadying of the rand and monetary discipline will keep the CPI in check for some time

Virtually no economists believe there is much we can do to bring inflation down further, anyway In real terms, manufacturing output is at its lowest since late 1979 (bar a blip in March), retail sales are still falling and wage and salary increases are below the inflation rate Any further measures would more likely choke economic activity still further, rather than cut prices

In present circumstances, even though unproductive government current spending is excessive, attempts to bring it down may not be advisable Right now, it is one of the few positive factors around

Implementation of the new buzzwords, privatisation and deregulation, are desirable on general grounds, but would have little impact on prices Wage and price controls would be downright counter-productive

If there is a solution, it may be more political than economic restore social order and business confidence, and get the rand back to an external value in line with its internal purchasing power It is understandable that economists, qua economists, fight shy of these murky waters

In any event, inflation is now less of an immediate problem than growth and unemployment Inflation and growth may be incompatible in the long run, equally, the old assumed trade-off between inflation and unemployment no longer applies Unemployment and inflation have risen in tandem, showing that (at least in SA) the Phillips curve — one of economists' favourite toys of the decade — doesn't work

However, JCI's Ronnie Bethlehem warns that in the long run we cannot solve unemployment and maintain a healthy balance of payments unless we can control inflation

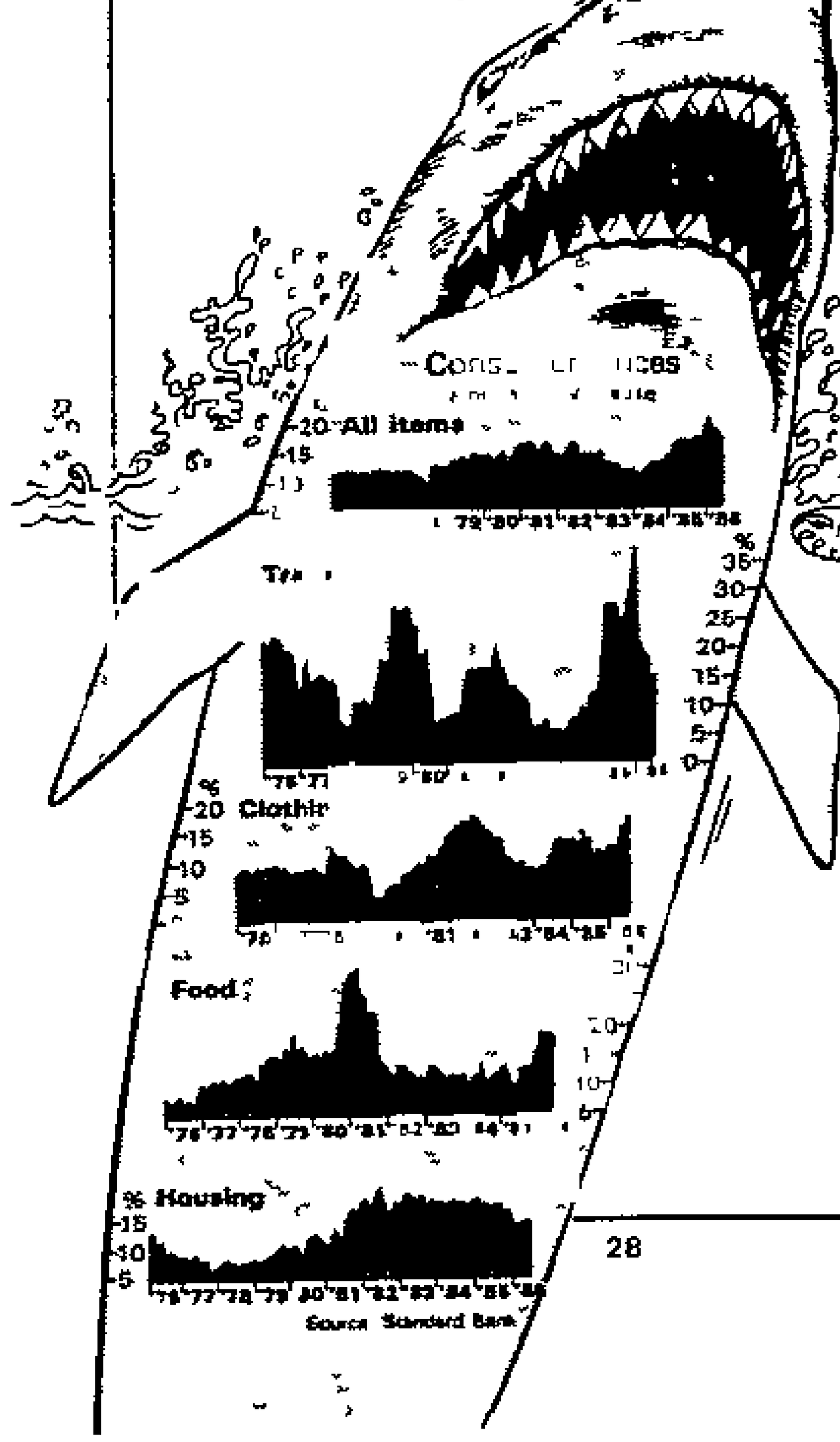
If economists generally feel that there is little more that can be done now to trim inflation further, many warn that the present declining trend may not last

A major bogy is the threat of sanctions Anglo American's Aubrey Dickman says bluntly that it's "nonsense" to think that sanctions can be anything but inflationary Import replacement industries may absorb spare labour, but their output, virtually by definition, will be more expensive than the imports they replace The net effect must be a fall in real purchasing power

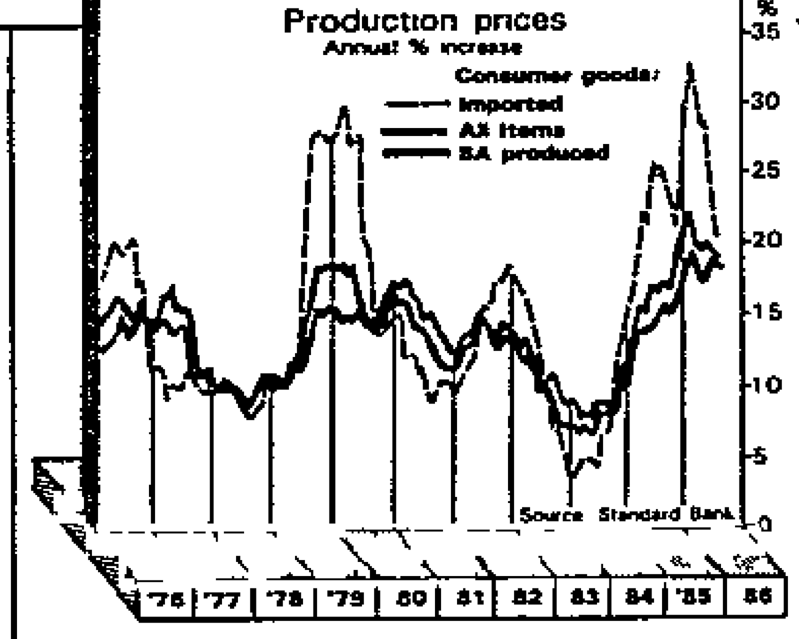
Negative factors

Bethlehem adds two other negative factors He is worried that world inflation (notably in the US) could pick up in 12-18 months' time, and believes that apprehension of this is one reason for the stronger gold price

Still biting



A little relief

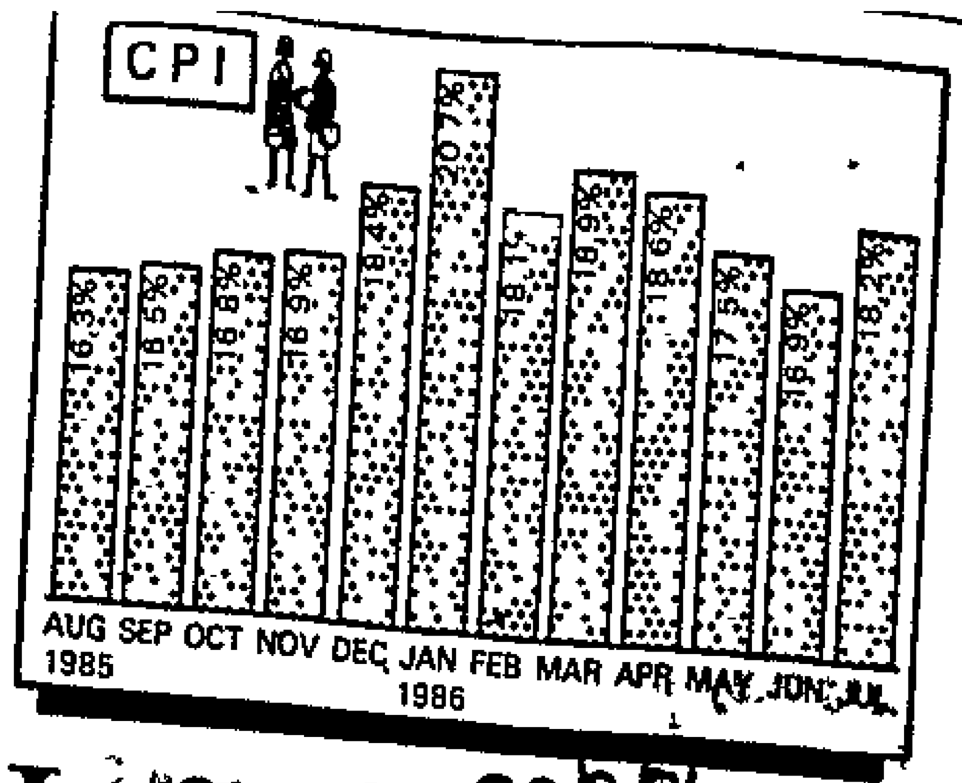


Then, he points out that the stronger (or, to be precise, more volatile) gold price itself is a mixed blessing When the gold price firms, the revenue effect stimulates demand pull inflation, when it falls, cost-push comes into play

If these pessimistic pressures materialise the second half of next year could see infl tion start to build up again

Perhaps we should count ourselves luck that inflation has not reached Latin Amer can or Israeli levels

Perhaps, too, there is indeed little we ca do to contain it at the moment, witho creating even more damage to an alrea battered economy But it remains a bas weakness which is not going to disappea and if (when?) the economy ever does sta to put on steam, it could become a serio problem again much faster than most wou now credit



Inflation rate pulls ahead

22/8/86 244 BUSDAY

Business Day Reporters

THE year-on-year consumer price index jumped sharply to 18,2% in July after slowing to 16,9% in June.

This, largely because of higher food and housing costs, startled many economists who had predicted a much smaller increase.

The CPI rise was the first in the year-on-year figure since March. Before last month inflation had declined by nearly four percentage points from its peak in January of 20,7%.

The all-items index rose 2%, to 228,8, from 224,4 in June, according to Central Statistical Services, after monthly increases of 0,2% and 0,8% in May and June, respectively. The index stood at 193,6 in July, 1985.

Capital market sources said many traders knew the exact inflation result as early as Wednesday morning, indicating a leak from official sources.

The biggest month-to-month increases within the index came in housing costs, which rose 2,96%, and foods, which rose 2,8%. Economists were most surprised by the gain in housing costs in a month when bond rates dropped and most rents appeared stable

Within the food category — which accounts for 25% of the total index — meat rose 3,4%, fish 3,6% and vegetables 7%. Most of the increases were larger than anticipated

Standard Bank chief economist Andre

● To Page 2

Inflation rate still pulling ahead

244 BUSDAY 22/8/86

● From Page 1

Hamersma called the July inflation figure "disappointing" and "a bit of a surprise"

"The size of the increase is most surprising, especially as it comes after four or five months of a declining trend," Hamersma said. He cautioned, however, that the one-month disappointment did not indicate a long-term reversal of the movement toward lower inflation

Volkskas economist Adam Jacobs said "It is shocking that in a time of recession we have an inflation rate still climbing"

Jacobs blamed the battered rand as the major cause of the continuing high inflation, and said he could see no indicators pointing to a significant fall in the rate in the months ahead

Economists and capital market traders indicated that yesterday's CPI figure had been widely known among in the markets by Wednesday afternoon Rumours concerning the figure normally circulate just before its official release, but traders said the information circulating on Wednesday and yesterday morning was unusually accurate

One trader said rumours had had a marked impact on trading Wednesday The yield on the bellwether RSA 13% 2005 stock, for one, moved to 14,80% from 14,65% when the rumour began early in the day

Two more increases before yearend

By Don Robertson

TWO more increases in the price of new cars can be expected before the end of the year

The continuing decline of the rand against the yen and the mark will cause each increase to be between 5% and 6%

Peter Searle, managing director of Volkswagen, says that in the case of his company a 1% decline in the value of the rand against the mark results in a R2,5-million increase in the cost of imported components

Volkswagen's costs have risen by R80-million this year and by R20-million on an annualised basis since the beginning of June

Mr Searle says "Even after last month's price rises, we are still about 10% behind"

Marketing director Clive Warrilow expects the next price rise at the beginning of October and another in the middle of November

Mr Warrilow says "Only then will we meet costs which were effective at the beginning of June Since June the rand has fallen by another 20% against the mark"

To counter continually rising prices, Volkswagen has secured its imported stock requirements for the rest of the year

Financial markets' falling rates are broken

25/8/86

244

IN THE MONEY MARKETS

Harold Fridjhon

THE pattern of falling rates in financial markets was broken last week when yields in the capital market kicked up ahead of publication of the consumer price index (CPI)

Some people operating in the jobbing market knew that the CPI had risen to 18,2% from 16,9% at least 24 hours before the figures were released Most people in the market had been expecting further eduction in the CPI

The inflation rate is a sensitive influence in the bond market Analysing just why this should be is not material; it is part of the market's philosophy When the CPI falls, or is expected to fall, yields ease as the prices of the bonds rise And when the CPI starts heading upwards the pattern goes into reverse.

Prior knowledge of the CPI figures is valuable to a bond market jobber, particularly if the market is in a strong bull trend, as it is now Armed with this information he sells short into a rising (price) market and covers in when the published CPI figures knock bond prices

And he makes a handsome profit because bond market dealing runs into millions of rands in single transactions and a few points movement in yields net big money for those who punt on certainties

The authorities should note this carefully and plug leaks to prevent what is tantamount to insider dealing.

The hiccup in yields, however, was brief The rising gold price — another bond market myth — reinstated the bull trend with some vigour but only after those on the inside track had reaped their gains

Both markets, the money market and the bond market, are firmly set on a bull trend with rates and yields pointing solidly downwards

Friday's Treasury bill (TB) tender produced a rate of 9,75%, 22 points below that of the previous week, a level last seen in March 1983 It is discounting further reduction of almost one percentage point in Bank Rate. And, as if to emphasise the scarcity of prime assets in a market which is engulfed by a flood of funds, the tender for R60m worth of bills attracted bids of R331m.

The result of the TB tender no doubt motivated the Discount House into posting a rate of 9,95% for 90-day bankers acceptances (BAs) on Friday, down 15 points on the week This rate, too, is discounting a Bank Rate a full percentage rate lower than the current 10,5%.

Taking into account the debilitated money supply which is symptomatic of a chronically ill economy and the feedback which the Reserve Bank must be getting from the commercial banks, one questions the wisdom of the half percentage point soft pruning of Bank Rate on August 5

The performance of the money market during the past two weeks shows only too clearly that the authorities are hesitant to take any decisive, dramatic steps that might induce some activity in the real economy While a cheap money policy is unlikely to be a curative therapy in a situation which is, possibly, as much psychologically induced by socio-political traumas as it is by real physical factors, bold action might act as a placebo in restoring confidence

That token August 5 Bank Rate trimming should have been extended to a full percentage point cut And next month's possible reduction in Bank Rate should be another full point at least This will be hard on depositors and other investors in fixed-interest assets, but the immediate priority is to stop the economy from sliding further downhill into a lake of unused liquidity.

The authorities have been trying to mop up some of this excess liquidity About R450m has been taken out of the system by the issue of Land Bank debentures at about 13,65% for 1992 maturities and 13,20% for 1991s

Rates will start rising this week ahead of the tax-paying month end The banks' wholesale call rate, now down to 9,5%, will probably creep up with 10,5% and more being paid for money in the first weeks of September But the return to more normal conditions should come sooner next month than has been the case in recent years, particularly with the escalating flow of funds emanating from government spending

Yields on popularly traded bonds moved down sharply last week, after the brief hiccup The RSA 13% 2005 shed 47 points to 14,53% and the Escom loan 160 11% 2009 is down to 14,92% from 15,26% a week previous.

Consumer Price Index covers dying also

STAR 26/8/86

By Reg Rumney

The official measure of inflation, the Consumer Price Index (CPI), encompasses not only the cost of living, it includes the rising cost of dying.

"Funeral and all other" expenses are among the 600 items which make up the CPI

The CPI showed the July inflation rate — the percentage increase in prices over the period of a year (in this case July 1986 compared to July 1985) — hit 18,2 percent

In June, when inflation showed a decline to the year-on-year figure of 16,9 percent, the rise in prices led to a certain amount of incredulity among consumers who couldn't believe inflation was going down.

What worries ordinary people is that whatever the figures may seem to say, prices are going up

The Consumer Price Index, the *measure* of inflation released every month, indeed shows a steady climb (see graph A)

The inflation rate itself in the same period fluctuates more and the trend, until July anyway, did seem to be downwards (graph B).

To put it another way, consumer prices rose in the month of June by 0,8 percent, but by June had risen a full 16,9 percent over a period of 12 months.

Concern has been expressed about a number of possible distortions of the index. One is that special discounts might be taken into account which are not available countrywide.

The CPI itself takes in only urban areas, 12 in total, and this itself means that it cannot reflect the experience of rural people.

"Personal, negotiated cash discounts, higher trade-in values, discounts negotiated by associations on behalf of their members discounts offered to special groups, for example, pensioners, are not taken into account.

The CSS said in its 1985 annual report it could only "purify" those discounts by a complicated process which would mean "a tremendous increase in respondent burden and in unacceptably high costs".

As it is, the South African CPI's 600 items from 2 000 sources compare with only 400 in the United States, 350 in the UK, 350 in Switzerland and 512 in Japan.

Only Germany of the major industrial nations collects, with typical Teutonic thoroughness, more — 750.

The CSS adds "Discounts are generally negotiated on a regular basis with the result that only substantial changes in their general incidence or scope should significantly influence the consumer price index."

However, the CSS accepts that consumers do not really benefit from discounts offered on durable goods during a recession, because they lack buying power to take advantage of those discounts.

Then, too, possible areas for disagreement with the compilers have been the weightings — the relative portions out of 100 assigned to various items, such as 3,17 to public transport — and income brackets of the three groupings.

The CSS feels that accurate price information is more important than the weightings, which, however, to improve reliability are now changed every five years instead of every 10.

The income brackets (adjusted for inflation, naturally) are:

- Higher income group — more than R24 000.
- Middle income group — R8 000 to R23 999.
- Lower income group — less than R8 000

The index is, in contrast with many South African Government statistics, non-racial, and while capital payments like mortgage bond repayments are not taken into account, rent is

Since most blacks in urban areas pay rent (when there is no boycott in force) the CPI does not reflect their experience either

Old Mutual's econonomist Mr Rob Lee says an Old Mutal survey of the CPI showed it "is a pretty fair measure of what its supposed to measure, ie consumer prices"

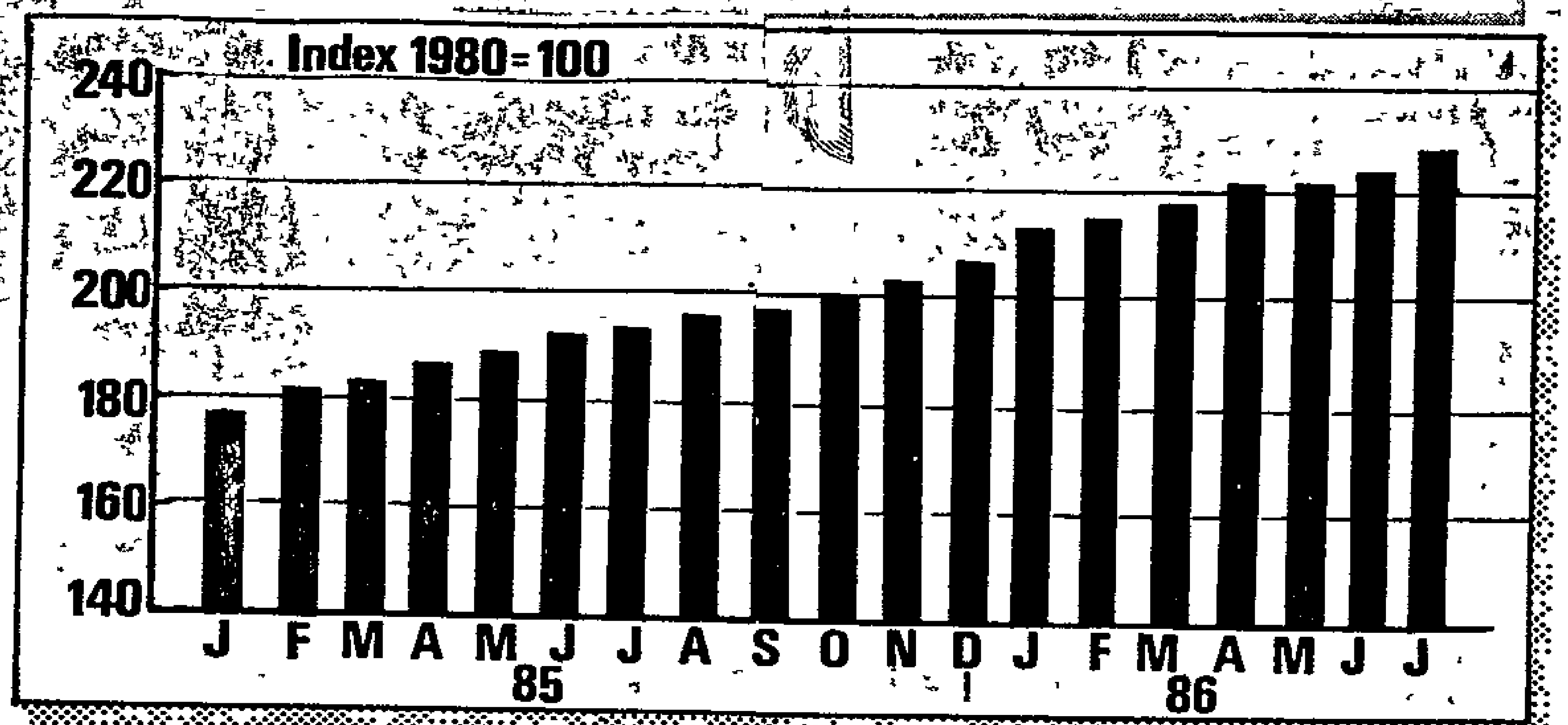
The CPI matches up to internationally accepted standards, he says, though he concedes everyday experience may clash with the CPI.

This is because the CPI is a measure of the average and is not applicable to every individual.

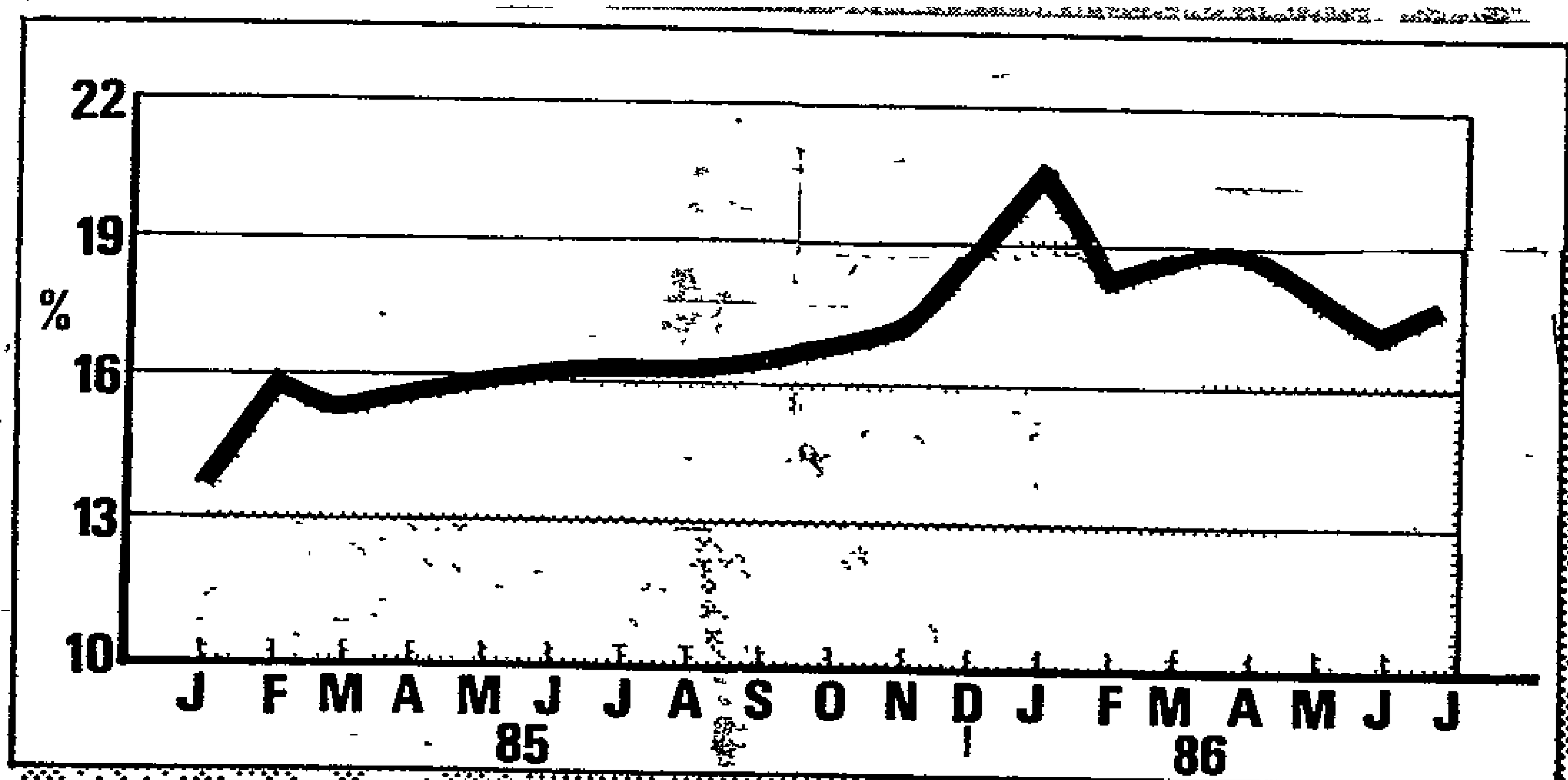
Again, it is important to remember it is an average — and a statistical measure

As W I E Gates pointed out. "Then there is the man who drowned crossing a stream with an average depth of six inches"

CPI — Graph A



Inflation — Graph B



Rise in price of gas 'if PE sells'

27/8/86

ENG 0008

244

By DENISE BOUTALL

THE price of gas would increase if the Port Elizabeth municipal gasworks was sold to a private company, a leading firm of energy consultants warned today.

It was disclosed this week that there are three potential buyers for the gasworks which is operating at a loss.

It is believed that at least one of them is also considering buying the Johannesburg municipal works and the Cape Town gasworks, which is privately owned.

The first inquiries from potential buyers for the PE plant were made about three months ago.

So far no firm offer had been received, the Deputy City Treasurer, Mr Eddie Landsberg, said today.

In a statement released today Mr Peter Cornelius, national marketing manager of an international energy consultancy, said if PE decided to go the privatisation route consumers could expect a rise in prices.

This had been the case in the United Kingdom in all examples of privatisation such as British Telecom.

This was likely to be the case for gas supply which was expected to be privatised in the near future.

A similar step in PE would obviously be a great disadvantage for consumers as gas, both domestic and non-domestic, was among the most expensive energy sources available in PE, said Mr Cornelius

At R26,50 a gigajoule, PE's non-domestic municipal gas was about R9 more expensive than in Johannesburg where it cost R16,25

But it was R9 cheaper than Cape Town where it was priced at R35,08

Prices of domestic gas for the three towns are PE R21,50 a gigajoule, Cape Town R20,84 for the same quantity and Johannesburg R12,19 a gigajoule

Consumer confidence still sliding

LESLEY LAMBERT

THE confidence of most white consumers had declined further during the third quarter, according to the latest Bureau of Economic Research poll — which fell 20 points.

Despite tax cuts and further relief measures aimed at putting more money into the consumer's pocket, the majority of respondents expected their financial position to remain unchanged.

The BER said it was not surprising, given the more pessimistic outlook, that consumers were reluctant to buy expensive items such as furniture and domestic appliances

The poll indicated that consumers also expected faster price increases — a reflection of the devaluation of the rand in the last three months, according to the BER

Most consumers did not hope that inflation would fall below the current level About 80% of the respondents expected prices to increase, either at the current rate or at an even faster rate than previously experienced.

The re-introduction of the state of emergency, continuing political violence, an economic package described as "too little too late" and increasing international pressure for the imposition of further sanctions had played a major role in influencing the perceptions of consumers.

Car running costs up 5% in year

BUS, DAY 1/9/86

MICK COLLINS

THE cost of owning and running a car has risen by between 3,5% and 5% in the past year.

An Automobile Association spokesman said one of the main causes was the increase in the price of new cars — 16% for a Japanese model and 50% for a German make.

He added: "Higher comprenhensive insurance rates and an escalation in the price of spare parts also contributed to the rise in the cost of motoring during the past 12 months."

The inflationary effect had been diluted by a stimulation in the demand for used cars.

He said: "This has resulted in higher trade-in prices, a lower average fuel price this year and dropping interest rates."

As well, a growing number of cars were now on extended service intervals.

Ballito row sparked by rise in light bills

NIR KALL 4/9/80

Mercury Correspondent

BALLITO people are to hold a special meeting next week to protest about the recent sharp increase in electricity costs and the introduction of refuse removal fees

The Ballito Ratepayers' Association has invited the MP for the area, Mr Brian Page (NRP Umhlanga), to what could be a stormy meeting on Wednesday night

The row has been brewing since Ballito took over the electricity reticulation system from Stanger on May 1, as well as a R2 200 000 debt for improvements

Ratepayers' association chairman John Chrystall said in a statement yesterday. 'The unfortunate Ballito and area residents now have to foot this bill and, in spite of the promise made (that there would be no increase in electricity charges although there could be an Escom increase in unit costs), unit and basic costs have been increased by 10% and the subsidiary charges are up 9,5% since May 1

'The Town Clerk, Mr C F Goosen, has not had the courtesy to notify residents of the increases and the first residents knew about it was when accounts were received'

'The second issue is the introduction of a refuse removal charge The town board says the Government has ruled that refuse removal must not be subsidised out of rates

The town clerk said the electricity surcharge of 12% to 17% imposed by Stanger and further increased by 9,1% by Ballito were the only costs transferred to the consumer The only exception was a a 5% increase on unit costs and basic charges ment must call by mid-1988.

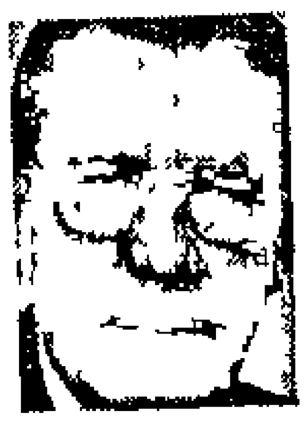
BDAY. 244 8/9/86

Alternative is subsidy increase

Cabinet in a dilemma over bread price rise

GERALD REILLY

THE Cabinet is faced with the dilemma this month of whether to raise the bread price or increase the existing R150m bread subsidy.



● WENTZEL

Informed sources in Pretoria told *Business Day* at the weekend that Agriculture Minister Greyling Wentzel was likely to annouce a limited hike — well within the current 18% inflation rate — in the wheat price before the end of the month.

The baking and milling industries, it is understood, also expect upward adjustments in their margins

The Devin Commission recommended the bread subsidy should be abolished completely from the start of the new wheat season on October 1. However, this has been rejected by government

A vital consideration in the Cabinet's dilemma is the growing number of unemployed in the country, and the spread of poverty, which would be intensified even with a small hike in the bread price

There could also be a political reaction in the townships to a price hike

On the other hand, authorities said governemnt would be hard pressed to find the funds to maintain the current price of bread.

They said government would make a profit of about R25m on the importation this year of 311 000 tons of wheat This could be used either to minimise a bread price rise or as part of a bigger subsidy.

IN BRIEF

Aids: Talks on miners

GOVERNMENT will meet the Chamber of Mines soon to discuss the repatriation of hundreds of foreign mineworkers who have contracted Aids

Health Minister Dr Willie van Niekerk said yesterday that a decision would have to made soon on the estimated 700 Malawian mineworkers in SA who had Aids, since medical experts had established that they presented a "clear danger"

Citrus Board confident

THE Citrus Board is "quietly confident" of another good season, assistant GM

244

BUS DAY 9/9/86

Schwarz says bread price rise would be cruel

GERALD REILLY

GOVERNMENT was warned yesterday that raising the bread price would worsen unrest.

PFP finance spokesman Harry Schwarz was reacting to government's dilemma of whether to raise the price on October 1 or increase the R150m annual subsidy.

A higher wheat price is expected to be announced by Agriculture Minister Greyling Wentzel this month.

Schwarz said that, with serious and growing unemployment, "this is not the time to impose further heavy burdens on hard-pressed consumers".

He added that until government succeeded in getting the inflation rate down substantially, the prices of essential commodities should be kept as stable as possible.

Cheaper brown bread was now an important part of the diets of lower-income groups and it would be cruel to raise the price. The Housewive's League has also come out strongly against any bread price rise.

9/9/96 BUSDAY 244

"THE VITAL

Convertors call for urgent probe into higher steel price

MICK COLLINS

SECONDARY-steel manufacturers yesterday called on the Competition Board to investigate urgently the activities of the Rolled Steel Producers' Association (RSPA)

In a strongly worded telex to board chairman Stef Naude, the Independent Wire Convertors' Association (IWCA) said it wished to draw attention to an effective 50% increase in domestic steel prices since the abolition of price control in July last year.

"These shocking price increases, despite record export earnings, reflect the arrogance and irresponsibility of the cartel (RSPA) and the degree of protection afforded it.

"Justification for the elimination of discounts, and the recent succession of price increases by private-sector producers Davsteel and Scaw Metals, is that they are merely following Iscor's lead."

The communique said many steel convertors would collapse as a direct consequence of these actions.

"The above reflects directly on the failure of the government's industrial strategy and the failure of the Competition Board and the Board of Trade to create an environment where secondary industry can develop and contribute to the economy."

The IWCA also expressed its frustration at misguided economic policies and the power and influence of certain vested interests "We would be better off moving our factory to Europe or Asia, where we could buy cheap Iscor steel subsidised by SA industry and the consumer. Steel is delivered overseas 20% cheaper than in Cape Town"

In the country's interests, government needed — as a matter of urgency — to take a hard look at the steel industry to see who needed protection from what, the IWCA said.

"We would also like to inquire from the Board of Trade whether it will gran[t] exemption from the farcical *ad valorem* system so that we can purchase steel a[t] internationally-recognised prices.

"Iscor exports wire rod at $210 a to[n] (fob) and we are expected to pay R730 ton in Cape Town. Iscor will not eve[n] supply us with steel at export prices fo[r] reprocessing and export, despite san[c]tions threats"

Iscor could not be contacted for com[]ment last night.

Cigarettes up (249) DD 10/9/80

EAST LONDON — The price of cigarettes has gone up over the past few days.

A packet of 10 cigarettes has gone up from 45 cents to 47 cents, 20s from 87 cents to 91 cents and 30s from R1,30 to R1,36, excluding tax

The cost, however, can vary at outlets because the price of cigarettes is not controlled.

Cigarette manuafacturers and distributors have not made any official announcements but retailers here have confirmed the increases

The reasons for the increase, which came into effect on September 3, could not be ascertained yesterday — DDR

PETROL PRICE

12/9/86

What should it be?

Although the retail petrol price has remained stable for almost five months, there have been behind-the-scenes changes to the overall price structure This is aside from the routine monthly change to reflect world prices.

So will the pump price go up? It seems not.

Indeed, consensus is that prices can be pegged for the rest of the year, at least; despite the fall in the rand since April 14, when the price of Reef 93 octane, for example, was reduced to 83c/*l*.

Says Tony Twine, consultant to Econometrix· "The rand's depreciation has been offset to some extent by falls in the price of crude oil. It fell below $10 a barrel six weeks ago and is now hovering around $14

"The current price was based on a rand/dollar rate of US47c and a much higher crude price, probably about $20. So if oil holds at $15 and even if the rand holds at US38c or above, I don't see a rise in local petrol prices in the foreseeable future."

He says the world market remains heavily over-supplied, and will be a counterpoint to sanctions activity. For the same reason Twine very much doubts that the crude price will go above $15 a barrel for a good three years. "There might be temporary spikes in the price, but the market is so over-supplied I believe a $15 a barrel ceiling sustainable for a long time."

Since the beginning of the year, when fuel was 102c/*l*, the following changes to the price structure have taken place· a new levy for the replacement of crude oil (5c/*l*); introduction of the MVA levy (2,6c/*l*); a special fire protection levy (0,6c/*l*); and a 2c increase in the National Road Fund to 7c/*l*. That adds up to increases in levies totalling 10,2c/*l*.

Despite these imposts, the price of 93 octane has fallen almost 19% from 102c/*l* to 83c/*l* The accompanying graph reflects preliminary figures for August for the pricing structure of 93 octane.

Although under-recovery of 4,4c/*l* is recorded, this assumes a rand/dollar exchange rate of 38,2c, compared to a more favourable position this week of around 41,7c. As a spokesman for the Department of Mineral and Energy Affairs says, at this exchange rate, under-recovery on petrol is about half this, or about 2,5c/*l*.

Under- or over-recovery amounts are logged up on the industry "slate " This, the first "buffer" against price adjustments, is basically an account run by oil companies to smooth out daily fluctuations in the price of crude inputs

According to the spokesman, the balance on the slate was forecast for July at R127,7m (assuming a lower exchange rate around 39c) Though it is understood the current balance relates largely to diesel fuels, there appears to be sufficient surplus to hold off price increases for some months

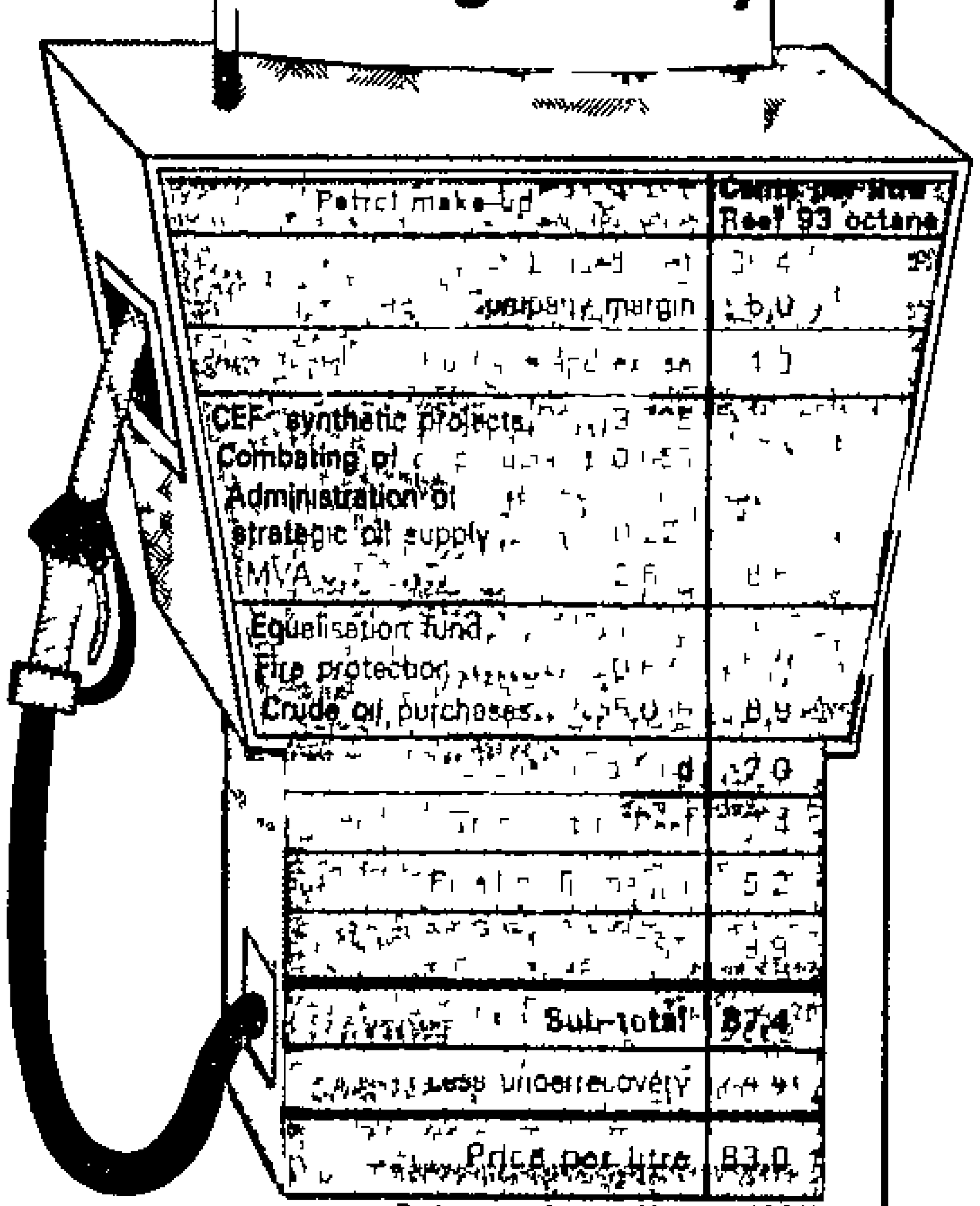
Other "buffers," before the authorities have to increase the price, include internal adjustment of the price structure and the sale of crude oil stocks, some of which are now classed as an "economic reserve "

The levy for the purchase of crude oil is being used to fund restocking of strategic supplies, depleted last year when motorists were subsidised by sales from stock to the tune of R1,2 billion

Says one commentator· "As it turned out, the sale and replenishment amounted to incredible timing " Stocks were replaced at about a third of the historic price, at $10 a barrel, at a time when the rand was relatively stronger, around US45c earlier this year

Profits from this stockpile trading were used to subsidise fuel prices during 1984-1985 Such operations provided an effective "buffer" against price increases

Holding steady



Preliminary figures (August 1986)

Another buffer, the consumer could argue, is the Central Energy Fund (CEF), receiving 4c/*l* It's supposed to be for synthetic fuel projects, but government has helped itself to R750m for low-cost housing development

A spokesman for the department says this doesn't mean the Mossel Bay project has been shelved Plans are going ahead, the delay being of a "technical nature." A six-month delay is expected while boffins compile the conceptual design.

Besides, the "money is on loan to the Treasury and will be repaid," it is claimed.

Comments Danie Vorster, chairman of CEF. "The basis and terms upon which CEF funds will be made available to Treasury are still being negotiated between the Ministers of Finance and of Mineral and Energy Affairs

"Resources — mainly cash reserves, outstanding loans for financing Sasol 3, and an equity interest in Sasol 3 — are earmarked for eventual establishment of synthetic fuel projects But it is not foreseen that CEF's cash flow situation will adversely affect the planned synfuel programme " Indeed, since then, Sasol says it has repaid some R1,1 billion into the fund.

Comments Chris Stals, Director General of Finance. "The loan is interest-free, but will be repaid in time "

Recent reintroduction of the Sasol levy (3,6c/*l*) does not affect the price of petrol. It amounts to a rebate to Sasol on other charges in respect of synfuel products. Sasol's revenues from synfuel sales are based on the landed cost of crude

In November 1985, the price peaked at 65c/*l* Yet by April the price of 93 octane "hit bottom" when landed cost was just 29,6c/*l*, the lowest since February 1984 This hit Sasol's second-half results (*FM* September 5)

Back in January 1985 Sasol had agreed to forgo the 3,6c/*l* incentive subsidy, paid to it since 1979, "temporarily;" but it was open for reinstatement if "prices declined " ■

"AANHANGSEL E

SERTIFIKAAT VAN GEREGISTREERDE TOEKENNING VAN HUURPAG

[Regulasie 13]

Sertifikaat No ....

1 Hierby word gesertifiseer dat die reg van huurpag ten opsigte van perseel nommer... . . .., groot ....en getoon op algemene plan/plan/lugfoto* nommer.... . . ..toegeken is aan......... ... . identiteits-/registrasienommer* . . .... deur ... . (huurpaggewer), wat die grond hou kragtens . . . . nommer .. .. , en dat die gemelde reg van huurpag verval 99 jaar na die registrasie hiervan

2. Die gebruik van die voormelde perseel sal wees . . .. [voeg in die gebruik van die betrokke perseel kragtens die Dorpstigting- en Grondgebruiksregulasies uitgevaardig kragtens artikel 66 (1) van die Wet], soos omskryf en onderworpe aan sodanige voorwaardes as wat vervat is in die Grondgebruiksvoorwaardes in Aanhangsel F van die Dorpstigting- en Grondgebruiksregulasies uitgevaardig kragtens artikel 66 (1) van die Wet op die Ontwikkeling van Swart Gemeenskappe, 1984 Met dien verstande dat op die datum van inwerkingtreding van 'n dorpsbeplanningskema wat op die perseel van toepassing is, die regte en verpligtinge in sodanige skema vervat, dié in voormelde Grondgebruiksvoorwaardes vervang, soos beoog in artikel 57B van die gemelde Wet

OF

*(In die alternatief, voeg ander voorwaardes in toegelaat met betrekking tot grondgebruik kragtens die Wet) . .. .

SPESIALE VOORWAARDES

....

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* Skrap wat nie van toepassing is nie.

Registrasiekantoor te ....

Datum . ...

Folionommer in register..

....
Registrateur.".

26. Aanhangsel F word hierby gewysig deur in Deel B die voorbehoudsbepalings by afdelings II en III te skrap.

No. R. 1899 12 September 1986

REGULASIES BETREFFENDE DIE BEPALING VAN DIE PRYS VAN OPENBARE GROND

Ek, Jan Christiaan Heunis, Minister van Staatkundige Ontwikkeling en Beplanning, vaardig hierby kragtens die bevoegdheid my verleen by artikel 66 (1) van die Wet op die Ontwikkeling van Swart Gemeenskappe, 1984 (Wet 4 van 1984), die regulasies uit vervat in die bygaande Bylae, welke regulasies in werking tree op 15 September 1986.

J. C. HEUNIS,
Minister van Staatkundige Ontwikkeling en Beplanning.

BYLAE

HOOFSTUK I

WOORDOMSKRYWING EN TOEPASSING

Woordomskrywing

1. In hierdie regulasies, tensy dit uit die samehang anders blyk, beteken—

"administrateur" 'n administrateur in wie die bates, laste, regte, pligte en verpligtinge van 'n ontwikkelingsraad vestig soos bedoel in artikel 3 (1) (a) van die Wet op die Afskaffing van Ontwikkelingsliggame, 1986 (Wet 75 van 1986), en ook 'n owerheidsgesag op wie sodanige bates, laste, regte, pligte en verpligtinge oorgegaan het soos beoog in artikel 3 (2) van daardie Wet;

"ANNEXURE E

CERTIFICATE OF REGISTERED GRANT OF LEASEHOLD

[Regulation 13]

Certificate No. . . . .

1 It is hereby certified that the right of leasehold in respect of site number .. .., measuring .... and shown on general plan/plan/aerial photograph* number . . .... has been granted to. identity/registration* number .. . by....... .... . . (leasehold grantor), who holds the land under number . . , and that the said right of leasehold expires 99 years after registration hereof

2. The use of the aforesaid site shall be ....

[insert the use for the relevant site under the Township Establishment and Land Use Regulations, 1986 made in terms of section 66 (1) of the Act] as defined and subject to such conditions as are contained in the Land Use Conditions in Annexure F to the Township Establishment and Land Use Regulations, 1986 made in terms of section 66 (1) of the Black Communities Development Act, 1984· Provided that on the date on which a town planning scheme relating to the site comes into force, the rights and obligations contained in such scheme shall supersede those contained in the aforesaid Land Use Conditions, as contemplated in section 57B of the said Act.

OR

*(Alternatively insert other conditions relating to land use allowed under the Act) ....

SPECIAL CONDITIONS

... . ,.. ....

---

* Delete that which is not applicable

Registration office at . ...

Date ....

Folio number in register ....

....
Registrar."

26. Annexure F is hereby amended by the deletion in part B of the provisos to sections II and III.

No. R. 1899 12 September 1986

REGULATIONS RELATING TO THE DETERMINATION OF THE PRICE OF PUBLIC LAND

I, Jan Christiaan Heunis, Minister of Constitutional Development and Planning, do hereby, by virtue of the powers vested in me by section 66 (1) of the Black Communities Development Act, 1984 (Act 4 of 1984), make the regulations contained in the accompanying Schedule, which regulations shall come into operation on 15 September 1986

J. C. HEUNIS,
Minister of Consititutional Development and Planning.

SCHEDULE

CHAPTER I

DEFINITIONS AND APPLICATION

Definitions

1. In these regulations, unless the context otherwise indicates—

"administrator" means an administrator in whom the assets, liabilities, rights, duties and obligations of a development board vest as contemplated in section 3 (1) (a) of the Abolition of Development Bodies Act, 1986 (Act 75 of 1986), and includes a public authority to which such assets, liabilities, rights, duties and obligations have passed as contemplated in section 3 (2) of the said Act;

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"die Wet" die Wet op die Ontwikkeling van Swart Gemeenskappe, 1984 (Wet 4 van 1984)

Toepassing

2 (1) Hierdie regulasies geld slegs ten opsigte van koopryse vir die eerste toekenning van 'n reg van huurpag of die eerste vervreemding van grond wat die eiendom is van, of berus by die Staat, 'n administrateur of 'n plaaslike owerheid of wat, behoudens die bepalings van regulasie 8, ingevolge artikel 34 (9) van die Wet aan 'n persoon of liggaam beskikbaar gestel is

(2) Die Staat, 'n administrateur of 'n plaaslike owerheid vervreem nie, of verleen nie 'n reg van huurpag ten opsigte van grond bedoel in subregulasie (1) teen 'n prys wat op 'n ander wyse as ingevolge hierdie regulasies vasgestel is nie

HOOFSTUK II

VASSTELLING VAN GRONDGEDEELTE VAN PRYS

Vasstelling deur Minister

3 (1) Behoudens die bepalings van subregulasie (2) stel die Minister daardie gedeelte van die koopprys vas wat op 'n reg van huurpag of die grond bedoel in regulasie 2 (1) betrekking het, na goeddunke Met dien verstande dat die Minister kan ag slaan op—

(a) die waarde vir boerderydoeleindes van enige aangrensende of nabygeleë plaasgrond,

(b) die markwaarde van enige aangrensende of nabygeleë verbeterde grond,

(c) die waardes of pryse in enige mark wat mag ontwikkel ten opsigte van enige aangrensende of nabygeleë verbeterde grond,

(d) die persone of gemeenskap wat na verwagting die grond of huurpagte ten opsigte daarvan gaan verkry,

(e) geologiese of ander fisieke omstandighede,

(f) aangrensende grondgebruik,

(g) enige aankoopprys voorheen vir die grond betaal,

(h) die ligging van die grond,

(i) die termyn waarvoor enige bestaande vasstelling wat kragtens hierdie regulasies gemaak is of geag word gemaak te wees, van krag is,

(j) enige ander faktore wat die Minister tersaaklik ag

(2) 'n Bedrag wat deur die Minister vasgestel is as dié gedeelte van die koopprys in subregulasie (1) bedoel, sluit uit—

(a) die koste verbonde aan dorpstigting, insluitende die opmetingskoste,

(b) ontwikkelingskoste, wat, sonder om afbreuk te doen aan die algemeenheid van die uitdrukking, finansieringskoste, projekbeplanningskoste, die koste van bestuur en administrasie, regskoste, dienstegelde, perseelhuur, plaaslike owerheidsbelastings, heffings, en soortgelyke kostes,

(c) die koste van verbeterings, insluitende infrastruktuur en strukture op die betrokke grond opgerig,

(d) tussentydse rente,

(e) eiendomsagentekommissie

(3) Die Minister stel die gedeelte van die koopprys beoog in subregulasie (1) vas na oorlegpleging met—

(a) die eienaar van die grond, in die geval van grond waarvan die administrateur of 'n plaaslike owerheid die eienaar is of wat by hom berus,

(b) in omstandighede beoog in artikel 34 (9) van die Wet, die persoon aan wie die grond beskikbaar gestel is,

(c) enige ander persoon na goeddunke van die Minister.

"the Act" means the Black Communities Development Act, 1984 (Act 4 of 1984)

Application

2 (1) These regulations shall apply only in respect of purchase prices for the first grant of a right of leasehold or the first alienation of land that is owned by or that vests in the State, an administrator or a local authority or that, subject to the provisions of regulation 8, has been made available to any person or body in terms of section 34 (9) of the Act

(2) The State, an administrator or a local authority shall not alienate or grant a right of leasehold of land referred to in subregulation (1) at a disposal price determined in some way other than under these regulations

CHAPTER II

DETERMINATION OF LAND PORTION OF PRICE

Determination by the Minister

3 (1) Subject to the provisions of subregulation (2), the Minister shall determine that protion of the purchase price relating to a right of leasehold or the land referred to in regulation 2 (1) in his discretion Provided that the Minister may have regard to—

(a) the value for farming purposes of any adjacent or nearby farm land,

(b) the market value of any adjacent or nearby improved land,

(c) the values in prices in any market that may develop in respect of any adjacent or nearby improved land,

(d) the persons who or community that it is contemplated will acquire the land or leaseholds in respect thereof,

(e) geological or other physical conditions,

(f) adjacent land usage,

(g) any purchase price previously paid for the land,

(h) the location of the land,

(i) the period for which any existing determination made or deemed to have been made under these regulations has been in force,

(j) any other factors that the Minister deems relevant

(2) Any amount determined by the Minister to be the portion of the purchase price referred to in subregulaion (1) shall exclude—

(a) the costs of township establishment, including the costs of survey,

(b) development costs, which, without derogating from the generality of the term, includes finance charges, project planning costs, the costs of management and administration, legal costs, service charges, site rentals, local authority rates, levies and like costs,

(c) the costs of improvements, including infrastructure and structures erected upon the land concerned,

(d) occupational interest,

(e) estate agent's commission

(3) The Minister shall determine the portion of the purchase price contemplated in subregulation (1) after consultation with—

(a) the owner of the land, in the case of land owned by or that vests in an administrator or a local authority,

(b) in the circumstances contemplated in section 34 (9) of the Act, the person to whom the land has been made available,

(c) any other person in the discretion of the Minister

Eenheid en grootte van vasstelling

4 (1) 'n Vasstelling van die gedeelte van die koopprys kragtens regulasie 3 word uitgedruk as 'n bedrag in rand en sent per vierkante meter

(2) 'n Vasstelling van die gedeelte van die koopprys in subregulasie (1) bedoel, is van toepassing op die geheel of enige gedeelte van 'n dorp of ander stuk grond wat die Minister na goeddunke goedvind, en die Minister kan enige gebied in verband waarmee 'n grondprysvasstelling gemaak is op 'n wyse wat hy toepaslik ag, omskryf

(3) Enige vasstelling bedoel in subregulasie (1) wat 'n vasstelling vervang wat vroeër kragtens hierdie regulasies gemaak is of geag word gemaak te gewees het, kan verklaar word van toepassing te wees ten opsigte van slegs 'n gedeelte van die gebied waarop sodanige vroeëre vasstelling van toepassing was, in welke geval sodanige vroeëre vasstelling ophou om van toepassing te wees op daardie gedeelte

(4) Wanneer grond ten opsigte waarvan die Minister die gedeelte van die koopprys kragtens regulasie 3 vasgestel het, vervreem word aan enige persoon of liggaam uitgesonderd die Staat, 'n administrateur of plaaslike owerheid, hou sodanige vasstelling op om van toepassing te wees ten opsigte van sodanige grond Met dien verstande dat waar die Staat, 'n administrateur of 'n plaaslike owerheid die betrokke grond ingevolge artikel 34 (9) van die Wet aan 'n persoon of liggaam beskikbaar gestel het, sodanige vasstelling, met uitsluiting van grond wat bestem is vir besigheids- of industriële doeleindes soos in regulasie 8 beoog, op daardie grond van toepassing bly

Kennisgewing van vasstelling

5 (1) Die Direkteur-generaal moet die eienaar van die betrokke grond, in die omstandighede beoog in artikel 34 (9) van die Wet, in kennis stel van 'n vassstelling deur die Minister van die gedeelte van die koopprys kragtens regulasie 3

(2) Enige vasstelling bedoel in subregulasie (1) word aangebring op die kennisgewingbord van die plaaslike owerheid binne wie se plaaslike owerheidsgebied die betrokke grond geleë is, of, indien daar geen sodanige plaaslike owerheid is nie, moet die eienaar van die grond die betrokke vasstelling op versoek en sonder vergoeding ter insae beskikbaar stel by sy kantoor of op enige plek deur die Direkteur-generaal aangewys binne die betrokke ontwikkelingsgebied

(3) Die Direkteur-generaal moet op versoek van enige belanghebbende persoon 'n afskrif van 'n in subregulasie (1) bedoelde vasstelling aan sodanige persoon beskikbaar stel

HOOFSTUK III

ANDER KOMPONENTE VAN KOOPPRYS

Insluiting van wins

6 Die komponente van die koopprys van 'n reg van huurpag of grond bedoel in regulasie 2 (1), uitgesonderd die gedeelte van die koopprys bedoel in regulasie 3 (1), kan wins insluit

Uiteensetting van pryskomponente

7 'n Ooreenkoms deur die Staat, 'n administrateur of 'n plaaslike owerheid gesluit vir 'n eerste vervreemding van grond of toekenning van 'n reg van huurpag bedoel in regulasie 2 (1), bevat 'n uiteensetting, wesenlik in die vorm van Aanhansel A, wat die komponente van die koopprys aandui

Unit and extent of determination

4 (1) A determination of the portion of the purchase price made in terms of regulation 3 shall be expressed as an amount in rand and cents per square metre

(2) A determination of the portion of the purchase price referred to in subregulation (1) shall apply to the whole or any part of a township or any other piece of land as the Minister in his discretion may deem fit, and the Minister may define any area in relation to which a land price determination has been made in any manner that he may deem appropriate

(3) Any determination referred to in subregulation (1) replacing a determination previously made or deemed to have been made under these regulations may be stated to apply in respect of a part only of the area to which such previous determination applied, in which case such previous determination shall cease to apply in respect of that part

(4) Upon land in respect of which the Minister has determined the portion of the purchase price in terms of regulation 3 being alienated to any person or body other than the State, an administrator or local authority, such determination shall cease to apply in respect of such land Provided that where the State, an administrator or a local authority has made the relevant land available to any person or body in terms of section 34 (9) of the Act, such determination shall, with the exception of land intended for business or industrial purposes as contemplated in regulation 8, continue to apply in respect of such land

Notice of determination

5 (1) The Director-General shall inform the owner of the relevant land, in the circumstances contemplated in section 34 (9) of the Act, of a determination by the Minister of the portion of the purchase price in terms of regulation 3

(2) Any determination referred to in subregulation (1) shall be displayed on the notice board of the local authority within whose local authority area the relevant land is situated or, if there is no such local authority, the relevant determination shall be made available for inspection on request and without charge by the owner of the land at his office or at any place designated by the Director-General within the relevant development area

(3) The Director-General shall on request by any interested person furnish a copy of any determination referred to in subregulation (1) to such person

CHAPTER III

OTHER COMPONENTS OF PURCHASE PRICE

Inclusion of profit

6 The components of the purchase price of a right of leasehold or land referred to in regulation 2 (1), other than the portion of the purchase price referred to in regulation 3 (1), may include profit

Statement of price components

7 An agreement concluded by the State, an administrator or a local authority for any first alienation of land or grant of a right of leasehold referred to in regulation 2 (1) shall contain, substantially in the form of Annexure A, a statement indicating the components of the purchase price

HOOFSTUK IV

BESIGHEIDS- EN INDUSTRIËLE PERSELE

Openbare tender

8 (1) Ondanks enige andersluidende bepalings in hierdie regulasies vervat, vind die eerste vervreemding van grond of 'n reg van huurpag soos beoog in regulasie 2 (1), wat bestem is vir besigheids- of industriële doeleindes, plaas, in die geval van grond—

(a) wat die eiendom is van of berus by 'n plaaslike owerheid, deur middel van openbare tender ooreenkomstig die finansiële regulasies van toepassing op daardie plaaslike owerheid,

(b) wat die eiendom is van of berus by die Staat, deur middel van openbare tender deur die plaaslike owerheid binne wie se plaaslike owerheidsgebied die betrokke grond geleë is, handelende kragtens die regulasies vermeld in paragraaf (a) in sy hoedanigheid van agent van die Minister, of, indien daar nie sodanige plaaslike owerheid is nie, deur 'n administrateur in dieselfde hoedanigheid, handelende kragtens enige toepaslike wet met betrekking tot die vervreemding van die betrokke grond by wyse van openbare tender;

(c) wat in die administrateur vestig, deur middel van openbare tender deur die administrateur, handelende kragtens enige toepaslike wet met betrekking tot die vervreemding van sodanige grond by wyse van openbare tender

Met dien verstande dat—

(i) die bepalings van hierdie subregulasie nie van toepassing is nie ten opsigte van grond wat die eiendom is van of berus by of vestig in enige van die instansies genoem in paragrawe (a), (b) en (c) en wat beskikbaar gestel is aan 'n ander persoon of liggaam ingevolge artikel 34 (9) van die Wet en dat daar op enige wyse oor sodanige grond beskik kan word, en

(ii) die koopprys verkry by wyse van openbare tender soos beoog in hierdie subregulasie nie beperk is tot daardie gedeelte van die koopprys beoog in regulasie 3 (1) nie

(2) 'n Administrateur of 'n plaaslike owerheid aanvaar nie sonder die Minister se voorafverkreë goedkeuring 'n tender bedoel in subregulasie (1) wat nie die hoogste tender is nie

(3) Waar die perseel wat by wyse van openbare tender soos beoog in subregulasie (1), van die hand gesit staan te word, geokkupeer word deur 'n huurder, of 'n inwoner uit hoofde van 'n permit of sertifikaat beoog in enige ander wet, kan die Staat, of die betrokke administrateur of plaaslike owerheid nie 'n tender met betrekking tot die betrokke perseel aanvaar nie, tensy—

(a) die perseel eers aan sodanige huurder of inwoner aangebied is teen die hoogste tenderprys of sodanige laer prys as wat die Minister mag goedkeur; en

(b) sodanige huurder of inwoner sodanige aanbod van die hand gewys het

HOOFSTUK V

OORGANGSBEPALINGS

Gelding van vorige vasstellings

9 'n Bedrag betaalbaar ten opsigte van 'n reg van huurpag ooreenkomstig die Huurpagregulasies, 1985, of kragtens die herroepe Wet daarin vermeld, bly voortbestaan totdat die gedeelte van die koopprys bedoel in regulasie 3 (1) vasgestel is, en word geag kragtens hierdie regulasies vasgestel te wees Met dien verstande dat geen sodanige vorige vasstelling geld met betrekking tot grond wat by die inwerkingtreding van hierdie regulasies die eiendom was van 'n ander persoon of liggaam as die Staat, 'n administrateur of 'n plaaslike owerheid nie

Kennisgewing van bestaande vasstellings

10 (1) Kennis soos bedoel in regulasie 5 moet gegee word van alle vasstellings wat voor die inwerkingtreding van hierdie regulasies gemaak is

(2) Indien enige vasstelling bedoel in subregulasie (1) 'n komponent van dié in regulasie 3 (1) bedoelde koopprys insluit, moet die kennisgewing in regulasie 5 (2) bedoel, daardie gedeelte van die vasstelling afsonderlik in rand en sent per vierkante meter vermeld

Titel

11 Hierdie Regulasies heet die Openbare Grond Prysregulasies, 1986

AANHANGSEL A

PRYSKOMPONENTE

(Regulasie 7 van die Openbare Grond Prysregulasies, 1986)

1	*Grond vierkante meter teen R per vierkante meter = R	
2	Dorpstigting (insluitende opmetingskoste, finansieringskoste, koste verbonde aan projekbeplanning, koste verbonde aan bestuur en administrasie, regskoste, dienstegelde, plaaslike owerheidsbelastings, heffings, en soortgelyke koste)	R
3	Verbeterings	R
3 1	Infrastruktuur	R
3 2	Geboue	R
4	Ander koste	
4 1	Tussentydse rente	R
4 2	Eiendomsagentekommissie	R
4 3	Administrasiekoste (indien van toepassing)	R
4 4	Oordragkoste (indien van toepassing)	R
3 5	Verband-waardasiegelde (indien van toepassing)	R
4 6	Ander (vermeld besonderhede)	
		R .
	Totaal.	R

* Voeg in daardie gedeelte van die koopprys vasgestel of geag vasgestel te wees kragtens regulasie 3

SUID-AFRIKAANSE VERVOERDIENSTE

No. R. 1854 **12 September 1986**

SPAARFONDSREGULASIES

WYSIGINGSLYS

Ingevolge die bevoegdheid aan my verleen by artikel 32 van die Wet op Diensvoorwaardes (Suid-Afrikaanse Vervoerdienste), 1983 (Wet 16 van 1983), verleen ek, Hendrik Stephanus Johan Schoeman, Minister van Vervoerwese van die Republiek van Suid-Afrika, goedkeuring daaraan dat die Spaarfondsregulasies van die Suid-Afrikaanse Vervoerdienste, gepubliseer in Goewermentskennisgewing R 412 van 21 Maart 1969, soos gewysig, verder soos volg gewysig word met ingang van 21 April 1986

REGULASIE 9

Vervang paragraaf (3) deur die volgende

(3) Indien 'n lid te sterwe kom terwyl hy nog in die Diens is of te sterwe kom nadat hy die Diens verlaat het, maar voordat die bedrag wat kragtens paragraaf (2)

CHAPTER IV

BUSINESS AND INDUSTRIAL SITES

Public tender

8 (1) Notwithstanding any provision to the contrary contained in these regulations, the first alienation of land or a right of leasehold as contemplated in regulation 2 (1) intended for business or industrial purposes shall take place, in the case of land—

(a) owned by or that vests in a local authority, by way of public tender in accordance with the financial regulations applying to that local authority,

(b) owned by or that vests in the State, by way of public tender by the local authority within whose local authority area the relevant land is situated, acting under the regulations referred to in paragraph (a) in its capacity as the agent of the Minister, or if there is no such local authority, by an administrator in the same capacity, acting under any applicable law relating to the disposal by public tender of the relevant land,

(c) vesting in an administrator, by way of public tender by the administrator, acting under any applicable law relating to the disposal by public tender of the relevant land

Provided that—

(i) the provisions of this subregulation shall not apply in respect of land so owned or vesting that has been made available to any other person or body as contemplated in section 34 (9) of the Act and such land may be disposed of in any manner, and

(ii) the purchase price obtained by way of public tender as contemplated in this subregulation shall not be limited to that portion of the purchase price contemplated in regulation 3 (1)

(2) An administrator or a local authority shall not accept a tender referred to in subregulation (1) that is not the highest tender without first having obtained the approval of the Minister

(3) Where the site to be disposed of by public tender as contemplated in subregulation (1) is occupied by any lessee or by any tenant by virtue of a permit or certificate contemplated in any other law, the State or the relevant administrator or local authority may not accept any tender in respect of the site concerned unless—

(a) the site has first been offered to such lessee or tenant at the highest tender price or such lower price as the Minister may approve, and

(b) such lessee or tenant has declined to accept such offer

CHAPTER V

TRANSITIONAL PROVISIONS

Saving of previous determinations

9 Any amount payable in respect of a right of leasehold determined in accordance with the Leasehold Regulations, 1985, or under the repealed Act referred to therein shall continue to apply until the portion of the purchase price referred to in regulation 3 (1) has been determined, and shall be deemed to have been made under these regulations Provided that no such previous determination shall apply to land that was, at the commencement of these regulations, owned by any person or body other than the State, a local authority or an administrator

Notice of existing determinations

10 (1) Notice as contemplated in regulation 5 shall be given of all determinations made prior to the commencement of these regulations

(2) If any determination referred to in subregulation (1) includes a component of the purchase price contemplated in regulation 3 (1), the notice referred to in regulation 5 (2) shall state separately, in rand and cents per square metre, that portion of the determination

Title

11 These regulations may be cited for all purposes as the Public Land Price Regulations, 1986

ANNEXURE A

PRICE COMPONENTS

(Regulation 7 of the Public Land Price Regulations, 1986)

1	*Land square metres at R /square metre =R	
2	Township establishment (including survey costs, finance charges, project planning costs, costs of management and administration, legal costs, service charges, local authority rates, levies, and like costs)	R
3	Improvements	R
3 1	Infrastructure	R
3 2	Buildings	R
4	Other costs	R
4 1	Occupational interest	R
4 2	Estate agent's commission	R
4 3	Administration costs (if applicable)	R
4 4	Transfer costs (if applicable)	R
4 5	Bond evaluation fees (if applicable)	R
4 6	Other (state particulars)	R
	Total	R

* Insert that portion of the disposal price determined or deemed to have been determined by the Minister in terms of regulation 3

SOUTH AFRICAN TRANSPORT SERVICES

No. R. 1854 **12 September 1986**

SAVINGS FUND REGULATIONS

SCHEDULE OF AMENDMENT

Under the powers vested in me by section 32 of the Conditions of Employment (South African Transport Services) Act, 1983 (Act 16 of 1983), I, Hendrik Stephanus Johan Schoeman, Minister of Transport Affairs of the Republic of South Africa, do hereby approve of the South African Transport Services Savings Fund Regulations, published in Government Notice R 412 of 21 March 1969, as amended, being further amended as follows with effect from 21 April 1986

REGULATION 9

Substitute the following for paragraph (3)

(3) If a member dies while he is still in the Service or dies after he has left the Service but before the amount due to him in terms of paragraph (2) could be paid to him,

aan hom verskuldig is, aan hom betaal kon word, word sodanige verskuldigde bedrag, onderworpe aan die bepalings van regulasies 7 en 8, aan sy afhanklikes betaal en, indien daar geen afhanklikes is nie, in die oorledene se boedel gestort.

such amount due to him shall, subject to the provisions of regulations 7 and 8, be paid to his dependants or, if there are no dependants, into his estate.

No. R. 1855 **12 September 1986**

TRANSMED-REGULASIES

WYSIGINGSLYS

Ingevolge die bevoegdheid aan my verleen by artikel 32 van die Wet op Diensvoorwaardes (Suid-Afrikaanse Vervoerdienste), 1983 (Wet 16 van 1983), verleen ek, Hendrik Stephanus Johan Schoeman, Minister van Vervoerwese van die Republiek van Suid-Afrika, goedkeuring daaraan dat die Transmed-regulasies gepubliseer in Goewermentskennisgewing R. 34 van 7 Januarie 1983, soos gewysig, verder soos volg gewysig word vanaf 1 Mei 1986:

REGULASIE 15

Hernommer subparagraaf (4) (b) om te lees (4) (c) en voeg die volgende nuwe subparagraaf (4) (b) in:

(b) 'n Kind gebore uit 'n oorlede lid se huwelik wat deur egskeiding ontbind is, word as 'n weeskind beskou en word 'n lid, mits die oorlede lid minstens 10 jaar ononderbroke diens voltooi het.

No. R. 1855 **12 September 1986**

TRANSMED REGULATIONS

SCHEDULE OF AMENDMENT

Under the powers vested in me by section 32 of the Conditions of Employment (South African Transport Services) Act, 1983 (Act 16 of 1983), I, Hendrik Stephanus Johan Schoeman, Minister of Transport Affairs of the Republic of South Africa, do hereby approve of the Transmed Regulations published in Government Notice R. 34 of 7 January 1983, as amended, being further amended as follows from 1 May 1986.

REGULATION 15

Renumber subparagraph (4) (b) to read (4) (c) and insert the following new subparagraph (4) (b):

(b) A child born out of a deceased member's marriage, dissolved by divorce, shall be regarded as an orphan and shall become a member, provided the deceased member had completed at least 10 years' continuous service.

Cabinet 'to decide on bread price'

STAR 15/9/78 244/53

Pretoria Bureau

The price of bread may rise soon.

Reacting to speculation of an imminent price rise, a spokesman for the Wheat Board said it was "too early" to say whether the price would rise.

He said the decision on price increases would be made by the Cabinet, which would probably announce its decision next week.

Bread price increases depend on an increase in the price of wheat.

"Keep in mind rising costs which farmers are experiencing at the moment when speculating on an increase in bread prices," the spokesman said.

The maximum controlled price for standard 850 g loaves of subsidised bread is 50 c for brown and 70 c for white The brown bread subsidy is at present about 11,2 c per loaf.

South Africans eat 462 million loaves of standard white bread each year and 1 388 million loaves of subsidised brown bread.

B Bay electricity deposits shoot up

Dispatch Reporter

BEACON BAY — Electricity consumer deposits here have gone up by about 28,5 per cent

Domestic deposits have risen from R140 to R180

The town treasurer, Mr A Dijkers, told the town council that since the takeover of the electricity service from Escom on January 1, there had been no increase in the consumer deposits

"In view of the steady increase in tariffs since January 1, 1985, approximately 30 per cent, I have had no alternative but to increase the consumer deposits," he told the council

Mr Dijkers said the "extended period consumers enjoy to settle their accounts, which the council decided on, makes it imperative that deposits be maintained at a level equal to the average of two months supply to minimise bad debts and delinquency"

For all other consumer categories, the deposit was determined by the distribution superintendent, in consultation with Mr Dijkers

The move was opposed by only one councillor, Mr C Meyers

He could not be contacted for comment yesterday.

244 17/9/86 DD

10% rise in price of wheat looks on the way

BUDGET 244 17/9/86

GERALD REILLY

THE Cabinet is expected to approve a wheat price rise of about 10% at its meeting in Pretoria next Wednesday.

Informed sources believe the delay in announcing the new price and its impact on the bread price has been caused by the "political factor".

A higher price of bread, sources said, could aggravate the unrest situation in the townships.

The bread subsidy for the current financial year is about R190m — R150m from government, R15m from the Wheat Board, and R5m each from the baking and milling industries, plus a R16m carry-over from last year's subsidy.

However, if the wheat price is raised, and bakers' and millers' margins are increased, this would be insufficient to hold bread prices at current levels until the end of the financial year.

Old Mutual has lost two young actuaries through emigration in the past year "Their losses are felt keenly because they had just been growing into key people," says Hartwig "Their departure has left a void between our more experienced actuaries and the younger, nearly qualified cohort"

Liberty Life lost one key actuary Monty Hilkowitz, its MD, who went to Australia, where it is understood he will be forming a new life company

Sage's Solomon . . . actuary shortage worrying

Ian Solomon, MD of Sage Life, says the industry needs all the actuaries it can get "The shortage — through a brain drain — is desperately worrying," he says "The industry is getting bigger and bigger, yet expertise is getting less and less"

Peter Garthwaite, GM of Norwich Union, says this unhappy state of affairs is bound to be exacerbated by consequent poaching "A likely influence is to promote rationalisation in the industry by an increasing tempo of mergers and takeovers But these developments, in the initial stages at least, increase demand for actuarial skills If these are not available, there may be an opposing influence or pressure towards preserving the existing market profile."

Alternatively, this might distort what could be regarded as a normal pattern of amalgamation "What I have in mind is that the possibilities are there for the very big to absorb modest-sized life offices, rather than for two medium-sized assurers to amalgamate. In the latter event, scarcity of actuarial talent is likely to have more bite"

This is, however, just the tip of the iceberg, it seems, as far as loss of expertise is concerned According to the Life Offices' Association, there have, for example, been moves to recruit top agents to go and sell in Australia, the UK, and the US Another loss is in computer programmers ■

FIN MAIL 19/9/86 244

PRODUCTION PRICE

Local lift

As expected, the year-on-year increase in the production price index (PPI) went up, in July it was up to 19,7% This compares with 19,03% in June and to 17,3% for July 1985

The increase for July of the locally produced items was 19,3%, up from 18,6% in June, and for imported commodities it was 20,9%, slightly up from 20,4% the previous month.

The all-commodities index jumped 1,4% in July month-on-month to 216,3 The previous month it increased just 0,38% to 213,3 The index for the locally produced items jumped 1,6%, as against the imported items which were up only 0,9%

It may be too early to tell, but this could suggest local factors, rather than the rand, will dominate inflationary pressures over the next few months.

Of the biggest monthly increases only transport equipment (up 3,1%) and scientific equipment (up 4,9%) contain any appreciable import component, says a source at Central Statistical Services Other increases included other agricultural produce (10,1%), footwear (6%), wood products (5,2%), beverages (3,7%) and fresh meat (3%) — all locally induced increases

The only significant decrease was mining and quarrying (down 6,4%) month-on-month, but again largely through reduced imported costs

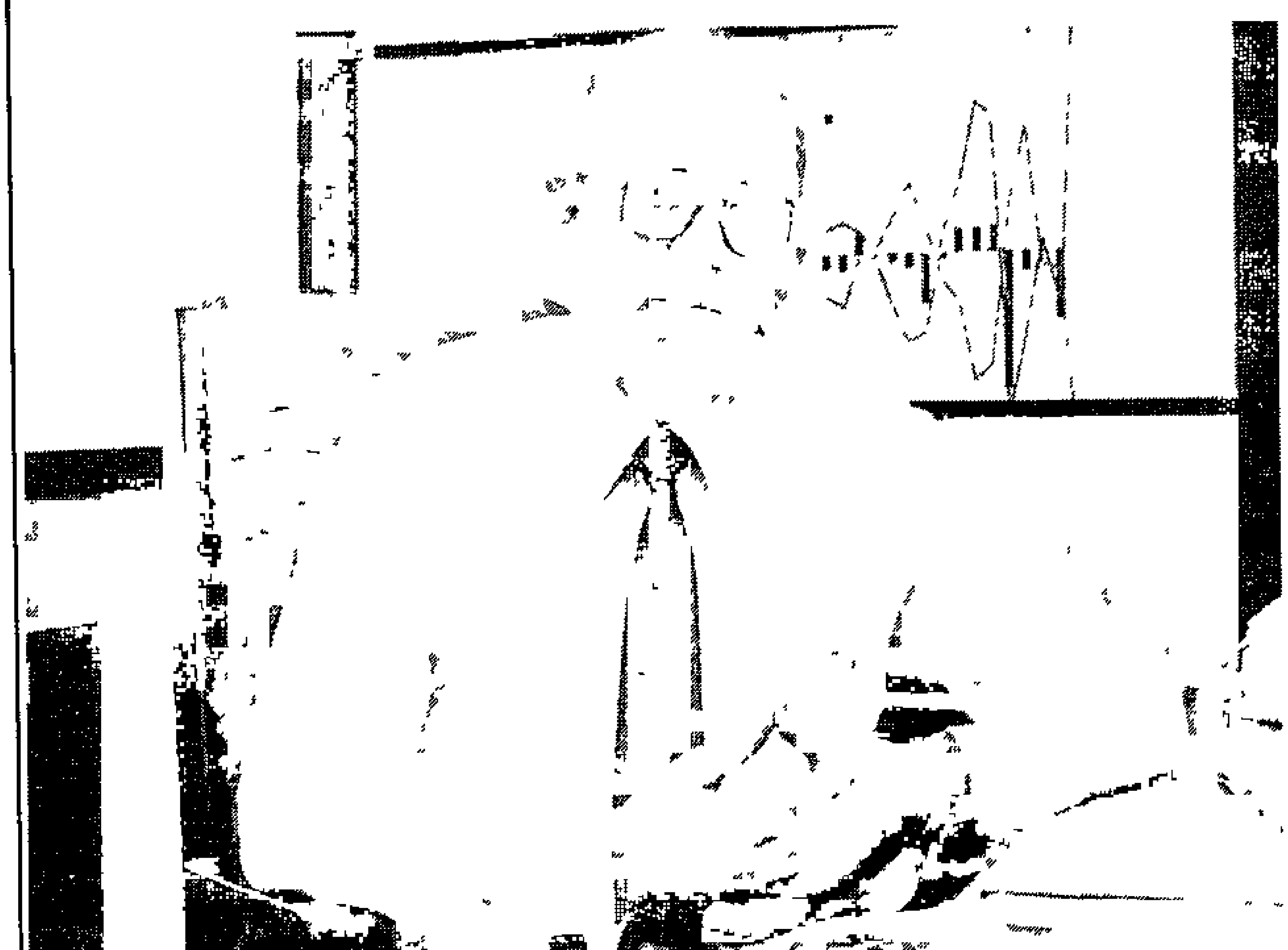
Adam Jacobs, economist at Volkskas, points out that the majority of items in the PPI are reviewed quarterly and this could have distorted the picture on a monthly basis Nevertheless, he says, the situation is very worrying, especially since this is in spite of. "The recession, weak demand and the absence of any major wage increases.

"We believe, whereas local industry absorbed quite a lot of the cost increases in the past, this may no longer be the case Industry can simply no longer afford to hold back price increases."

Besides, he says, a lot of competitors have been lost to the market, and those left have more scope to push through cost increases.

The performance of the PPI "means it will be a very hard struggle to get the consumer price index (CPI) down And we know, the services component of the CPI is also going to rise sharply following increases in municipal tariffs."

Jacobs says it will be difficult, therefore, to get the CPI down to below 17% this year "But I've always maintained that we must try to get inflation down, not in one go, but, say, over a five-year period by two to three percentage points a year" This would be achieved, for example, by setting productivity targets and by maintaining sound monetary and fiscal policies



Volkskas' Jacobs . . . local industry passing on costs

"The growth in the money supply, for instance, is now on a sound footing, but government expenditure is still fairly wild"

This, in particular, needs urgent attention ■

INVESTMENT STRATEGY

A case for societies?

Potential investors have a difficult decision to make this week The Allied Building Society's announcement at the weekend, that members of the public have until Saturday to acquire what amounts to a stake in its future holding company, has placed them in a quandary

To qualify for preferential shares, an investor will have to tie up funds for at least 18 months in any of several categories of existing shares — at interest rates of between 9%

BUILDING SOCIETIES

High wire act

Interest rate strategy will be a key feature in building societies' tactics as they come to grips with their new legislation Margins will have to be more judiciously juggled in an increasingly competitive arena

The new opportunities will mean a break with traditional investment patterns, and will in turn require innovative fundraising strategies They will certainly require stricter balance between fund raising and placement

The latest move by the Allied Building Society, South Africa's third largest building society, is a case in point

The society, which is to become a public company and will apply for listing on the JSE within the year, is still giving the general public a chance to invest in existing share accounts in order to acquire preferential rights to shares in the new equity-based holding company

Eligible accounts comprise fixed period, ordinary indefinite period paid-up, or subscription shares Further details have yet to be decided

Says Ian Fraser, Allied GM. "The reason Allied has set a future cut-off date is to give other categories of existing Allied investors an opportunity to benefit For this, the Act requires them to have share capital "

The move should also ensure a flow of cash into Allied's coffers from outside investors hungry to take advantage of the extended cut-off point

Ironically, Allied's problem will be what to do with the funds — which have to be placed for a minimum of 18 months — before the listing. "The only profitable investment is mortgage loans," says Fraser And these, though their rates may be adjusted monthly, are basically long-term propositions.

Though borrowing short and lending long is a way of life for building societies, this week's offer adds a new dimension to the situation It is bound to attract funds from people who are not normally building society investors, which could mean an unusually large number of withdrawals in 18 months' time

Large injection

As a listing — and the large injection of capital this will attract — is expected within a year, it would seem that Allied has no problem But nothing is that simple

Firstly, it is not known how many shareholders will simply convert their holding, and how many will actually put in fresh capital by using their qualifying holdings to purchase equity shares Secondly, there is no doubt that whatever money comes in will be needed for diversification The new Allied Bank (formerly the French Merchant Bank) is the obvious area of expansion.

Allied's Fraser ... no potential bonanza

So Allied has had to make other plans

Says Fraser "If we need funds we will attract them by managing our liabilities better " In effect, this means paying a higher interest rate than competitors

Ultimately, the other societies which convert to equity status and apply for a listing will face the same challenge — the expectations surrounding listings will have channelled unusually volatile funds their way too

The Natal Building Society, for instance, which has set a cut-off date of the end of May 1986, has given few details of its offer to shareholders "But it looks unlikely our allocation will exceed 15%," says financial director John Gafney "We are looking at an issue of about R100m and shares will be R2 par."

The UBS has allocated about 210m R2 shares and its approximately 150 000 qualifying shareholders may convert 20% of their holdings

So, when the public's incentive to maintain investments has passed, both organisations may have to face a spate of withdrawals

When it comes to cash, the UBS has an enormous advantage over its competitors in the massive R333,5m it holds in general reserves and retained income This will provide cost-free funds to meet any unexpected demands

"Moreover," says GM Bob Chester, "while it's not possible to predict how many people will take up their shares and how many will pay cash, we could find ourselves in an even healthier cash-flow situation "

So, in all likelihood, Allied's allocation will not be as generous as that of the UBS

Says Fraser "We are not offering a potential bonanza We will recommend to our shareholders that the building society be converted to a company and they will have the opportunity to participate."

Further details are expected within a few weeks when the extent of the shareholdings is known At the end of last week Allied had R1 500m worth of investments eligible for conversion but, presumably, this figure will be far larger when the deadline expires

Whatever the inflow, Allied's priority will have to be its slender reserves, which must be boosted before money is directed elsewhere At year-end March, the ratio of reserves to aggregate liabilities was only 2,9% — 1,1% short of the minimum required by the legislation, and considerably less than the ratios of rivals UBS and NBS, both of which were over 4% ■

LIFE ASSURANCE

Lean on skills

Over the past 12 months, some 25 actuaries have left SA This loss of expertise, to a life industry already estimated to be short of some 100 qualified actuaries, is serious indeed The loss represents 10% of those employed in the life assurance and pension industries

Even so, the figure does not include foreign actuaries working in SA who have returned home

Theo Hartwig, chief actuary of Old Mutual, says many who have left are younger actuaries "With so many experienced actuaries being appointed to senior management positions, the part younger actuaries play in product innovation, pension fund valuations and other technical actuarial work is vital "

Former Liberty's Hilkowitz ... part of the departure

NM 19/9/86 (244)

Liquor price war to lure customers

Mercury Reporter

DURBAN'S liquor price war is hotting up as leading bottle stores slash prices in a drive to lure customers

Many of the stores are selling their beer, wine and spirits below cest in the latest round of the war

Almost all of Durban's leading liquor stores have entered the fray with discounts, special prizes and promotions

Montana Hypercellar in Argyle Road has Castle and Ohlsons cans at R5,98 a dozen, Bells Whisky at R10,99 for 750 ml, Culemborg 750 ml at R1,95, Bellingham Johannisberger at R2,99, Old Chalet Brandy at R6,99 and Clipper Cane at R6,65

Assistant manager Caroline Muir said the store also had a brunch on the last Saturday of the month where food was given to customers There were also special spot prizes for customers in the store every Saturday

Consistently

The marketing manager of Liberty Liquors, Mr Ken Heynecke, said his store had Russian Bear Vodka at R5,38, Connoisseur Brandy at R6,28, Special Old Reserve Brandy at R5,98, Castle Lager cans at R5,68 a dozen, Kellerprinz and Culemborg 2 ℓ jars at R3,98 and White Horse, Haig and Johnny Walker whisky at R10,98 They are also selling Old Brown Sherry at R2,48

The Hypermarket by the Sea's assistant wine manager, Mr Sydney Buthelezi, said his store's wine prices were consistently the lowest in town

Some of the store's specials include Delheim Pinotage Rosè (1986) at R2,98, Groot Constantia Rood at R2,78 Oude Libertas Cabernet Sauvignon (1980) at R4,48, Delheim Special Late Harvest at R3,58, Paul Bonnay sparkling wine at R2,99 and Ravenswood 5 ℓ boxes at R6,68

A spokesman for Rebel said they were not prepared to divulge prices, 'but Rebel's position is that we will continue to be as competitive as we have always been'

'The real value for money for our customers is particularly in our house brands. Because of our buying power we can give the customers best-quality liquor, especially whisky, at the best prices,' the spokesman said

Other stores included in the war are the One-Up discount liquor stores (Castle dumpies at R6,28 a dozen), Solly Kramers (R8,98 a dozen for beer quarts), Pirate Liquor (Prince Charlie Whisky at R7,28), Admiral Liquor Store (Scottish Leader imported Scotch whisky at R6,99) and Liquor Game (Booth's gin at R6,98)

SA salary-earners are 'church mice'

244

SALARY earners in SA were "church mice" compared with European and US salary-earners, a Directors and Boards financial journal report said.

A comparative study found South Africans took home only about half of what their American counterparts did and even less compared with the best paid, the Swiss.

The lower down the scale, the better off South Africans seemed, comparatively speaking: foremen, supervisors and sales reps earned 64% and took home 56% compared with their US colleagues, while senior executives, directors and general managers earned 64% and took home less than 50%.

The Swiss averaged 115% of US salaries, with take-home pay as high as 114%.

South African salaries were 70% of US salaries for junior/middle management and professional staff, who took home 56%, and 70% for senior/middle management, who took home only 50%.

The report said in recent years SA salary earners had been in a much more competitive position compared with the US.

It also said there "was no doubt" the SA economy had "suffered badly" due to movements of the US dollar and other currencies in relation to the rand.

SA salary positions had reversed compared to Europe. Economic depression in SA "had severely slowed job progression".

The report said: "Traditionally, SA has drawn her skills from Europe via immigration, using high salaries, job progression and sunshine as the lures.

"However, the high rate of inflation, the impact of the punitive exchange rates and the heavy personal tax burden have severely damaged our competitive situation."

It said South Africans were not fully aware of the position and were still maintaining a high level of living which was given a false front, from the view that "it is better to spend today than save for tomorrow because of high inflation". — Sapa.

Bread may cost up to 10 c more from today

244

Mercury Reporter

AN INCREASE in the price of bread is expected today, according to informed sources

Reacting to speculation of an increase of between 5 c and 10 c a loaf, a Wheat Board spokesman said it had recommended a rise in the wheat price, and there was a 'good chance' of it being accepted

Sources said it would be surprising if the bread price did not go up as well

The Davin Commission, which examined the price structure of flour and bread last year, recommended the lifting of price control and the phasing out of direct subsidies on bread from October 1.

The Government has cut the subsidy on bread for 1986/87 by R70 million but has said it is giving 'careful attention' to all possible measures which could keep the price of bread as low as possible

Bread price shock for consumer, feeding scheme organisations

SNL 25/9/86

By Colleen Ryan,

244

The Government today announced an increase of 6c in the price of of white and brown bread from October 1 — a move which has shocked consumer and feeding scheme organisations.

The president of the Housewives' League, Mrs Lyn Morris, said the 12 percent increase in the price of brown bread was excessive. White bread will increase by 8,5 percent.

She said the big jump in the price of brown bread would cause great hardship for the poor.

Mrs Ina Perlman, executive director of Operation Hunger, said the price increase was "horrifying" and would increase the need for assistance to the hungry in the urban areas.

White and brown bread will cost 76c and 56c a loaf respectively from next month, said a statement released by the director general of the Department of Agricultural Economics and Marketing, Dr D W Immelman.

The announcement of a higher bread price coincides with a statement from the Wheat Board of a 10,8 percent increase in the producer price of wheat.

In his statement, Dr Immelman said: "The Government has decided on this price increase in view of the increase in the price of wheat . . . and also rises in the costs of the milling and baking industry."

He said the last bread price increase was a year ago.

"An increase in the price of bread, which would have become effective on April 1 was deferred by means of special measures taken by the Government as well as the financial contribution made by the Wheat Board and the milling and baking industries".

Bread price rise shock

Eve Post 28/9/86

(244)

JOHANNESBURG — The Government today announced increases of 6c a loaf in the price of white and brown bread from October 1 — a move that has shocked consumer and feeding scheme organisations.

The price of of white bread will rise from 70c to 76c a loaf and that of brown bread from 50c to 56c.

Some supermarkets in Port Elizabeth will subsidise the increase in the price of white and brown bread from next month.

The regional manager of Pick 'n Pay hypermarkets in the Eastern Cape, Mr Terry Carroll, said the price increase would definitely be subsidised.

"We will make a decision later today on exactly what level," he said.

Checkers' regional manager for the Eastern Cape, Mr John De Klerk, said that bread would be sold at the old price until further notice.

The secretary of the School Feeding Fund in Port Elizabeth, Mrs Valerie Hunt, said the price rise was a knock for the poor

"It is going to cost us R1 000 extra per month to carry on our work," she said.

"Bakeries are not allowed to give any discount on bread so we will be getting our bread at the set selling price"

The Housewife's League in Port Elizabeth slammed the increased prices.

"We are extremely disappointed that the Government has seen fit to push up the price when there is a glut of wheat on the world market," said a spokesman for the league, Mrs Berna Maarten.

The Consumer Council director, Mr Jan Cronje, said "It is the consumer who buys bread as a staple food who will bear the extra expense."

"Subsidising is not the indicated method to help the needy, since it does not benefit only the needy, but also the affluent consumer who does not need it.

"The subsidy of R193 million the Government, the Wheat Board and the baking and milling industry has voted to keep the bread price as low as possible, is nevertheless appreciated"

A spokesman for Operation Hunger said the price increase was a big blow and would increase the need for assistance to the hungry.

A statement released today by the Director-General of the Department of Agricultural Economics and Marketing, Dr D W Immelman, said "The Government has decided on this price increase in view of the increase in the price of wheat.

"There have also been rises in the costs of the milling and baking industry."

He said the last bread price increase was a year ago

"It remains the constant aim of the Government and the wheat industry, in the interests of the consumer as well as the wheat producer, to keep the price of bread as low as possible," he said

"All possible measures have been taken to limit the increase in the bread price to the minimum."

He said this year's bread subsidy of R193 million was insufficient to stave off a price increase. Last year's total subsidy, financed mainly by the Government and the Wheat Board, was R210 million.

Fuel, vehicle licence fees set to rise

25/9/86 BUSDAY

DAVID FURLONGER

MOTORISTS face increased vehicle licence fees and petrol prices to pay for recommendations in a Transport White Paper being studied by government.

Transport director-general Adriaan Eksteen told an "Outlook for Trucks" conference in Johannesburg yesterday the recommendations would cost motorists R253m a year.

And he said it was now accepted existing transport policies ran contrary to national economic policy.

The cumbersome road freight permit policy cost the country more than R60m a year, while distorted tariff systems resulted in expensive and uneconomic transport.

The major recommendations were

- An end to internal cross-subsidisation between SA Transport Services (Sats) activities, whereby uneconomic services are subsidised by money-making ones,
- Sats should be compensated openly for the financial burden of uneconomic services, by way of direct subsidisation;
- Uneconomic services should be paid for by whoever needed them — in the case of urban transport, by Regional Service Councils;
- Fares and freight rates should become market-related,
- Provincial traffic ordinances be rationalised into a single National Road Traffic Act

Eksteen said the direct cost of those changes must be borne by road-users

He said· "The Department of Transport has calculated that an additional R253m must be recovered annually from road-users This can be achieved by increasing the licence fee for all vehicle classes as well as the levy on diesel fuel now going towards the National Road Fund"

244

PRICE MOVES AT A GLANCE

Price hikes on way?

Dispatch Correspondents

DURBAN — Hard-pressed consumers could be hit with a new increase in the price of bread and coffee, and motorists face a hike in vehicle licence fees and diesel prices.

It was reported yesterday an increase in the price of bread was expected to be made by the Department of Agriculture this morning.

A Wheat Board spokesman said a recommendation to the government for an increase in the wheat price had a "good chance" of being accepted. If this happened, industry sources said, it would be surprising if the bread price did not rise by between 5c and 10c a loaf.

Licence fees and diesel prices are expected to be upped to pay for recommendations in a Transport White Paper being studied by the government.

According to the director-general of transport, Mr Adriaan Eksteen, the recommendations will cost motorists R253 million a year.

At a conference in London, it was forecast that the coffee price would soon reach R20 a kg on local markets because of the failure of the Brazilian crop.

The chairman of Becketts, Mr Jan Robbertze, said: "There is no immediate prospect of sufficient supplies coming onto the market to have any meaningful downward effect on prices."

Bread price to rise 6c as grain costs leap

ARGUS 25/9/1986

The Argus Correspondent

JOHANNESBURG. — The Government today announced a 6c increase in the price of white and brown bread from October 1 — a move which has shocked consumer and feeding scheme organisations.

The president of the Housewives League, Mrs Lyn Morris, said the 12 percent increase in the price of brown bread was excessive White bread will increase by 8,5 percent.

She said the big jump in the price of brown bread would cause great hardship for the poor

A spokesman for Operation Hunger said the price increase was a big blow and would increase the need to help the hungry

White and brown bread will cost 76c and 56c a loaf respectively from next month, said a statement released by the director-general of the Department of Agricultural Economics and Marketing, Dr D W Immelman

The announcement of a higher bread price coincides with a Wheat Board announcement of a 10,8 percent increase in the producer price of wheat

In his statement, Dr Immelman said "The Government has decided on this (bread) price increase in view of the increase in the price of wheat and also rises in the costs of the milling and baking industry"

Special measures

He said the last bread price increase was a year ago

"An increase in the price of bread, which would have become effective on April 1, was deferred by means of special measures taken by the Government as well as the financial contribution made by the Wheat Board and the milling and baking industries

"All possible measures have been taken to limit the increase in the bread price"

He said this year's bread subsidy of R193-million was insufficient to prevent a bread price increase Last year's subsidy, financed mainly by the Government and the Wheat Board, was R210-million

Industry sources say the Government had to increase the price of brown bread substantially as more consumers were switching to brown because it was cheaper.

● The Tygerberg Bureau reports from Stellenbosch that the producer price of class A1 wheat for the 1986-87 season is to be increased by 10,8 percent from R325 a ton to R360 a ton

This was announced by the chairman of the Wheat Board, Mr C D Cillie, today

Mr Cillie said the increase would be insufficient to compensate producers' rising costs

To help producers and boost their confidence in wheat cultivation, an extra R15 a ton would be paid to producers from the wheat reserve fund

Mr Cillie said domestic consumption of wheat had increased faster than production in the past few years

Other cereals

The Minister had also approved the Wheat Board's recommendation for increased producer prices of barley, oats and rye.

The basic producer price of M1 barley, called malting barley, would increase by 11,5 percent to R300 a ton and the price of grade 1 oats would rise by 8,1 percent to R200 a ton The price of grade 1 rye would be increased by 15,1 percent to R285 a ton

● The Argus Political Staff reports that Opposition finance spokesman Mr Brian Goodall, Progressive Federal Party MP for Edenvale, has expressed dismay at the increase in bread prices

He said unemployed people would be hard hit as bread was a staple food and the increase was a sign the Government had given up the fight against inflation

Mr Goodall said an increase in the price of a basic food should be delayed until economic conditions improved

76 cents for white loaf and 56 cents for brown loaf

'BREAD PRICE HARD ON WORKERS'

THE PRICE of bread will be increased by 6 cents per loaf as from next Wednesday, October 1, the Director General of Agricultural Economics and Marketing, Dr Dirk Immelman, announced in Pretoria yesterday.

Speaking at a Press conference yesterday morning, Dr Immelman said white and brown bread will now cost 76 and 56 cents per loaf respectively

This represents an increase of 8,5 percent in the price of white bread and 12 percent in the price of brown bread, he added

Dr Immelamn said "In spite of the total subsidy contribution of R193 m for the present financial year it is not possible in the circumstances to stave off a price increase any further"

The director of the consumer council, Mr Jan Cronje yesterday reacted to the increase and said it will "add to the already expensive total of the consumer's shopping basket" The consumers, he added, have been indirectly paying the subsidy since tax money was used to fund the bread price

Needy

Mr Cronje said "Subsidising is not the indicated method to help the needy since it does not benefit only the needy but also the affluent consumer who does not need it. There are several welfare services and assistance projects to which those who are genuinely in need can turn

"Phasing out subsidies will take some of the pressure off the state coffers and hopefully result in lower taxes for consumers"

A spokesman for the Azanian people's Organisation said the increase in the price of bread will only worsen the already existing plight in the black community

Suffering

Mr Frank Meintjies, of the Congress of South African Trade Unions (Cosatu), said the rise in the bread price was sure to bring more suffering to the poor, "who we all know are workers"

REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA

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GOEWERMENTSKENNISGEWINGS

DEPARTEMENT VAN LANDBOU-EKONOMIE EN -BEMARKING

No. R. 2077 **26 September 1986**

BEMARKINGSWET, 1968 (WET 59 VAN 1968)

WINTERGRAANSKEMA.—BROODPRYSE—WYSIGING

Ek, Jacob Johannes Greyling Wentzel, Minister van Landbou-ekonomie, maak hierby ingevolge artikel 79 (b) van die Bemarkingswet, 1968 (Wet 59 van 1968), bekend dat—

(a) ek kragtens artikel 60 (2A) van genoemde Wet, in die plek van die Koringraad bedoel in artikel 6 van die Wintergraanskema, gepubliseer by Proklamasie R. 162 van 1974, soos gewysig, kragtens artikel 37 van genoemde Skema die Bylae by Goewermentskennisgewing R. 2182 van 28 September 1984, soos gewysig, verder gewysig het in die mate in die Bylae uiteengesit; en

(b) genoemde wysiging op 1 Oktober 1986 in werking tree.

J. J. G. WENTZEL,

Minister van Landbou-ekonomie.

BYLAE

Tabel 1 van die Bylae by Goewermentskennisgewing R. 2182 van 28 September 1984, soos verbeter by Goewermentskennisgewing R. 2649 van 30 November 1984 en gewysig by Goewermentskennisgewings R. 2671 van 14 Desember 1984, R. 1224 van 30 Mei 1985, R. 1427 van 28 Junie 1985, R. 2277 van 7 Oktober 1985 en R. 665 van 11 April 1986, word hierby deur die volgende tabel vervang.

GOVERNMENT NOTICES

DEPARTMENT OF AGRICULTURAL ECONOMICS AND MARKETING

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No. R. 2077 **26 September 1986**

MARKETING ACT, 1968 (ACT 59 OF 1968)

WINTER CEREAL SCHEME.—BREAD PRICES—AMENDMENT

I, Jacob Johannes Greyling Wentzel, Minister of Agricultural Economics, hereby make known in terms of section 79 (b) of the Marketing Act, 1968 (Act 59 of 1968), that—

(a) I have under section 60 (2A) of the said Act in the stead of the Wheat Board referred to in section 6 of the Winter Cereal Scheme published by Proclamation R. 162 of 1974, as amended, under section 37 of the said Scheme further amended the Schedule to Government Notice R. 2182 of 28 September 1984, as amended, to the extent set out in the Schedule; and

(b) the said amendment shall come into operation on 1 October 1986.

J. J. G. WENTZEL,

Minister of Agricultural Economics.

SCHEDULE

The following table is hereby substituted for Table 1 of the Schedule to Government Notice R. 2182 of 28 September 1984, as corrected by Government Notice R 2649 of 30 November 1984 and amended by Government Notices R. 2671 of 14 December 1984, R. 1224 of 30 May 1985, R. 1427 of 28 June 1985, R. 2277 of 7 October 1985 and R. 665 of 11 April 1986.

FM 26/9/86 (183) (244)

INFLATION

Drought dirge

For the second consecutive month, sharp rises in the prices of food items have boosted the CPI. At 18,7% the August year-on-year rate is the third highest since 1920 It was 20,7% in January and 18,9% in March

But prices for the lower income group have the "distinction" of setting an all-time record. The year-on-year 19,1% is the "highest rise observed to date," according to Central Statistical Services. The 2% rise in the food index from July to August follows its previous 2,8% monthly increase Food prices have now risen 22% over the year ending August, the highest since January 1981 This is despite, for example, the so-called price freeze on "own brand" items marketed by the supermarket chains

And both Checkers MD Clive Weil and Pick 'n Pay chairman Raymond Ackerman say margins reflect the tough competition Weil cites higher packaging, electricity and wage costs as contributing to the rise.

Ackerman says he is "fighting suppliers tooth and nail." He adds that the drought has understandably affected certain fixed producer prices.

The weak rand working through higher agricultural inputs has also played an important part.

SA Agricultural Union economist Koos du Toit says the rise in food prices is not the fault of producers. "The increase in producer prices has been slower than the food index Some producer prices have actually declined "

Pointing out that the April year-on-year food basket at the retail level rose 19,7% while prices at the farm level rose 8% (only producer meat prices rose more than at the retail level), he says companies, including supermarkets, are under pressure to maintain turnover with declining volumes and therefore charge more.

But the meat exception, comprising 36,5% of the food index, seems to be a major factor in the overall food price rises, mainly because of the drought In July it accounted for 43% of the total food price rise In August, both vegetables and meat accounted for 33% each.

Monthly rises include fresh meat which went up 2,2%, bringing the rise over the year to 27,8%; fish (up 5,6%), and vegetables (up 6,4%) Another 40% of the monthly 1,5% increase came from household fuel and power and vehicles.

Over the year coffee and tea increased 34,1%, cleaning materials 36,3%, vehicles 35,2%, education 24,5% and recreation and entertainment 30,9%.

Even so, economists are not rushing to change estimates of the year-on-year CPI for 1986, which vary from 16,5% to 18%.

From what passes Weil's desk, "there is no easing in the trend." He notes that already this month there has been a 30% rise in

Checkers Weil ... no easing in the trend

coffee, while household cleaning materials have risen 20%

Ackerman is more optimistic "despite the negative inflationary impact that sanctions will bring about."

Du Toit fears rain will not help reduce the rate of price increases "Farmers will now hold back supply to replenish their badly depleted herds " And Volkskas economist At Engelbrecht says companies presently absorbing costs will push them through to consumers when demand picks up

Ackerman does not foresee retailers taking a similar opportunity of any economic upturn to replenish tight margins "The market is still too competitive," he says ■

26/9/86 · BUSDAY 244

Latest bread price rise greeted with dismay

GERALD REILLY
and Sapa

THE 6c/loaf increase in white bread and brown bread from October 1 has shocked consumer organisations and black trade unions.

They warn of intensified hardship in the townships and an escalation of poverty and hunger

The producer wheat price is rise by 10,8%, from R325/ton to R360.

However, producers are to be given an additional R15/ton from the Wheat Reserve Fund

Announcing the price hike in Pretoria yesterday, Agriculture Department director-general D W Immelman said white bread (76c/loaf) would rise by 8,5% and brown bread (56c/loaf) by 12%.

Brown bread is subsidised by 11,5c/loaf and white by 1,8c. Immelman said the total subsidy for the current financial year would amount to R193m — R150m from government, R12m from profits on imported wheat, and R31m from the Wheat Board and the baking and milling industries.

Despite the subsidy, government had found it impossible to stave off a price rise, he said.

National Union of Garment Workers general secretary Lucy Mvubelo said the higher price would come as a shock to thousands of struggling black families.

Consumer Council director Jan Cronje, while welcoming the R193m subsidy, said the increase in the producers' price of wheat and the bread price would add to already expensive shopping baskets.

Checkers MD Clive Weil described the increase as "moderate", although a slightly greater increase could have been applied to white bread in order to keep down the price of brown bread

Wheat Board chairman C I Cillie also announced price hikes in barley, by 11,5% to R300/ton and rye, by 15,1% to R285/ton

Milk rise is the third in a year

By BARBARA ORPEN

THE increase of 4c a litre in the price of milk in Port Elizabeth from October 1 is the third in the past year and the second in four months.

While the Housewives' League in the city has warned that consumers cannot afford further increases, Mr Stephen du Plessis, marketing manager of United Dairies, said today people should resign themselves to an annual increase of at least 10%.

United Dairies said yesterday home deliveries would rise to 82c a litre next Wednesday

Supermarkets and cafes will sell cartons for 98c a litre (up by 4c) and plastic containers for 84c or 85c.

Commenting on the price increase, Mr Du Plessis said United Dairies had opted to split the increase to "soften the blow" for consumers.

"We could have put the price up by 7c a litre in May, but we prefer to do this in two stages"

He admitted the increase was "a few months early" and said the next one would probably be in May.

Attributing the increase to rising costs of packaging, wage demands and the 2c a litre increase for farmers for production costs, Mr Du Plessis said packaging costs had risen by more than the 12,3% increase the milk price had seen in the past 12 months

He said the percentage was well below the current inflation rate.

Although the drought was largely responsible for the increase in farmer's production costs, there was no shortage of milk in the Eastern Cape

Mrs Verna Martin, president of the Housewives' League, said the price rise was "totally unacceptable"

"The plight of many people in the Eastern Cape is desperate," she said.

"Milk is a complete food and vital for growing children.

"Now the poor can no longer afford this essential commodity."

● Supermarket chains have announced they will subsidise the price of white and brown bread and will continue to sell milk at the current prices "for the next few weeks".

Mr Terry Carroll, regional manager of Pick 'n Pay hypermarkets in the Eastern Cape, said bread would be sold at the old price for the next four weeks and milk at old prices for "at least two weeks".

Mr N Leibov, food marketing director of OK Bazaars in the Eastern Cape, said bread and milk would be sold at cost price throughout the area for an indefinite period.

"I don't know how long we will offer these commodities at that price, but the situation will be reviewed every two weeks"

Miss Adele Gouws, of Checkers, said bread prices would be subsidised on a national basis and in Port Elizabeth milk prices would be held at current levels "for as long as possible".

FIN MAIL 26/9/86

AGRICULTURE

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Switching crops

Some 3 000 of SA's maize growers, already labouring under a heavy debt burden, will be pushed to the brink of insolvency by the new sliding maize price which carries penalties for over-production (*Business* September 12)

Economic realities have forced government to withdraw from its traditional supporting role while massive world grain stockpiles present a grim prospect for export prices, at least for a few years ahead.

World grain stocks have increased from 81 Mt in 1983-1984 to 189 Mt in 1986-1987, and 129 Mt of that is maize In July, maize futures prices crashed to their lowest level in 12 years at R170/t

The local market has also fallen to 5 Mt a year, largely because of high prices. But maize producer body Nampo says three finance assistance schemes could help soften the shock of likely lower maize prices next year.

"Although government will no longer increase maize prices against market trends, it could help producers with export or consumer subsidies and by reducing input costs," says Nampo CE Piet Gous. He justifies these suggestions on socio-economic grounds and in the broad national interest

Government could pay the R50/t transport costs to SA harbours on 3 Mt of export maize and then sell it at world prices. This would cost taxpayers R150m — "small potatoes" compared with annual US farming subsidies of $25 billion, even allowing for the difference in economic size. But SA could still earn a valuable $240m in foreign exchange at current world prices, adds Gous.

"An annual maize market of 8 Mt would ensure the survival of many of the younger and better qualified maize farmers and thousands of black farm workers would retain their livelihoods," he says.

Nampo now accepts market fundamentals. the world maize price has dived to some $80/t, while the local market has shrunk by 1 Mt. But it says the State can help by reducing levies, duties and taxes on farm inputs.

Maize, of course, is SA's major crop and two-thirds of the country's 6 Mha of arable land is devoted to the crop Officials claim that about 1 Mha of marginal maize land — on which returns are below profit levels at the lower prices — could be withdrawn.

But farmers must diversify cautiously Spill-over production into other sectors could transform current shortages into uneconomical surpluses. Several alternatives could be profitably produced, depending on the number of farmers making the switch, but sector leaders warn maize growers against moves into other products without fully weighing up the implications.

Says Meat Board deputy GM Frans Pieterse· "Although we cannot prescribe to maize farmers what they should do under these trying circumstances, we can ask them to be careful in their choice of alternative products and crops"

Restrictive slaughter quotas and permits — required for entry into controlled urban red meat markets — could keep many potential producers out.

The wheat industry could take an additional 300 000 t a year in bad yield years, but a major Free State spill-over into wheat will quickly lead to heavy surpluses. Traditional growers already produce SA's average annual needs of 2,2 Mt in good seasons

"Roughly 10% of the maize production area could switch to wheat," says Wheat Board GM Dennis van Aarde "Even at low average yields this could produce an additional 500 000 t a year."

There is also scope in wool. Wool Board MD Faan van Wyk says there's a virtually unlimited, and highly profitable, export market for South African wool.

"We have no marketing problems," he says, "and we produce just 5% of the world wool clip. Sheep fit in well with maize as they eat dried maize kernels, seed and leaves left on the ground after harvesting. And they produce valuable mutton"

Other alternatives include soyabean, sorghum, sunflower, dry beans, lupin, groundnuts and milk. SA has a massive shortage of animal feed every year and higher production of soya and sunflower would save expensive imports

SA will have to import about 80 000 t of animal feed in 1986-1987, which is the equivalent of 500 000 t of sunflower or 200 000 t of soya or lupin.

Says Agriculture Minister Greyling Wentzel. "Promising lupin and soya cultivars already exist and surpluses are not foreseen in the near future."

Although maize farmers now face several critical choices, and might still seek government handouts for their survival, the industry appears to be looking forward to a brighter future — on the other side of the Rubicon. ■

Bread hike's high cost

27/9/84 (244)

CAPE TOWN — The bread price increase would raise the Peninsula School Feeding Organisation's bread bill by about R65 000 a year, the chairman of the organisation, Mr Bren Jackson, said yesterday.

He said his staff were now feeding about 162 000 needy children in 345 schools as far afield as George.

The organisation's bread bill was now R435 000 and would rise to more than R500 000 after the increase

Mr Jackson said that, in the past three months, the organisation had helped an additional 50 schools

He appealed to the public for help "We are concerned that we could run into difficulties," he said

The scheme provides brown bread and enriched soup to schools in need. — Sapa

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DD 27/9/84 (244) (248)

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The scheme provides brown bread and enriched soup to schools in need. — Sapa bread

ead shock avoidable — Ackerman

244

DURBAN — The sudden announcement this week of another increase in the price of bread could have been avoided if supermarkets and small bakeries had been allowed to bake the Government standard-size loaves

Controversial Pick n Pay chief Mr Raymond Ackerman said last night that he had written to Minister of Agriculture Mr Greyling Wentzel pleading with him to "stop the millers and bakers from bleeding the consumers"

The price of white and brown bread goes up from October 1 by 6c a loaf

"I have asked for an urgent meeting with Mr Wentzel so that I can once again make representations to him to lift the restrictions on the baking of Government-size bread said Mr Ackerman 'At present we are restricted from baking Government-size bread but if we were given the go-ahead we could do so tomorrow '

Mr Ackerman said a bread commission of which he was a member sat last year and made recommendations to the Government to lift the restrictions

It seems that our recommendations have been ignored I know for a fact that if we were allowed to bake the bread, we could do it easily

"It is very clear to me that the millers and bakers are bleeding the hard-hit consumers," he claimed

He said that if baking restrictions were lifted, the Government would save on its subsidy

He added that he had nothing against farmers who had had a terrible time with the drought, but he believed the large milling companies and bakers were protecting a monopoly at the expense of breadwinners

SUNTIMES 28/9/88

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Car prices up soon and worse to come

By Don Robertson

MOTOR manufacturers will increase prices again in a week or two — and for several it will be the fourth rise this year.

But worse is on the way A fifth price increase is likely before the end of the year in spite of the improvement in the rand in the past four weeks

Nissan and Toyota have indicated that prices will rise soon. Volkswagen will follow later in October — and the rest of the pack will not be far behind

The average increase for the year to date is about 24%, but some manufacturers insist that because of the weak rand in previous months they are still under-recovering by between 10% and 15%. The only way to return to profitability is another round of price increases shortly before the yearend

Prices of cars and commmercial vehicles rose by an average of 30% last year.

Manufacturers of Japanese cars are under more pressure than the Germans Japanese content of cars has risen to about 50% of retail value in spite of the fact that imported components represent about 34% by weight

Waiting

Cars being built now use components ordered at least three months ago when the rand was much lower against the yen than now

Toyota will increase prices by between 6% and 8% across the range soon This follows increases of 4% in February, 5% to 7% in June and 7% to 8% in August

Nissan's increases will average about 6%, but the next price move is unlikely until the beginning of next year

Volkswagen will lift the price of Audis by about 6% this week A similar increase in Volkswagen prices will be made before the end of October. The company hopes that if the rand improves, another price rise before January will be avoided

Volkswagen raised the price of cars in February by between 4% and 6% and by 5% in July and August Audi prices went up by 5,5% in April.

Surprisingly, Samcor — manufacturers of Ford and Mazda — has not decided on a price increase But it is almost certain to charge more — as is General Motors

Mercedes-Benz will decide on pricing strategy in the middle of October BMW, which last lifted prices by 6% in September, will probably hold off until December

Average pay to rise 12,6 pc — survey

STAR 29/9/86

244

By Michael Chester

The average size of pay packets will increase over the next 12 months by about 12,6 percent, the heftiest rise in five years for many workers, according to a business survey released today.

But there will be wide variations depending on the business sector and race group and the bulk of wage and salary increases may still lag behind the climb in inflation, meaning a sustained squeeze on living standards.

P-E Corporate Services, which invited predictions from more than 1 000 companies with combined labour forces of about 1,2 million, also cautioned that the precise level of increases may hinge on the fulfilment of promises of a modest economic revival.

The average pay increases of 12,6 percent forecast in wage reviews over the next 12 months — many of them timed for the year end — compares with 11,1 percent between mid-1985 and mid-1986.

However, Miss Jane Ashburner, head of the P-E remuneration division, found that employers predict that the average pay rises for white workers, which have trailed behind the surge in the consumer price index for five years on the trot, may be no better than 11,2 percent.

The average increases for black workers, which soared to nearly 25 percent in the 1981/82 boom and steadily shrank to 11,3 percent over the past 12 months, should swing back upwards to 13,9 percent.

"Analysts may at first sense a closing of the wage gap," cautions Miss Ashburner. "But in fact the gap is widening. A 10 percent increase on R2 000 is R200. A 10 percent increase on R500 is R50".

The survey indicates average increases of 12,1 percent for coloured workers and 11,7 percent for Asian employees.

Taking all race groups and job categories into account, most of the rises will be in the 10-15 percent bracket — 44 percent of them between 10 and 12,5 percent and 31 percent of them between 12,5 and 15 percent.

● See pay forecast tables on Page 11.

244 N M 29/9/86

More expensive clothing 'inevitable'

Finance Reporter

THE GOVERNMENT'S lifting of the import surcharge and a reduction of 5% in ad valorem tax for imported fabrics is seen as 'mild', in a statement by the National Clothing Federation.

Faced by 'serious' fabric shortages and the need to get material up to a year in advance, the country's 1 300 manufacturers sought price parity with locally-made fabrics to meet improved order books until local supply improved sufficiently

Individual clothing manufacturers refused to comment on the development at the weekend but an informed source said the cuts were disappointing and of little real benefit to the industry.

He forecast continued dependence on expensive imported material Current sharp price escalations of 25% and more on local fabrics made more expensive clothing inevitable

The NCF statement said in spite of the cuts, constraints on imports were still considerable and with risk

'But the cost of not being able to obtain fabric, or receiving it with a high degree of uncertainty as to quality and quantity are costly, prejudicial and extreme.'

The NCF said it supported the Government's intention to investigate further the background and problems of the industry.

'This is a welcome step, which will have wide ramifications, not only in the clothing and allied industries, but also in the overall South African economy as the clothing pipeline is a microcosm of the problems facing South African industry at large

Meanwhile, the textile industry has expressed its grave concern about the concessions.

Mr Ernest Wilson, managing director of the fabrics division of the Romatex group, said that any tampering of the Steenkamp Commission's Report, which had been accepted by Government, could invite serious harm to the long-term health of both the textile and clothing industry.

Tariff rise by Escom expected

244

30/9/86

Escom is expected to announce tariff increases at a Press conference today — the third increase this year.

In January, Escom increased tariffs by 10 percent and six months later by a further 10 percent. But the third increase is expected to be higher — bringing the total increase for 1986 to more than 30 percent

National Utility Services (NUS), international energy and fuel consultants, noted, after a survey of the year ending in March, that South African electricity prices showed an average increase of 19,7 percent. This was the highest increase of the 12 Western countries surveyed. Seven countries reduced the price of electricity

However, despite these increases, South Africa had the cheapest electricity of the countries surveyed.

Bus fares going up 10 to 20%

BUT NOT ALL WILL HAVE TO PAY MORE

Argus 1/10/86

By PETER FABRICIUS
Staff Reporter

MOST City Tramways bus fares are to be increased on Sunday, October 5, by amounts ranging from 10 to 20 percent, the company announced today.

But 37 percent of passengers paying cash fares will not be affected.

All clip-card fares will go up but 90 percent of them will increase by less than R1 for 10 rides Most of the rest will increase by R1,50 — or 15c a ride

The managing director of City Tramways, Mr Nic Cronje, said today that the fares adjustment differed from the past when all fares were increased by the same percentage

The company was now introducing a new fare system much more closely tied to the distances travelled

Not in public interest

If this formula were to have been applied immediately some fares would have gone down while others would have shot up by as much as 30 percent

This would not have been in the public interest so the company had decided to hold many fares at present prices and to increase others by smaller amounts

Mr Cronje said that the last time fares were increased to compensate the company for general cost increases was on November 4, 1983. The new fares would increase the company's income by only 9,8 percent while the consumer price index had gone up by 34 percent in that period

Since then there had been two increases — on February 1 and on November 11 1985, solely to compensate for fuel price increases Clip-card fares were decreased in April this year when the petrol price dropped

"We believe that the increase is absolutely essential to keep Cape Town's bus services running".

Some of the clip-card fare increases (for 10 rides) are as follows,

Cape Town to Atlantis, R12,30 to R13,80

Mowbray to Bonteheuwel, R4,20 to R5,00

Mowbray to Bridgetown, R4,20 to R5,00

Hanover Park to Lansdowne, R4,90 to R5,00

Hanover Park via Mowbray to Cape Town, R6,30 to R7,20

Mitchell's Plain to Cape Town, R11,30 to R12,80

Bellville to Nyanga, R3,70 to R4,30

Mitchell's Plain to Wynberg, R7,10 to R8,20

Wynberg to Busy Corner (Grassy Park), R4,40 to R5,10

Cape Town to Sea Point, R4,20 to R5,00

Retreat to Lotus River, R4,20 to R5,00

Escom tariffs to rise

20/11/86

EAST LONDON — Escom tariffs are to go up 12 per cent from January 1.

This was announced yesterday in a statement by Escom's Eastern Cape System offices on behalf of the commission's senior general manager, Mr Ian McRae.

The increase, which followed two hikes of 10 per cent each in the first part of the year, was announced with a pledge from Escom that there would be no further increases for the year

If the inflation rate holds at 15 per cent, increases of 10 per cent a year are planned for 1988 and 1989.

"A number of factors have made this achievement possible. They include tighter controls by the Escom management, a reduction in operating and capital expenditure and improved efficiency throughout the organisation," the statement said.

It said that according to tariff projections, Escom had undertaken to restrict price increases to once a year.

"It has further undertaken to keep such increases, if at all possible, below the rate of inflation.

"The suggested increase of 12 per cent in 1987 is significantly lower than the combined effect of the two increase of 10 per cent each in January and July 1986."

See also Page 3

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Escom power to cost 12% more next year

Finance Editor

ESCOM will raise the cost of electricity by 12% from January, and Durban and Natal can expect a rise in accounts from that date.

'We won't be able to absorb the full 12%, but the council will do its best to absorb as much as possible,' said Durban City Treasurer Wilf Stone.

'About three-quarters of our electricity budget goes to the purchase of electricity in bulk — R325 million out of R470 million — so if Escom put their tariffs up, there is no way we can absorb all of that.'

The 10% Escom increase on September 1 last year was followed by an 8,8% increase in Durban two months later; the 10% increase on January 1 this year was followed by an 8% increase in Durban a month later, and the 10% increase on July 1 was matched by a 10% increase in Durban the same month.

Mr R MacFarlane, assistant general manager for the Natal Eastern Region, said yesterday that the Cabinet had taken the decision to raise Escom's rates on Monday.

There would not be another rise until January, 1988. This was expected to be 10%, followed by a further 10% in January, 1989 — if inflation remained near 15%.

Construction

The rises would depend on the inflation rate, which was expected to be 16% next year, 15% in 1988 and 14% in 1989.

Escom will continue with its construction plans in spite of the difficulties in raising foreign or domestic loans to finance the expansion.

Mr MacFarlane said five new power stations were under construction. Tutuka at Standerton and Lethabo (Vereeniging) were so far advanced that deferment was not considered.

Cancellation, or deferment, of the plants at Kendal (Witbank), Matimba (Ellisras) and Majuba (Volksrust) were considered, but because costs and penalties would rise by well over R1 billion, they would go ahead.

Only half of the capacity of Majuba would be built.

Three collieries are to be phased out — Vierfontein by March, 1988, Cornelia by March, 1989, and Coalbrook by October, 1989.

Mr MacFarlane said the scheme to reduce staff by 6 000 through early retirement and attrition by the end of this year was about 1 000 short of the target.

Commenting on implications of the Lesotho Highlands water scheme, Mr MacFarlane said it would probably come on stream in the mid-1990s, when Escom's current building programme would be completed.

Escom runs into resistance

11/10/86 STAR

The 12 percent increase in electricity tariffs will spark price rises in all areas in the economy, said the president of the Housewives' League, Mrs Lyn Morris, last night.

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She was reacting to yesterday's announcement from Escom that it will raise its tariff by 12 percent from January 1 — the third price rise in 12 months.

"This price rise will affect everthing," said Mrs Morris.

"South Africa's inflation rate is unacceptably high. Most of our trading partners have single-figure inflation rates.

"If everyone gears their price rises just below the inflation rate we will never get our prices down."

The Federated Chamber of Industries and the Afrikaanse Handelsinstituut congratulated Escom for keeping its increase below the inflation rate.

BUS DAY 1/10/86

.244

Transvaal lags behind in industrial pay rises

DAVID FURLONGER
Industrial Editor

THE Transvaal is losing ground in the industrial wages race.

Latest government figures show the average national hourly wage rate in manufacturing rose 10% between the first quarter of 1985 and the first quarter of this year — from R2,36 to R2,60.

The Transvaal, with 9%, was the only province to lag behind this increase. Average pay rise in the Cape was 10% and in Natal 12%.

The Free State, with wage increases off the lowest base of any province, saw its average soar 18%, double the increase of its northern neighbour.

The Transvaal also shows the lowest real increase in the last six years On a 1980 base of 100, wages in the province at the end of March were equivalent to 199, in the Cape 224, in Natal 230 and in the Free State 260.

Transvaal industry remains the biggest payer, however. At the end of March, the average hourly rate in the Transvaal was R2,77, in Natal R2,48, the Cape R2,44, and the Free State R1,98.

Biggest national increase over the year came in the chemical industry, where the average hourly rate rose 14% from R2,69 to R3,06.

Highest-earning sector of all is in paper, printing and publishing. The average hourly rate in these industries at the end of the first quarter was R4,17, after a 9% increase during the year

Power costs to go up by 12%

DAVID FURLONGER

ELECTRICITY costs will rise by 12% on January 1 — making a 35,5% increase since the start of this year.

Escom chairman John Maree said yesterday the increase would be the only one in 1987.

Maree said Escom intended to impose single increases in 1988 and 1989, each of 10%.

The 1987 increase will allow Escom to reduce its borrowing requirements on local financial markets next year. Finance GM Larry Harper said borrowings were expected to total R2,792bn, down from the 1986 figure of R2,982bn. He estimated requirements for 1988 and 1989 at R3,045bn and R3,060bn.

Much of the cash will go towards financing Escom's decision to press ahead with the construction of five more power stations.

After earlier warnings that slow electricity demand growth was causing Escom to reconsider its construction programme, Maree said it would go ahead.

However, as the new stations — Tutuka, Lethabo, Kendal, Matimba and Majuba — came on stream, capacity at older stations would be cut back and held in reserve for peak demand use and for future increased demand in the event

● To Page 2

Power costs to go up by 12%

● From Page 1

of an economic and industrial recovery.

Escom's planners decided that to defer or cancel construction of the new stations, each costing R3,5bn, would be too expensive. Penalty clauses and other factors would cost more than R1bn.

Escom's cost-cutting programme is likely to cause the loss of 10 000 jobs. Early retirement and other incentives have already reduced the workforce from the 68 000 of last year. Maree hopes to bring this down to 58 000 in the long term.

Management expects to reach agreement with unions on Friday on a retrenchment package for workers whose jobs have been made redundant by the cost-cutting. Sources say that although talks will continue on the definition of redundant jobs and how to implement a retrenchment plan, there is broad agreement on a financial package.

Escom, the 12 unions and staff associations said yesterday redundant employees would be identified from November 1 A source said it was hoped the retrenchment programme would be almost complete by February.

Cape Times 2/10/86.

Bus fares to go up on Sunday

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Chief Reporter

A NEW bus-fare formula, in which some cash fares will increase by at most 15 percent, while many others will remain unchanged, is to come into operation in the Cape Peninsula from Sunday.

Clipcard prices will go up at the same time.

But half-price fares will be charged on Peninsula bus-routes on at least two Sundays a month from now on

Announcing this yesterday the managing director of City Tramways, Mr N S Cronje, said the new formula, approved by the National Transport Commission, was distance-related and would enable the company to eliminate present anomalies and operate its services "on a more realistic basis"

The adjustments, he said, had become necessary "to offset the ever-increasing spiral of operating costs".

Mr Cronje said that while no existing fares would be reduced, an estimated 37 percent of passengers paying cash fares would not have to pay more.

Subsidized 10-ride clipcards would also increase. Most would rise by less than R1 a week. Of the remainder, most would rise by up to R1,50 a week.

Mr Cronje said the new fares would increase the company's income by an estimated 9,8 percent

He said an experiment in August, when passengers had been charged half the normal fare on three Sundays, had been such a success that the company had decided to continue the practice.

The dates on which the half-price facility would apply would be announced and the reduced fares calculated on the new fare structure

Following are a few random examples of what cash-paying bus passengers will have to pay from Sunday:

Atlantis-Cape Town, up from R2,69 to **R3,09**
Mowbray-Bonteheuwel, up from 66c to **76c**
Mowbray Athlone, **55c** (unchanged)
Mowbray-Bridgetown, **66c** (unchanged)
Hanover Park-Lansdowne, **60c** (unchanged)
Hanover Park-Cape Town, up from R1,32 to **R1,41**
Mitchell's Plain-Cape Town, via Hanover Park, from R1,92 to **R2,21**
Mitchell's Plain Wynberg, up from R1,30 to **R1,50**
Nyanga-Cape Town, **R1,30** (unchanged)
Sea Point Cape Town, up from 60c to **68c**.
Sea Point-Mowbray, up from 77c to **88c**.
Sea Point-Langa, up from R1,35 to **R1,45**
Cape Town-Langa, **R1,25** (unchanged)
Fish Hoek station Ocean View, **65c** (unchanged)
Fish Hoek station-Kommetjie, up from 82c to **88c**
Retreat station to Grassy Park, 65c (unchanged)
Khayelitsha Wynberg, up from R1,30 to **R1,50**
Khayelitsha-Mowbray, up from R1,36 to **R1,50**
Khayelitsha-Bellville, up from R1,25 to **R1,44**
Nyanga-Crossroads, **55c** (unchanged)

'Burden' on Group Areas Act victims

Staff Reporter

THE bus fare increases were condemned yesterday as a further burden on the victims of the Group Areas Act.

Mr Neil Ross, national director of political organization for the PFP, said the increases would affect those who were dispossessed by the Group Areas Act and who had been forced to live great distances from their workplaces.

The bus fare increase, coming so soon after the rise of the bread price, was another body blow to workers and communities, the UDF executive of the Western Cape said last night

Mr Ross said it would be in the better interests of Capetonians if transport of this sort could be in the hands of a publicly-owned company.

Mrs Mary Burton, president of the Black Sash, said: "Some ill-paid jobs are hardly worth keeping because of high transport costs — especially those of domestic workers who are exploited so much."

A Congress of South African Trade Unions spokesman strongly condemned the increases. He said the rises — at a time of high unemployment and with wages not keeping pace with the cost of living — seemed to be an attack on the living standards of workers.

(244) Sowetan 7/10/86

Putco fares go up

PUTCO'S application for a revenue increase of 17,5 per cent, to recover general cost increases to the company, had been approved for the Transvaal, where new fares would be introduced on November 1, Putco said yesterday.

In a statement, it said the Durban position was expected to be announced shortly.

"The application for increase was announced in June this year and was heard by the National Transport Commission on September 10. No objections were put forward by any party," Putco said.

"General revenue increases of 17,5 per cent were last introduced by Putco in the Transvaal in November 1985. These were to cover cost increases between July 1984 and June 1985. The increases pending are to recover costs resulting from inflation for the period July 1985 to June 1986

"Details of these costs motivating the revenue increase appliation were announced in June this year and are available on request.

"Putco is keenly aware of the economic circumstances of the communities it serves, and regrets that its own financial position does not allow it to absorb increases other than by passing them on to the passenger.

)ctober 2 1986

Without control 'bread would be too expensive'

Pretoria Correspondent

Lifting controls on bread would lead to it becoming to expensive for many people, according to the general manager of the Wheat Board, Mr Dennis van Aarde.

Mr van Aarde was commenting on a claim by the general manager of Pick 'n Pay's catering and bakery division, Mr Rodney Hartnell, that bread would be cheaper with more competition among bakers

Mr van Aarde, in a statement issued in Pretoria, said that except for standard bread there was free competition in the bread market.

"The right to bake super, high-protein and special bread, which may also be baked as white, brown and wholewheat bread, of which the prices were not controlled, was already granted freely to manufacturers," Mr van Aarde said

FULL DELIVERY

He asked if Pick 'n Pay would be prepared to offer full delivery facilities and provide for credit sales and bad debts should it be allowed to bake standard bread

"It cannot be refuted that, should control over bread be removed, the price of this commodity will rise beyond the means of that class of consumer about which Mr Hartnell is so concerned"

(244)

WEEKEND POST, OCTOBER 4 1986

Cost of staying alive set to spiral with higher medical fees

Hospital expenses range from basic of 50c a day in a general ward to R113 for private room with a bath

WHAT expenses could you face in hospital?

Claims by doctors that middle-income earners will fare worst under the Government's 'New Dispensation for Health Services' plan led the Weekend Post to investigate costs at various hospitals

Here they are

PROVINCIAL HOSPITAL

● A poor patient or pensioner can get a bed in a general ward from 50c a day

● If such a patient can not pay for drugs X-rays and theatre the charges are mostly waived

● Anyone paying income tax of more than R645 a year is admitted at the normal rate presently R63 a day for a bed in a general ward plus medicine theatre and relevant fees

● Theatre fees can range from about R80 to a maximum of R168

● A private room (no bathroom) costs R88 a day

● The intensive care fee is R144 a day

(Doctors said many people were unaware intensive care units carried an additional fee.)

ST JOSEPH'S HOSPITAL Park Drive:

● A bed in a general ward costs R73 50 a day

● A private room with a shower and toilet being shared between two adjoining rooms costs R81,50

● A suite with full separate bathroom and French doors leading to a private balcony costs R89,50 a day Telephones are provided at an extra charge.

St Joseph's has no intensive care section.

Medicine and theatre fees must be added to these charges.

POLI CLINIC, GREENACRES MEDICAL CENTRE:

Dr Jaap Huisamen, executive chairman of Poli Clinic said costs fell within the spectrum of medical aids and workmen's compensation pay ments as gazetted

Costs differed between patients on a medical aid scheme or without one

● A bed in a general ward — R73 50 for medical aid patients and R81 70 for patients with no medical aid.

● Semi-private wards (two beds and bathroom) — R87 60 for patients with medical aid and R97 30 for patients with no medical aid

● Private ward (one bed and bath) — R107,70 for patients with medical aid and R113,00 for patients with none

● An intensive care unit costs R168 a day (medical aid) and R187 50 (no medical aid)

● To these charges must be added theatre costs, medicine, X-rays and doctors' fees.

● Theatre fees are. 1 to 15 minutes — R103,50; 16 to 30 minutes — R121,50; 31 to 45 minutes — R140,50; 46 to 60 minutes — R160 50 after the first hour R39 for each 15 minutes

● The initial fee for admission to casualty is R20, plus medicine and treatment.

Soaring bills will hit the mid-income group

By YVONNE STEYNBERG

THE man in the street faces massive hikes in personal payments for medical treatment next year

Medical fees are set to increase dramatically

The result will be that after medical aid has paid its portion of the costs, the average patient will be left with a considerably high payment to cover his share of the bill

"People should be warned they are going to be faced with escalating medical bills because costs are soaring and the cost of drugs is increasing again," Dr Angus Hofmeyr, Eastern Cape branch chairman of the Medical Association of South Africa (Masa), told Weekend Post.

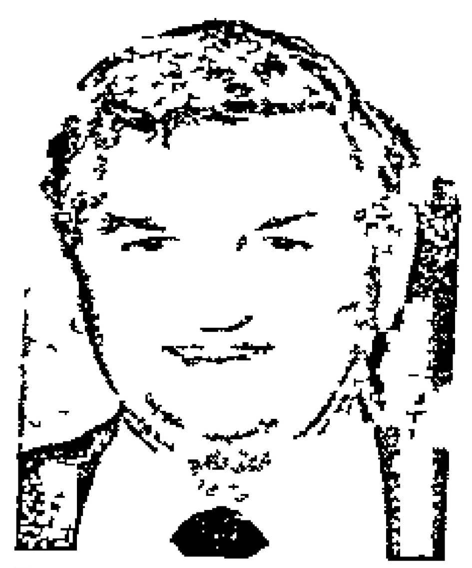
It is estimated that medical aid subscriptions will go up by a minimum of 10% to 12% to cover basic costs in 1987, but even without this patients will already be paying more

This follows a year in which some medical aid contributions have risen by as much as 25% Many subscribers are already battling to pay to pay additional charges because of the spiralling cost of living

Dr Hofmeyr said the Representative Association of Medical Schemes (Rams), which had obtained statutory rights in the Medical Schemes Act and was the mouthpiece for all medical aid schemes, did not want to increase fees

Rams' schedule of benefits was gazetted and became legally binding

One doctor said he knew of a case where a family man received a R4 488 bill. His medical scheme paid R1 250 and he had to pay the remaining R3 238.



Dr ANGUS HOFMEYR .. There are going to be escalating medical bills.

Bills totalling thousands of rands are possible for private hospitalisation.

A low-income patient pays from 50c a day for a bed in a provincial hospital but when a patient's tax bill exceeds R645 a year — the lower middle income group — he pays full fees

This is at present R63 a day in a general ward, plus medicine, theatre fees, X-rays and doctors

Doctors maintain they are being unfairly blamed for rising costs

"Considering that there are three main categories of medical expenses — hospitalisation, drugs and doctors — the doctor accounts for less than one-third of the bill," Dr Hofmeyr said.

All energies seemed to be directed at discrediting the medical profession He felt the other costs involved in illness should be investigated by medical schemes in an effort to cut costs.

Dr PIERRE DU TOIT- "tests and expensive drugs are major factors".

Many people being admitted to hospitals had no idea of the eventual costs possible.

But Dr Pierre du Toit, chairman of the Provincial Hospital Medical Committee, said "At least in provincial hospitals a patient knows that less expensive though equally effective drugs will be used, and expensive investigations, scans, X-rays and tests will be kept to a necessary minimum"

Patients should not be kept in hospital unnecessarily, he said

Medical costs could soar when doctors prescribed expensive drugs, investigations and X-rays or kept patients in hospitals too long

A study of the Government's "New Dispensation Health Plan for South Africa", which gives six levels of service, is said by some medical men to give a false impression that all people and all races would benefit from the plan, as stated in the glossy booklet.

● A study of the dispensation indicates that the middle income groups will be hit hardest by the increases

No end to Escom shocks

5/10/86 SUNDAY ... 244

By David Southey

ESCOM'S announcement that it is to raise prices by 12% from January next year — the third increase in 12 months — is yet another setback for consumers

It has also provoked protest from some of the country's leading economists, who argue that Escom's policy of building up a reserve cushion — similar to shareholders' funds in a private-sector company — is inappropriate for semi-government bodies, particularly in the present economic climate

UCT economics professor Brian Kantor has long castigated parastatals such as Escom for "milking" consumers through tariff policies designed to bolster capital funds

He argued "If they want to run it like a private-sector company incorporating shareholder funds then the Government should privatise it and sell off its assets"

Escom communications manager Chuck Thal says the corporation has been forced to fund itself locally because of SA's debt standstill After discussions with economists and Treasury officials, it was agreed that Escom should raise no more than 25% of its requirements on the local capital market

But this means it has to find the balance from tariffs Escom has had to trim R2,5-billion from running and capital costs over the next three years Its projected capital-market borrowings are R2,8-billion in 1987 and R2,9-billion the next year

Tariffs went up 10% in January and another 10% in July

Concern over meat prices

PORT ELIZABETH — Butchers have been urged to unite and take stronger action in fighting soaring meat prices.

The call was made at the weekend by the chairman of the Port Elizabeth and Uitenhage Meat Traders' Association, Mr "Peppie" Lochner.

Mr Lochner said last night soaring and fluctuating meat prices were making it impossible for butchers to stay in business.

Beef prices had increased about 80 per cent compared to a year ago and yesterday's price of R3,55 a kilogram for third grade beef was probably an all-time high, he said. A 400 kg carcass, of which 25 per cent was bone, was now selling for R1 600.

Soaring costs apart, butchers had also been landed with inexplicably large price swings. The price of mutton had increased by 80c a kilogram to R4,70 a kilogram in the space of four days last week.

Added to the high prices, butchers were also having to pay loading levies to the abattoir since the introduction of a regulation barring butchers from loading their own vehicles, he said. — DDC

Checkers cuts deep into prices

BusDay 28/10/86 Hold

CHRIS CAIRNCROSS

CHECKERS supermarket chain is sacrificing profitability by slashing prices to the bone in an attempt to build up its share of the retail market, particularly in the Western Cape.

Market talk is that these pricing policies have caused Checkers to chalk up losses of more than R60m over the past year.

It is seen as being primarily responsible for the substantial deterioration of its holding company, Tradegro (formerly Kirsh Trading Group) which has reported losses of R49,1m (R21,8m) for the year to the end of June.

"We are fighting a group which is not worried about profits in going after market share," said Pick 'n Pay chairman Raymond Ackerman. Slashing prices to such an extent to win market share was suicidal, he added.

The question now being asked is how long Checkers' new parent, Sankorp, is prepared to go on carrying the loss-making supermarket chain.

Checkers MD Clive Weil admitted yesterday the group had made large losses over the past financial year, but denied they were anywhere as high as those estimated in the marketplace.

He defended the group's aggressive pricing policy, saying it was beginning to reap dividends in the Western Cape — probably the most over-traded region in the country.

"We are in a volume-related business and will not become profitable unless we get market share," Weil said.

He said every effort was being made to improve the group's financial health, by cutting costs drastically and giving more attention to shrinkage.

"We haven't turned the corner yet, but conditions are improving," he said, adding trading conditions in the past couple of months were encouraging.

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Busrep 23 24 Hold

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Toyota puts prices up, others will follow

7/10/86 STAR

244

Motoring Editor

Car prices are going up again. Toyota has announced rises of eight percent on its Cressida large car range and six percent on commercial vehicles

There is no change for now to the prices of the Corolla, which were adjusted last month at the time of a face-lift to the range. However, some models might move on the 15th of the month, a Toyota spokesman said

A Samcor spokesman said a Ford and MMI price rise was expected mid-month GM said it would definitely not move before the middle of the month, while Nissan said "We will move once we see what everyone else is doing"

Surprisingly, however, Volkswagen said it does not plan to adjust prices before November

Mercedes/Honda were not available for comment at the time of going to press On past form it is likely that Honda will move soon, while Mercedes prices remain unchanged for a while longer.

BMW and Audi also traditionally move a month later than other car makers, which suggests an increase is on the cards for early November.

The Toyota increase comes despite recently improved exchange rates which might be expected to ease the cost of imported components The Toyota spokesman said "Keep in mind that parts used in the cars we are manufacturing now were paid for months ago when the rand was at its worst

"Prices are also affected by local inflation — it's not just the exchange rate"

He predicted that, depending on the exchange rate, there may be another rise at the end of December

Bread price hike: kids will starve

Sowetan 8/10/86 (244)

HUNDREDS of malnourished children on the Witwatersrand are facing starvation following the Government's 12 percent increase in the price of bread.

Mr O S Graupner, secretary of the African Children's Feeding Scheme, which feeds more than 17 000 black malnourished children on the Reef a day, said the organisation would need an additional R15 000 a year to meet the rising costs of bread.

He said the scheme spent about R120 000 on rations last year. After the increase in the price of bread this year, he said, the costs would rocket to R135 000.

"It's a pity that prices of basic food items are always going up. It will be a pity if we are forced to reduce the number of children we feed," Mr Graupner said.

Red meat is scarce and prices 'go crazy'

SMC 244 8/10/86

By Lesley Cowling

The wholesale price of red meat soared by up to 35 percent this week with some categories of beef increasing by R1/kg.

All three red meats — mutton, pork and beef — are scarce and prices have "gone crazy".

Dr Pieter Coetzee, general manager of the Meat Board, confirmed yesterday that price increases in red meat had been "remarkable" in the past few days but said the price rise began about two months ago.

Dr Coetzee said that Grade 3C beef cost R3,86/kg on Monday — R1,04 more than the average price in that category for the week ended September 30, when it cost R2,82

"But the R3,86 is not an average price — we do get fluctuations," Dr Coetzee said

Because of the drought, all Grade 3 beef had risen in price. Grade 3 animals were the first to be slaughtered in times of drought, he said.

Prices in other categories have also increased According to meat buyers, Super A, which cost an average of R3,24 in the week ended September 30, reached R4,19 yesterday

UNSTABLE MARKET

Mr Eddie Bielovich, chairman of the SA Federation of Meat Traders, said the red meat market was unstable as a result of the prolonged drought.

"Farmers slaughtered many of their animals and, now that rains have fallen, they are holding on to stock to build up their herds," he said

This meant a shortage in supply, which pushed up the prices.

The consumer would inherit the price increases but he could not speculate on the extent of retail increases.

Mrs Lynne Morris president of the Housewives League, said the league would have to investigate the sudden rise in meat prices. It was presently negotiating with the Meat Board for a meeting about red meat prices over Christmas but would include this new development in the discussions.

Sasol predicting lower fuel prices

Finance Staff

Sasol expects prices of its fuel products to be much lower during the next 12 months than they were in the previous financial year.

In the chairman's review, Mr David de Villiers said that the low rand prices for petroleum would be the major reasons for this drop, with the crude-oil price expected to remain volatile and to fluctuate between $10 and $18 a barrel.

There were, however, two main factors which would compensate for lower product prices received by Sasol, Mr de Villiers said.

"Firstly, interest will be saved on the loans of R1,1 billion, which were repaid at the beginning of the current financial year, and secondly, the reintroduction from 1 July 1986 of the levy rebate of 3,6 cents per litre for all manufacturers of liquid fuels from indigenous raw materials."

He added that Sasol's diversified product range also made the group less sensitive to fluctuations in oil prices.

"The lower sensitivity of fertilizers, chemicals and explosives to crude-oil prices, and the bringing to profitability of our younger fertilizer and explosives division will also in the longer term compensate for possible lower oil prices."

Sasol Three, however, was less diversified and would be less able to absorb lower fuel prices.

"This fact, plus the provision for tax which was made for the first time, has already resulted in a decrease in Sasol Three's taxed profit during the year under review."

Mr de Villiers said that Sasol hoped to "grow dividend distributions at a rate commensurate with the normal income expectations of investors in ordinary shares".

He is fairly confident that this can be achieved, as dividends on Sasol Three's retained profits, accumulated over the years, could be declared for the first time in the next few years.

"In addition, an equalisation reserve of R125 million was created during the year under review."

Sasol expected overall dividend growth to be maintained during the current year, provided there were no further dramatic drops in crude-oil prices or changes in exchange rates.

Price of beef leaps by a third in Durban

Mercury Reporter

THE price of beef rose dramatically at the Cato Ridge Abattoir yesterday, with the lower grades increasing by about 35% and the top grades by about 30%

However, the abattoir prices will only affect retail prices next week when butchers buy meat

A spokesman for the Lifestock and Meat Industries Control Board said the average price of grade three beef was R3,86 per kilogram yesterday while it was R2,87 last week

Top grade beef was R4,22 per kilogram yesterday, up on last week's price of R3,23.

The rise has been attributed to a national shortage of cattle which has come about due to drought and economic reasons that have seen farmers reduce their herds over the past four years

Mr Bill Delport, abattoir division manager of Stockowners, which handles most of the cattle slaughtered in Natal, said the national herd had decreased from 9 300 000 to 7 000 000.

18 months

'Higher beef prices are here to stay for at least the next 18 months as to increase the herds will take this amount of time, if not more,' said Mr Delport

Mr Delport said another reason for the rise was the greater demand caused by the influx of holiday-makers in Durban.

Although beef prices have escalated, the price of lamb, mutton and pork decreased slightly yesterday, but were still relatively high compared with prices last year

'All types of meat are undersupplied at the moment and this has had its effect on prices,' Mr Delport said.

Meteoric rise in costs of building materials

N/14 11/10/86

244

Colin Vineall Property Editor

A DRAMATIC picture of how building materials costs have soared over a 12-year-period is disclosed in the Building Industries Federation (S A) annual report which was released this week.

In a table giving the cost of selected materials, the report shows that since 1973, all products have been severely affected by such factors as inflation and the fuel price hikes.

The tables give latest average wholesale prices as being for 1985 — materials costs have continued to rise this year by varying amounts

The full table is printed on Page 2

Samples of the costs include the following

☐ STEEL — Downpipes (76mm) cost 53 cents a metre in 1973, R2,77 in 1985 Galvanised corrugated sheets cost R158,60 a ton in 1973 — by 1985 they were R929,88 Door jambs have risen from R5,60 each to R33,96 over the same period

☐ BRICKS — smooth face (blue) were R47 a 1 000 in 1973, broke the R100 barrier in 1981 and by 1985 were R179 Stock bricks (plasters) were R19 a 1 000 in 1973, the 1985 price is given as R99,66

☐ TIMBER — S A Pine, dried and sawn (76 x 229mm) was quoted at R72,30m³ in 1973 In 1985 it was R404,15 Shelving (305 x 25mm) rose from R2,29m² to R12,58m²

☐ AGGREGATES — concrete sand from R2,26m³ to R11,86m², crushed stone (19mm) from R2,65m³ to R12,71m³

☐ CEMENT — Portland, 50kg pocket from 85 cents to R4,18

☐ PAINT — PVA exterior from R4,55 for five litres to R14,71

The Bifsa report also gives the current estimated costs of building in rands per square metre

A dwelling averages R506m², prestige townhouses R850m², simple high-rise block R560m², simple low-rise R480m², minimum standard duplex R530m², luxury standard duplex R950m²

It says an additional bedroom measuring 7,0 x 4,0 x 2,8m will cost approximately R12 199, an extra bathroom 3,0 x 3,0 x 2,8m will be priced at about R12 554.

The price of building dwellings in Durban dropped in the last half of 1985 and in the first quarter of 1986, according to the contract price index printed in the report

Given 1982 prices at 100, prices in Durban rose to a peak of 147,7 in the first quarter of 1985 before dropping in three successive measured periods.

Tudor-style beauty for R210 000

A handsome Tudor-style house in Queen Elizabeth Avenue, Glenwood, is our front page house this week. The 20-year-old home's grace is matched by superb gardens as the present owner is a competition-standard grower. In fact, they are moving to Kloof to seek more space than the present 1 000m² on which the house stands. The new owners will obtain two shade houses as well as a pool with double changerooms in the garden. There are also two waterfalls. Inside, the house has five bedrooms, main *en suite*, two bathrooms, cloakroom, two lounges, kitchen with breakfast bar, dining-room and study. Erika Rivalland and Lynton Wood of Isaacs Geshen will be holding a showhouse tomorrow afternoon. Asking price is R210 000.

☐ Another home, in Botanic Gardens Road, Durban, is featured on Page 4.

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Inflation outstrips pay rises by 5,8%

MICK COLLINS

THE gap between salary increases and inflation is yawning wider with workers of all race groups — for the first time ever — trailing the inflation rate by 5,8%.

"This gap is the worst in memory," said Jane Ashburner, manager of the remuneration division of P-E Corporate Services.

The shock results emerged yesterday when P-E released its results of the 1986 general staff salary survey.

The picture becomes even more dismal considering that since the end of the survey in August, the Consumer Price Index (CPI) has risen to 18,2%.

The survey, undertaken from data provided from more than 1 000 organisations employing approximately 1,2-million staff of all race groups, showed that the overall percentage increase in basic salary levels for the period June 30, 1985, to July 1, 1986, was 11,1%

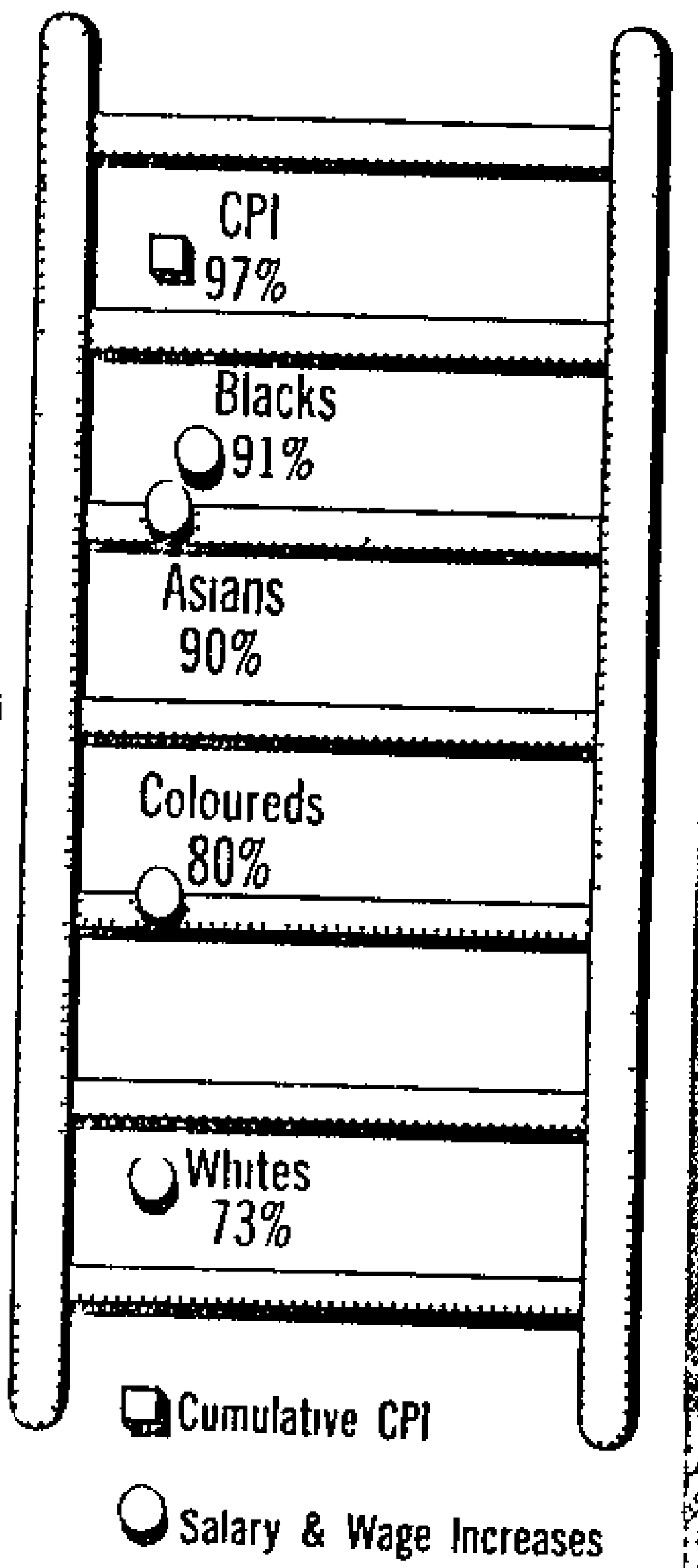
The CPI for the same period was 16,9%, reflecting the 5,8% lag

The cumulative CPI for this five-year period is 97% (see graph) Blacks came closest to this with a cumulative wage increase of 91% They were followed by Asians at 90%, coloureds at 80% and whites on the lowest rung at 73%

The cumulative percentage pay increase for the past 10 years for whites is 199,3% against a cumulative CPI for the same period of 255,0%

● See Page 10

WHERE WE STAND



12/9/86 BUSDAY

$100m loan helps Escom projections

ALAN SENDZUL

THE recently negotiated $100m, four-year loan to Escom from the Public Investment Commissioners (PIC) is believed to have helped the utility cut its funding projections for 1987 by R1bn to R3,4bn.

A spokesman for Escom said the reduction also follows the deferment of several capital projects.

The PIC released the $100m to Escom after successful negotiations between Escom and SA's foreign creditor banks. Maturing foreign loans caught inside the standstill net are paid into the PIC account if offshore bankers choose not to roll the loans with local borrowers

Escom recently disclosed that it had managed to obtain a loan from the PIC, but this appears to be the first time the utility has brought these funds on to its books.

Besides the PIC loan, Escom has obtained R375m in foreign capital this year in short-term European trade finance from export credit agencies And, the public corporation has continued to apply a policy of requiring foreign suppliers of specialist capital equipment to put up the finance for projects involving their equipment

View of black shoppers 'outdated'

BUSDAY 13/10/86

JANE STRACHAN

249

THE notion that black consumers are attracted only by the cheap store or discount operation is outdated.

And retailers should be aware that when real change takes place there will be a huge movement of black people into the cities, not just to live, but also for shopping and entertainment.

A prime example of this concept exists already in Johannesburg's Carlton Centre, where many blacks congregate to shop and to use the facilities.

It's a "hanging out" place, says Consumer Behaviour MD Eric Mafuna. Mafuna, in an interview with Anglo American Property Services' *Retail Property Update*, says there is no similar place in the city, apart from parks, where blacks may simply while away time.

But even the Carlton Centre hasn't yet transcended the old belief that blacks should be objects of suspicion. Security, he claims, is still directed primarily at blacks.

Mafuna warns that if city trading areas are to become viable in the new order, this suspicion will have to be eradicated and cities will have to accept — and in fact welcome — the permanent presence of blacks.

PPI rises 20,3% in August

BUSDAY 13/9/86 244

Economics Reporter

PRODUCER price inflation rose to 20,3% in August, indicating consumers will see higher prices for several months to come.

The all-items producer price index (PPI) jumped 220,3 from 183,2 in August 1985. The index was 1,8% higher than July's figure, after a 1,4% increase in July from June.

Standard Bank's chief economist Andre Hamersma said the higher inflation rate was "perhaps a warning that one shouldn't expect much good news in terms of the consumer price index".

The consumer price index (CPI) historically has trailed the PPI by two to three months. The CPI rose to 18,7%, annualised in August.

Producer prices continued to be driven by import prices that rose on the rand's weakness.

The imported goods component of the index rose at an annualised rate of 21,3% in August after a 20,9% increase in July. Prices of local commodities rose by 19,9%, from the 19,3% the previous month.

Trust Bank economist Ulrich Joubert said: "In August, we still had some reflection of the weak rand, especially against third currencies like the mark and the yen."

DD 14/10/86 (244)

Fire causes R2m damage

By MTOBELI MXOTWA

EAST LONDON — The Lovedale Press in Alice was extensively damaged by fire on Saturday night, causing damage estimated at R2 million

The secretary of the Lovedale Press, Miss Nomawethu Mpambani, said the publication section was destroyed by the fire. Yesterday, the charred remains of the building were still smouldering

She said the printing section, which is in a separate building, was not affected.

Miss Mpambani said the cause of the fire, which broke out about midnight, was not known Fire tenders from the University of Fort Hare were called to extinguish the blaze

The Ciskei Police directorate of public relations was unable to give details of the fire yesterday The head of the directorate, Colonel Avery Ngaki, said he would make inquiries.

The Lovedale Press is one of the oldest in South Africa, dating back to the 1820s, and was the pioneer work of Scottish missionaries, in particular John Bennie and John Ross

In 1821 John Bennie set to work developing the spoken Xhosa language into writing He achieved this within two years at Chumie (Tyume), not far from the present site of Lovedale

In 1823, John Ross brought with him from overseas a small Ruthven printing press with a supply of type paper and ink On December 19, 1823, the first 50 copies were printed, opening a new era for the Xhosa language in particular and later for many other African languages

This was followed by the printing and publication of portions of scripture, school lessons, grammar books and periodicals.

The history of Lovedale Press was disrupted by war from 1834-35 and in again 1839. In both these conflicts, the presses were destroyed

In 1861, Lovedale Institution again opened up a printing and book binding establishment which has continued to the present

End-of-year prices could put it out of buyers' reach

Beef price rocketing

ARGUS 15/10/86 (ZWC)

By DENNIS CRUYWAGEN
Staff Reporter

BEEF has gone up in price by a whopping 27 percent in the past three months and the meat industry has warned that seasonal end-of-year increases could put red meat out of the reach of consumers

"There is an acute shortage of beef caused by the prolonged drought and wholesalers have appealed to the Meat Board to import supplies to prevent meat becoming a rich person's luxury.

The Chamber of Muslim Meat Traders (Commtra) warned in a statement today that beef was being priced out of the reach of ordinary people

Three weeks ago beef was selling at R2,90 a kg at the municipal abattoir, the current price is R3,70

Mr Frikkie van Rensburg, general manager of a meat retail firm, said the meat industry was facing a crisis Increased beef prices had a ripple effect on other meat

"If one commodity, like beef, is increased, other meat prices are increased as well"

Pork, once much cheaper than beef and mutton, was already selling for almost R7 a kg.

Resistance

He said consumers, faced with rising beef and pork prices, were showing their resistance by buying chicken and fish

"This places a question mark over our future Where are we to go if there is a pronounced consumer swing to chicken and fish?

The Meat Board must offer us some relief by importing fresh beef because increasing prices will take our product off the shelves," Mr van Rensburg said

The abattoir price of lamb and mutton had dropped to about R4,50 a kg from a high of about R5,50

The Red Meat Producers' Association has announced that small supplies of red meat will be imported

But Mr van Rensburg said that this would benefit only the meat processing industry because the imports would be frozen.

Appeal refused

Commtra said that the Minister of Agriculture, Mr Greyling Wentzel, had turned down its appeal in January to investigate the meat industry

A survey by The Argus showed that prices of red meat differed from butcher to butcher Popular cuts were sold at varying prices as follows

Fillet sold for between R14,02 and R10,90 a kg, rump for between R18,98 and R8,98, stewing steak ranged from R5,98 to R7,98, topside from R8,35 to R6,28 and mince from R5,48 to R5,98

Mixed reaction to recent curbs on trade information

STAR 16/10/86 (280)

By Chris Moerdyk

There has been a mixed reaction to recent moves, mostly by Government agencies, to curb information on South African trade figures, shipping schedules and other sanctions-related issues

Trade statistics from the Commissioner for Customs and Excise have been reduced from what was a four-page document to a single line. In Durban, the port director has halted the publication of shipping lists in local newspapers.

South African Airways has closed the door firmly on any information with regard to sanctions, and numerous government departments have resorted to "no comment"

The president of the Johannesburg Chamber of Commerce, Mr Pat Corbin, said South Africa needed a pragmatic approach to sanctions

"We obviously must not make available information that could be used to our detriment. One must remember that in the case of the United States, for example, they are watching out for any country which supplants our export trade to the US Publication of relevant information could embarrass countries that are helping South Africa, so it does make sense to keep it under wraps"

'KNEE—JERK' REACTION

The chief executive of an international shipping line told *The Star* that he could not see the point of withholding shipping lists Anyone, he said, could find out about shipping schedules reasonably easily

He added that under normal circumstances shipping and forwarding companies did not make available information on cargoes or freight routes

Mr Mike Perry, author of a recent paper on "The Challenge of Sanctions," said these moves appeared to be something of a "knee-jerk" reaction

"It will be a year or so before we get hit by a second wave of sanctions, and in the interim we should be publicising the goods we are buying from our top four supplier nations Quite simply if we start hiding what we buy we will be seriously reducing our negotiating power

"For example, we should make sure that the automobile trade unions in Germany know how much South Africa purchases in motor vehicle parts to encourage them to work against sanctions of German exports to South Africa"

Koornhof hints at gag on SA's trade secrets

By Colleen Ryan, Political Reporter

The sanctions campaign made it necessary for greater "filtering of information" about South Africa's world trade links, President's Council chairman Dr Piet Koornhof said yesterday

He added "A new perspective on the dissemination of information useful to our foes must be assumed

"This concern for the careful deployment of information must filter through to all levels of our trading and industrial organisations"

Dr Koorhof was addressing a meeting of the Executive Association of South Africa in Johannesburg

He said protectionism was on the increase

Disinvestment and sanctions against South Africa no longer had "anything to do with politics, but are tools in the economic struggle"

He said an example of self-interest was the ban on steel imports by the European Community countries and the United States, while they continued to import manganese, platinum and chrome, for which there were no substitutes

Dr Koornhof said South Africa could not afford to withdraw "into the laager" and would continue to be a reliable exporter

He emphasised the importance of import replacement and promotion of South African exports and revealed that an inter-departmental government task group had been appointed to examine government purchases to identify areas where import substitution was possible

Dr Koorhof added "As a first step, certain goods have been identified, including hydraulic and pneumatic cylinders and components, electrical cable, motor steel and transformers"

There was also scope for import substitution in electronics.

He said the Government realised the importance of boosting exports and had appointed a Trade and Industry committee to investigate export incentives.

Red meat price triggers alarm

BUSDAY

16/10/86

244

Own Correspondent

THERE is near-panic in the Meat Board and red meat industry at the alarming increase in the price of red meat products.

Meat Board deputy GM Frans Pieterse said yesterday the board was offering its stockpile of frozen carcasses in order to lower soaring prices, which were pushing meat out of the average consumer's reach.

The board and the SA Agricultural Union had also obtained permission from the Department of Agriculture to import 1 000 tons of lower-grade manufacturing beef for processed products in an attempt to contain rocketing prices.

"We're looking into the matter to see if there's anything else we can do. It's a big worry to the Meat Board and the whole industry. We want red meat to stay within the average consumer's spending power," Pieterse said.

The rise of more than 25% in the consumer price of red meat in the last three months had been brought about by a shortage caused by the recent droughts.

"The price over the next few months will be a function of supply and demand.

"And if there are no early rains, there will be great pressures on the market. The price will drop temporarily as farmers are forced to sell off livestock, but later there will be greater shortages and worse price rises.

Although there was not much more the Meat Board could do at present, there was a lot the consumer could do to keep down the monthly meat bill, such as buying meat in the middle of the month when prices were lower than at the end of the month, he added.

Meat price rise worries board

PORT ELIZABETH — There is near-panic in the Meat Board and red meat industry at the alarming increase in the prices of red meat products of recent months.

The deputy general manager of the Meat Board, Mr Frans Pieterse, said yesterday the board was offering its stockpile of frozen carcasses in order to lower soaring prices that were pushing meat out of the reach of the average consumer.

The board and the SA Agricultural Union had also obtained permission from the Department of Agriculture to import 1 000 tons of lower-grade manufacturing beef for processed products in a bid to contain rocketing prices.

"We are looking into the matter to see if there's anything else we can do — it's a big worry to the Meat Board and the whole industry. We want red meat to stay within the average consumer's spending power," said Mr Pieterse.

The rise of more than 25 per cent in the consumer price of red meats in the last three months had been induced by a shortage caused by the recent droughts.

"The price over the next few months will be a function of supply and demand — and of whether there will be early rains or not.

"If there are no early rains there will be great pressures on the market.

"The price will drop temporarily as farmers are forced to sell off livestock, but later there will be greater shortages and worse price rises.

"At this stage we are waiting to see what will happen with the rains over the next few weeks. If it rains we will make adjustments to meet the market demands and any short-term meat shortages that may result," he said.

Although there was not much more the Meat Board could do at present, there was a lot that the consumer could do to keep down the monthly meat bill, such as buying meat in the middle of the month when prices were lower than at the end of the month, Mr Pieterse said.

"People must plan their meat budgets carefully to avoid paying more."

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SMN 16/10/86

Pronounced consumer swing to chicken and fish noted

Soaring meat prices worry traders

Own Correspondent

CAPE TOWN — The price of red meat has rocketed in the past three months and the meat industry has warned that seasonal end-of-year increases could put red meat out of the reach of consumers

The prolonged drought has caused an acute shortage of beef and wholesalers have appealed to the Meat Board to import supplies to prevent meat becoming a luxury for the wealthy

"Failing this, it will be very difficult for the man in the street to afford meat" warned Mr Frikke van Rensburg, general manager of Renown

The Chamber of Muslim Meat Traders (Commtra) said in a statement this week that beef was being priced out of the reach of ordinary people

Kanhym general manager Mr Sakkie Saaiman said the price of beef had increased by 27 percent in the past three months

Three weeks ago beef was selling at R2,90/kg at the municipal abattoir and the current price was R3,70, he said

Mr van Rensburg said that increased beef prices had a ripple effect on other meat

Pork, once much cheaper than beef and mutton, was already selling for almost R7/kg

He said consumers, faced with rising beef and pork prices, were showing their resistance by buying chicken and fish

"This places a question mark over our future and the meat industry is facing a crisis Where are we to go if there is a pronounced consumer swing to chicken and fish? The Meat Board must offer us some relief by importing fresh beef because increasing prices will take our product off the shelves," Mr van Rensburg said

No longer buying boerewors

Boerewors, a favourite item in most South African homes, was being sold at about R6/kg

"Many people no longer buy boerewors This shows how hard consumers are being hit."

Mr van Rensburg said the prices of mutton and lamb, high a month ago, had decreased because more sheep were reaching the market.

The abattoir price of lamb and mutton had dropped to about R4,50/kg from a high of about R5,50

Mr Saaiman agreed that the Meat Board should increase fresh red meat imports but only as a short term measure

"There is an acute shortage of fresh red meat and it would be in our own interest if beef were imported as a short term measure. But I do not know if this will solve the crisis permanently," Mr Saaiman said

The Red Meat Producers' Association has announced that small supplies of red meat will be imported

But Mr van Rensburg and Mr Saaiman said this move would benefit only the meat processing industry because the imports would be frozen.

Commtra said the Minister of Agriculture, Mr Greyling Wentzel, turned down its appeal in January for an investigation of the meat industry

Agricultural unions had expressed grave misgivings about the meat marketing structure and many farmers in the Free State were bankrupt, Commtra said.

A city butcher claimed that rocketing red meat prices were driving small butchers out of business.

"The beef prices are going through the roof It is difficult for customers to buy beef The small butcher is going out of business. Very soon only supermarkets will be able to sell meat," he said

FIN MAIL 17/10/86

GROCERY MANUFACTURERS

Unhappy returns

There is growing concern that grocery manufacturers and retailers are hiding a lot of bad housekeeping behind the six-month price freeze on housebrands

Consumers are increasingly cynical about the freeze, believing that manufacturers of the house and no-name brands have simply increased prices of non-competing branded goods to balance things out

Manufacturers say their prices are under pressure because of the high rate of returns from stores, particularly perishables. They are forced to credit the traders for this stock, often at the current best price rather than the price originally paid. If they refuse, they say retailers can simply refuse to stock their products.

Manufacturers have noted an alarming rise in returns since the price freeze, and the figure may now be on the way to 1% of all goods delivered. This compares with rates of 0,37% in 1982 and 0,7% last year.

More sceptical observers reason that supermarkets have to make up what the freeze is costing them OK Bazaaars, for example, reckons the bill now runs to R100 000 a month. Others say there is simply no incentive for good housekeeping while manufacturers continue to accept all returns.

Says Grocery Manufacturers' Association (GMA) executive director Jeremy Hele: "It has been noticed that the more cost-conscious an organisation or individual branch is, the higher the level of 'damages.' Elementary monitoring of the damage figures immediately before stock-takes have shown that returns are often used to adjust what might really be embarrassing over-stocks."

However, Hele agrees the manufacturers have brought some of the problems on themselves.

"We must assume that no obviously damaged stock would be accepted at any reasonably run receiving bay. We must then infer that stock is damaged inside its wholesale container or meets misfortune during post-delivery handling, storage or merchandising. It may, of course, be spoiled on the shelf by customers or just grow old.

"All this spoilage is beyond the control of the supplier, yet full credit is allowed even for the most tattered remains of a package and for goods which have obviously been consumed on site. As a first step, we think our members should consider crediting only a negotiated percentage of the value of the returned stock, recognising the difference between stock damaged in transit and on the sales floor."

Another practice which should stop, he says, is the refusal by some stores to accept new stock until old or damaged stock is removed Checkers, for instance, has recently accepted a set of delivery guidelines drawn up with the GMA to obviate the problem.

However, as Housewives' League president Lyn Morris points out, the real problem is that a few retailers have too much clout for hard-pressed manufacturers to resist. And, she says, larger suppliers may not be too unhappy if some smaller competitors are forced out of business because the margins of smaller manufacturers will not accommodate the increased rate of returns.

Price freeze or no, the consumer still pays. ■

Meat and potato prices to rocket?

DD 18/10/86 244

Dispatch Reporter

EAST LONDON — The prices of red meat and potatoes are expected to rocket during the next few weeks and one supermarket buyer said he expected a pocket of potatoes to cost about R20 by December.

The chairman of the East London Meat Traders' Association, Mr Ivan Dawe, said it was difficult to estimate what would happen to the price of meat but it was "quite possible" it would go up

However, "everything depends on the Meat Board"

If meat was in short supply and the price spiralled, supplies could be imported to relieve the situation, he said

Mr Dawe noted that meat prices were not the only prices to have gone up during the past few months.

"Every commodity is costing more"

He attributed the high prices being paid at the abattoir to the fact that farmers were holding on to their stock in the hope of getting higher prices in December.

A spokesman for the East London office of the Meat Board said he was "not prepared" to comment

A Vincent supermarket's regional buyer, Mr Dave Ramsden, said the fluctuation in the potato price (up to R13 99 a pocket yesterday) was due to the rainy weather, which had prevented farmers from pocketing and transporting their potatoes

Another supermarket buyer, Mr B Johnson, said that most people expected the potato price to rise to R20 a pocket around Christmas time

"However, this depends on the weather," he said

● Spokesmen for the Meat Board in Pretoria could not be contacted for comment yesterday

BUS DAY

24

20/10/86

Salaries don't match the CPI

WORKERS at all levels are still way behind in the money stakes, compared with their US counterparts.

And, overall, salaries for all race groups are not keeping pace with the consumer price index (CPI).

Taking US salaries as a 100% base, gross salaries in SA for foremen, supervisors and sales representatives amounted to 64%, and net salaries to 56%.

Figures sourced to the SA-German Chamber of Commerce and Industry show that on the senior executive/director and general-manager level, gross salaries were 64% and net salaries 50% less than those paid in the US.

Salaries in SA increased from July 1, 1986 by 11,1% over a one-year period. However, the CPI increased by 16,9%, leaving a gap of 5,8%.

Cumulative increases in the CPI over the last five years amounted to 97%. In this period, black wages increased by 91%, Asian by 90%, coloured by 80% and white by 73%.

The lower-income group showed an inflation rate of 19,1% for August, the middle-income group 19,2% and the higher-income group 18,3%.

As a reflection of falling living standards and lack of confidence, consumer spending continued to drop in August.

DD 24/10/86 (244)

Consumers to face 12 pc power hike

Dispatch Reporter

EAST LONDON — Border electricity consumers must budget for a 12 per cent increase to be implemented in three months' time — on top of a nearly 40 per cent increase in tariffs this year.

This emerged here yesterday after an analysis of the 12 per cent hike from January 1, which was announced by Escom's senior general manager, Mr Ian McRae.

Consumers here have had to pay increasing power bills this year following two Escom hikes, as well as the loss of the government subsidy because of a rationalisation of tariffs throughout the country

Some of East London's 58 000 consumers have accounts which have gone up by as much as 200 to 300 per cent.

Asked to clarify what exactly consumers could expect in three months' time and the reason for the increased accounts, the city electrical engineer, Mr Ken Robson, said the increase from January 1 would not exceed the Escom announcement and that the increased bills could be attributed to various factors

Mr Robson said a report which would outline the implications for the city's electricity consumers in view of the Escom hike would be submitted to the city council's action committee within the next month.

"It is early to say how much it will be, but it will not be more than the 12 per cent announced by Escom."

Commenting on the increased accounts this month, Mr Robson said it had to be realised that there had been two increases of 10 per cent this year — and the government subsidy of 17,5 per cent had been withdrawn.

"That's an increase of around 40 per cent and we have to realise that the accounts coming now are ones for the winter months There is always an extra load during winter," he said

Asked about the complaints of those who had experienced increases of more than 200 per cent, Mr Robson said he would have to look at their accounts to see what the kilowatt reading was

"That's the only way I can tell. If people feel there is something wrong with their accounts, they are welcome to come and discuss it with my department"

One consumer, Mr Donald Butt, of Stockton Road in Vincent, said his average account was between R89 and R114, including rates

"I received an account for R210 this month, despite my family having conserved electricity through the use of a gas stove

"I approached the officials about my problem and was told the government subsidy had fallen away and the amount that had accrued for three months was added onto my account this month This, they said, accounted for the increase"

This was disputed by the muncipality's financial manager, Mr S Venter, who said there had been no back charge on the lost subsidy.

He said an inspection of Mr Butt's account showed that his increased account was because of increased consumption

"In June last year Mr Butt used 2 580 kilowatts, whereas for the same period this year he used 3 600 kilowatts. That's over 1 000 more

"There is nothing wrong with his consumption It should fall back to normal now that the winter months are over and, in rands and cents, that more than 1 000 kilowatts represents about R75"

The town clerk of Queenstown, Mr Peter Gerber, confirmed that the town's 5 000 consumers were in the same position as East Londoners

"I'm afraid we are just going to have to pass the Escom increases onto the consumers My council will take a decision on this soon"

The deputy borough treasurer in King William's Town, Mr Gideon Thiart, said it was council policy to pass on all Escom increases to the town's 4 000 consumers

"But the full Escom increase might not be passed on It will cost the council more, but we may have a surplus by December which we could pass onto the consumer"

The town clerk of Beacon Bay, Mr Bernard Aucamp, said his council had not yet discussed the Escom increase and he could not comment on what consumers could expect in January.

Beacon Bay took over the electricity account from East London this year and is receiving directly from Escom The electricity rates have been pegged to the Escom rates for two years.

Two killed

DURBAN — Two guerillas were killed and a policeman wounded in a shoot-out in the Ubombo district in Northern Natal

Police said the shoot-out was in the same area where a truck detonated a landmine a few days earlier The three people in the truck were not hurt

21/10/86 N/M (244)

Food price rises highest in five years

Gloom predicted as sanctions bite affects economy

Finance Editor

THE cost of food in South Africa is now rising at an annual rate of 22,3% and the consumer price index (CPI) by 19,7%, the Government's central statistics service said yesterday.

The year-on-year CPI increase is now the steepest since the summer of 1974/75 with a peak in January 1975 of 21,1%

Figures for August show food price rises of 22% — then the highest increase in five years — and a rise in the CPI of 18,7%

A year ago the CPI was rising at 16,6% a year

There is a depressing list of price increases to come and some still working their way into the index

Putco bus fares rise by 15% on November 1,

Electricity tariffs rise by 12% at the year end,

Household appliances are expected to rise by 50% by the year end,

Tyre prices and canned foods rose in August,

Medical and hospital fees are rising, and

Bread, milk and wheat rose in recent weeks

Continue

In the different sectors defined by the CSS the lower income group CPI rose by 19,8%, the middle income by 20,1% and the higher income group by 19,4%

The general import of a recent Government committee report into the costs that farmers have to meet indicates that the current steep rises in food costs will continue

Economists are concerned about the effects of a high CPI on the economic recovery which appears to have started They consider that inflation could be pushed over the 20% mark

Most recoveries result in increased imports of machinery and other goods needed to boost expansion With the rand down against the dollar and most other currencies, stepped up imports mean imported inflation

The earlier depreciation of the rand is also still filtering through to the CPI

Economists view the impact of sanctions on the CPI gloomily Evading sanctions for exports means increased costs as middlemen are paid to ease the transfer of goods

And it will probably be more expensive to import if they cannot be obtained easily 'over the counter' quite apart from exchange rate problems

On the positive side, any improvement in the rand, the continued drop of interest rates and slow increase in the money supply as well as modest wage and salary increases are thought to be capable of holding the CPI down

Markets

Overall economists see a slightly lower CPI in 1987 than the present expected year-end figure of 18% to 18,5% — but it will be points lower only, with the rate not expected to fall below 16%

South Africa's main trading partners are holding their inflation rates, on average at about 4% and every upward twist in our inflation rate makes our goods less competitive on foreign markets

Meanwhile a comprehensive report submitted to the Director General of Trade and Industry, into farmers' purchases shows that there are a variety of valid reasons for the steep rises in input costs

The committee writing the report concluded that 'fertiliser prices were justifiable'

No more walking, but fares up

21/10/86

(244) SMK

Pretoria Bureau

Putco buses have been granted permission to enter Pretoria's Central Business District (CBD) from November 1.

But the good news for commuters, who up to now have had to alight on the outskirts of town and walk to work, has been soured by the announcement of a 17,5 percent fare increase.

Putco spokesman Mr Pat Rogers said yesterday the Department of Transport and the Pretoria City Council had approved Putco's routes in the city centre.

Affected are commuters from the Mamelodi, Atteridgeville, Eersterus and from Belle Ombre station.

Mr Rogers said the "increases were to recover general costs resulting from inflation experienced".

On rebates for schoolchildren, he said the Department of Education and Training should subsidise them

Cost of SA gas rising the fastest

BUSDAY 22/10/86 244

SA AGAIN heads all Western countries in the rate of price increases of an energy source.

A new survey released by international energy cost consultants National Utility Services (NUS), says increases in the gas price in SA for the year to end-September averaged 11,2%.

By contrast, the trend among the other nine countries surveyed is downwards — all but two of the countries have drastically reduced gas prices as a result of the lower world prices of oil.

They are attempting to make gas a competitive source of energy, says national marketing manager of NUS in South Africa Peter Cornelius.

Only three countries out of the 10 have shown price increases. They are South Africa; Australia (7,8%); and the UK (1,2%).

Actual prices per therm for SA are Cape Gas R2,61 (12,5% up); PE Gas R1,6 (7,2%); Johannesburg Gas R1,37 (18,1%); and Gascor (tariff E) R0,79 (7,3%).

The unweighted price of R1,60 per therm places SA as the fourth highest-price gas producer. France heads the table at R1,82 followed by Belgium (R1,66) and Germany (R1,61).

The NUS survey is based on actual prices paid by customers who operate 750 000 business establishments worldwide.

Exchange rates are calculated at rates effective on September 2 (R366=£100). — Sapa.

DD 23/10/86 (244)

Consumer price rises expected to continue

JOHANNESBURG — The managing director of the Trust Bank, Dr Chris van Wyk, is doubtful there will be a moderation in the average rate of increase of consumer prices during 1987.

Addressing the Association of Chambers of Commerce annual congress, he said he expected an average rate of consumer price increases in 1987 in the range of 16 to 18 per cent.

"Such levels constitute a significant impediment to getting the economy into a higher gear," he said.

The state's finances were another area for concern. Social and political considerations would continue to press for high levels and large increases in government expenditure

"In the short term this could provide a stimulus. But it does imply an uncomfortably large share of government in the total economy and suggests that significant tax relief could not be expected.

"Of course, cosmetic fiddling with the tax burden is more than likely in the wake of the recommendations of the Margo Commission and in the event that the 1987 budget will be part of a policy overture to a general election in 1987."

Present high levels of personal and company tax blunted the desire to excel financially and choked enthusiasm for real fixed investment in the productive or so-called real sectors.

The hotly debated issue of privatisation could generate additional government revenue without an additional tax burden, "but don't expect dramatic, short-term miracles to emerge from privatisation."

Of unemployment, he said it was "undoubtedly the most important challenge and problem facing South Africa," but because of present circumstances "the end result is growing labour redundancies."

The R600 million package announced by government some time ago for retraining and job creation was yielding positive returns, he said.

"Official indications are that more of this kind of financial assistance will be forthcoming. But the problem of unemployment remains overwhelming in the face of an alarmingly high net population growth rate.

"A quantum jump in job creation through imaginative and bold economic policy decisions, social infrastructure development programmes and higher general levels of economic activity is priority number one in South Africa." — Sapa

(244) 1986

WEEKLY MAIL, October 24

The highest electricity bills go to those without electricity

A new study dispels the popular myth that many black households cannot afford electricity and shows that those with no electricity pay three times as much for their energy needs, reports MOIRA LEVY

SOUTH AFRICA produces nearly 60 percent of Africa's total electricity supply

Yet 22-million South Africans, out of a population of 31,4-million, have no access to electricity

For their energy requirements, the vast majority of the country's population is forced to use fuels like paraffin, gas, coal and wood, which are considerably more expensive than electricity

A survey by Anton Eberhard, director of the Energy Research Institute at the University of Cape Town, showed that township families without electricity paid up to three times as much for domestic energy than those households with access to electricity.

"This data clearly dispels the popular myth that most black households cannot afford electricity. The truth is they can no longer afford not to have electricity," Eberhard writes in the latest study to come out of the second Carnegie Inquiry into Poverty and Development in Southern Africa

In his study he calls for more urgent investigation into alternative energy sources for the rural areas.

"Until now, only trivial amounts have been invested in energy supply for the underdeveloped areas, while it is clear that it is in this sector that the most serious shortages and problems occur." Eberhard warns against the "misallocation of research and development funds which have focused mainly on non-renewable" types of energy, in particular nuclear energy, with little regard to the environmental consequences of depleting resources.

In underdeveloped rural areas, wood is the most common fuel, accounting for 80 percent of energy used. The result has been "enormous and severe scarcities" of natural woodlands and a new reliance on purchased wood which, although relatively cheap, needs to be transported — at approximately 80 percent of the price of the load

"The social costs of dependence on fuelwood are high The average woman spends most of the working day labouring over the provision of basic services which are simply taken for granted in most urban areas. Fuelwood and water collection trips are arduous and time-consuming," Eberhard writes

"Wood scarcities have meant that more and more households are having to switch to alternative fuels, particularly in peri-urban and urban areas. With many of these households denied access to electricity, they are forced to use inferior and expensive fossil fuels."

It is the families in the peri-urban areas, "sandwiched between the metropolitan and rural areas", who are denied access to agricultural land and woodland and who are forced to rely on these "most costly, and perhaps least reliable fuels"

Eberhard found in his survey that most householders consider paraffin, gas, coal and batteries to be too expensive, and fear that gas and candles constitute a fire hazard Many families "complained that paraffin and candles are messy to use, that they provide poor light, and that smoke from wood and coal fires permeate clothes"

Eberhard argues that in spite of the initial costs involved, electrification in the urban and peri-urban areas would be the best solution to energy shortages.

He estimates that supplying electricity to the households in and around the metropolitan cities and towns would require less than 8 000-million kwh each year, or seven percent of the total electricity produced by Escom in 1984

"Unfortunately, it seems that the provision of services such as electricity is still being regarded as of secondary importance in the planning of townships and the up-grading of peri-urban and informal settlements," Eberhard writes

The massive housing project at Khayelitsha in the Cape is another example where the electrification of houses has been ignored "There is no doubt that by denying electricity to these areas, communities are further impoverished by having to meet the higher costs of fuels such as coal, gas, paraffin, candles and batteries, and quality of life expectations are frustrated by being denied the opportunities and benefits of electrification."

The installation of electricity is expensive, Eberhard concedes — the World Bank lent $60-billion (in 1982) to Third World countries for developing electric power sources — and he proposes that solar heating and a more energy-efficient design for low-cost housing also be considered in remote rural areas far from the electricity grid.

"The creation of energy-efficient building requires a greater appreciation of the way climate, orientation, design and building materials can be used to increase comfort levels"

Eberhard also calls for state or community-initiated afforestation projects, especially in the homelands. He says South Africa's fuelwood production is about 420 000 tonnes, way below the country's basic requirement of 5,3-million tonnes To meet this demand, he estimates, nearly 750 000 ha of woodlot needs to be cultivated

This is "clearly a huge task when it is recognised that the total area under commercial plantations in South Africa is 1,2-million ha and that the total area in the homelands currently under woodlots is only about 26 000 ha"

Besides increasing the availability of wood, energy supply could be improved if wood were used more efficiently An experiment by UCT's Institute for Energy Research has produced a stove that uses woodfuel 50 percent more efficiently than the usual model, Eberhard reports

F IN MAIL 24/10/86 244

MEAT PRICES

Another spiral

There seems to be little comfort for consumers hit by rising food prices. The soaring price of red meat because of the current shortage (*Business* October 17) has led to greater demand for chicken, but even the price of that has jumped between 20%-30% in the past month, according to industry sources.

The spill-over demand is not, however, the only reason for higher chicken prices

Maize prices have been steadily rising by R5/t each month since May, and yellow maize, which now costs some R300/t and will reach R320/t by next April, makes up about 65% of producers' feed costs, says SA Poultry Association general secretary Zac Coetzee

Although they operate in a free market environment, chicken producers say they cannot absorb escalating costs. "Although we have no individual details, prices have been rising across a broad front in sympathy with red meat," Coetzee tells the *FM*

Ironically, the red meat shortage could be exacerbated by good rains, says Meat Board GM Pieter Coetzee If general rains fall, farmers will hold back more breeding stock to build up herds On the other hand, below-normal rains could lead to an off-loading of stock and an easing of prices

In the year to June 1985, some 580 000 head of cattle were slaughtered and the total jumped to 596 000 in the following year. "This is a positive spin-off from the drought," says Coetzee

But in the short term, the shortages still remain, with super grade A/Z beef selling at 406c/kg in the week ending October 12, compared with 309c/kg in the week ending January 13

Beef shortages are reflected by the fact that only some 30% of slaughter permits have been utilised at major abattoirs in some weeks, adds Coetzee

Nevertheless, average prices on October 21 were again down to 385c/kg, because of consumer resistance to high prices "I think super beef prices have reached their peak," says Eddie Bielowitz, chairman of the SA Federation of Meat Traders

He says there is now a genuine shortage of slaughter beef, but he's optimistic that the position will stabilise in the next few months between 350c-360c/kg. Mutton supplies should also start evening out over the next few months, after a late lambing season He expects mutton prices to stabilise at 400c-450c/kg

Coetzee says mutton prices have already come down off their peak earlier this year. Johannesburg super X lamb prices have fallen from their January high of 542c/kg to 499c/kg on October 3, while average countrywide prices have dropped from 495c/kg to 468c/kg ■

☐ See *Economy*

You have to be a sport to pay these prices!

24/10/86 Eve Post

THE sporting life is fast becoming an expensive exercise, judging by the rocketing costs of equipment

Last week, Evening Post published the picture of an 18-year-old with a go-kart costing R13 000 — about four times the price most youngsters would pay for something to run girlfriends up and down the coast.

But not only enthusiasts are having to fork out.

A bill of R600 for kitting out "junior" for the school first XI is enough to bowl over father, whose own passion for a weekend cycle could cost between R800 and R7 000.

And even the pavement pounders can expect to spend R248 for a pair of quality running shoes

A poll of Port Elizabeth sports shops revealed that the weak rand has knocked for a six the cost of imported equipment

Cycle dealer Mr Rob Rudman said the plummeting rand had doubled costs in the last year

The average "fun-ride" cycle now cost about R800, while the average price of a road-racing machine with imported components was between R1 500 and R3 000, rising to R7 000 for specialist, hand-made cycles

The price of components, imported mainly from Japan, France and Italy, was also high

A 13-year price comparison reveals staggering differences in component prices; a lightweight frame costing R1 600 sold for R70 in 1972, a set of wheels, R500 (R33), a chain set R800 (R50) and racing shoes R200 (R12)

The manager of a Rink Street sports shop, Mr Neville Mallett, said costs had increased by at least 25% this year

Cricket bats imported from England retailed at up to R269, while Australian cricket balls sold for R47,50

Mr Mallett gave the breakdown of the R600 bill for equipping a high-school cricketer with standard equipment bat, R200; pads, R100, gloves, R50; boots, R68; thigh pads, R29, kitbag, R46 and a set of clothing, R107

He said it was impossible to get some specialist equipment, such as cricket bats, from cheaper sources

Some overseas equipment manufacturers had established factories in SA, but the bulk of materials were imported, as were the top ranges

More car makers to put prices up soon

STAR 28/10/86

Most car makers are now falling into line with the round of car prices initiated by Toyota at the beginning of the month.

Mazda passenger car prices will go up on November 1, by around six percent on the 323 range and by as much as 20 percent on some models in the just-revised 626 line-up.

On the same day Ford's Laser and Meteor light cars will go up by around six percent and Mercedes-Benz W124 and Honda Ballade models will rise by seven and 5,5 percent respectively.

General Motors prices are up as of yesterday, while VW says it plans to move next week.

LATEST ROUND OF RISES

The latest round of rises has been rather less orderly than is usually the case. Toyota moved first on its Cressida and commercial vehicle ranges, followed quickly by Nissan with an across-the-board increase which it says will be the last this year.

Later in the month Ford lifted its prices on Sierra mid-size sedans and on commercial vehicles, as did Mazda and Mitsubishi on commercials.

Toyota's Corolla small cars went up on October 21, and were followed yesterday by an all-model increase for General Motors.

DD 28/10/86 (244)

Water tariffs up by 12,8pc from Jan 1

Dispatch Reporter

EAST LONDON — Water tariffs are to go up by 12,8 per cent from January 1

This was agreed here last night at the city council's monthly meeting where a proposal to offset the loss of the electricity subsidy and the 12 per cent Escom tariff was considered

The city lost its 20 per cent electricity subsidy following the rationalisation of Escom tariffs throughout the country

Council was faced with the problem of a R430 000 shortfall in the water account for the first six months of next year The increase will raise about R450 000

The tariff structure is

A) More than 30 months' storage in the Bridle Drift, Nahoon, Laing, Rooikrants and Maden Dams

East London domestic 44c/kl pm Service charge 44c x 7,5 per meter per month

East London bulk industrial supply 44c/kl pm Service charge 44c x 7,5 per meter per month

Berlin domestic 46c/kl per month Service charge 46c x 7,5 per meter per month

Berlin Industrial 46c/kl per month Service charge 46c x 7,5 per meter per month

B) 24 to 30 months storage in the dams

East London domestic first 40kl/month at 44c/kl, next 20kl/month at 44c x 1,5/kl; quantity over 60kl/month at 44c x 3/kl

East London bulk 44c/kl Service charge 44 x 7,5 per meter per month

Berlin domestic· first 40kl/month at 46c/kl, next 20kl/month at 46c x 1,5/kl, quantity over 60kl/month at 46c x 3/kl Service charge 46c x 7,5 per meter per month

Berlin industrial 46c/kl per month Service charge· 46c x 7,5 per meter per month

C) 18-24 months storage·

East London domestic first 30kl/month at 44c/kl, next 20kl/month at 44c x 1,5/kl; quantity over 50kl/month at 44c x 3/kl Service charge 44c x 7,5 per meter per month

East London bulk 44c x 7,5 per meter per month

Berlin domestic first 30kl/month at 46c/kl, next 20kl/month at 46c x 1,5/kl; quantity over 50kl/month at 46c x 3/kl. Service charge 46c x 7,5 per meter per month

Berlin industrial 46c/kl per month Service charge 46c x 7,5 per meter per month

D) 12-18 months' storage.

East London domestic first 30kl/month at 44c/kl, next 20kl/month at 44c x 3/kl; quantity over 50kl/month at 44c x 6/kl Service charge 44c x 7,5 per meter per month

East London bulk 44c/kl per month Service charge 44c x 7,5 per meter per month

Berlin domestic first 30kl/month at 46c/kl, next 20kl/month at 46c x 3/kl, quantity over 50kl/month at 46c x 6/kl Service charge 46c x 7,5 per meter per month

Berlin industrial 46c/kl per month Service charge 46c x 7,5 per meter per month

E) 12 months and less storage There will be water rationing

The tariffs for special agreements are

Mdantsane ex-Nahoon 44,59c/kl, ex-Bridle Drift. 43,5/kl

Ilitha 46c/kl

East Cape Administration Board for Duncan Village 31,02c/kl Service charge R2,93 per meter per month

Gonubie 41c/kl

Halls tariff increase sparks strong debate

Dispatch Reporter

EAST LONDON — A proposal to increase the tariffs for the hire of municipal halls sparked intense debate at the city council's monthly meeting here last night

The proposal to increase the tariffs from December 1 was passed.

The increases will bring in more than R17 000 a year, with hikes ranging from R1 to more than R40.

It also emerged last night that the costs for hiring halls in East London was considerably lower than in other centres

An example of the inreases for the city hall is R140 for concerts, receptions and banquets, compared to the old tariff of R98

It now costs R80 — previously R68 — for bodies operating "not for personal gain" and R55 — compared to R29 — for religious, educational and cultural purposes

Outlining his objection to the increases, Mr Errol Spring said they were insignificant in offsetting the costs of the hall

"The halls are a service required by the ratepayers To increase the cost in these economic times is inopportune The increases are in some cases far in excess of the inflation rate, which we should be trying to keep down "

He wanted the increases deferred to next year They should be kept lower than 10 per cent, he said

The leader of the finance portfolio, Mr Gwyn Bassingthwaighte, said the city was not a charitable organisation and should be run on strict business lines

"This is a small way in which we can get to balancing our books "

He said the costs in East London were below those for halls in other centres

Mr Ivan Zulman said the timing was terrible and that Mr Bassingthwaighte was right when he said it was a "small way" in which council could help to get the books balanced.

"It won't help us at all. These halls belong to the ratepayers and to increase the tariffs would be unfair to them They get little enough for their rates and we might find that we are sending people to other venues "

Mr Eric Whitaker said the budget had been drawn up for the city and if the council were trying to balance the books now, after the budget had been drawn up, then something was wrong

Mr Robbie de Lange (Snr) said it was amusing to him how opposition councillors wanted to appear to be "the good boys trying to keep costs down for the ratepayers"

Another bid to open areas

EAST LONDON — The city council last night ratified its earlier decision to renew an application to open all trading areas in the city

Three areas — the central business district, Arcadia and a portion which straddles Porter Street — were declared open trading areas earlier this month but council wanted the privilege in terms of Section 19 of the Group Areas Act to be extended to all areas

The council also decided to ask the Department of Constitutional Development and Planning to give urgent attention to amending the status of certain areas in North End to permit open trading and to deproclaim the North End industrial area nears Milner Road as a white group area to permit entrepreneurs of all races to acquire and occupy the land for industrial or trading purposes — DDR

No change in tyre prices

244

MICK COLLINS

TYRE prices will not be affected by the 15% cut in the cost of carbon black (CB).

Dunlop MD Clive Hooper said yesterday: "While the drop in price is most welcome, it comprises only about 0,75% of the cost of a tyre. We are still trying to catch up with cost increases totalling 45% for this year."

Goodyear, General Tyre and Dunlop recently had an across-the-board increase of 7% which made for a total increase for the year of 30%.

Ron Stopford, GM of Algorax which supplies 95% of SA's 42 000 ton-a-year CB requirement, said yesterday prices would be reduced by about R250 a ton.

About 65% of all carbon black produced in SA goes into new tyres and 12% is cycled into retread rubber products. The remainder is used in a variety of other rubber products.

CAP Times 30/10/86 (244)

Coffee price up more than 40pc

By PETER DENNEHY

COFFEE prices of both pure and mixed brands have risen between 40 and 50 percent this year alone, mainly due to a drought in Brazil, a senior buyer for a supermarket chain said yesterday

A quick survey of some of the larger retailers showed that the present price of 250g of one brand of pure instant coffee ranges between R10,99 and R13,49.

At some small southern suburbs cafes the prices can be as much as R4 higher

Mixed instant coffees are much cheaper, with one brand retailing at between R6,99 and R7,75 for 750g

Mr Alan Baxter, senior buyer for a supermarket chain, said the main cause of the massive price rises was a worldwide shortage of coffee for the first time since 1977

"South Africa has not been allowed to be a member of the International Coffee Board for as long as I can remember," he said "But there was a surplus for years, and we bought on the black market, which suited us.

"Recently there was a drought in Brazil and their coffee production is down from 30 million bags to 10 million The prices have risen and we have to pay even higher prices as we are not members

"The other major factor in the price rise is the unfavourable exchange rate," Mr Baxter said Some coffee was produced locally but not enough for the country's needs

Local producers received R4 500 a ton for their coffee last year but were now being paid R9 000 a ton, he said

Although the Central Statistical Services keep a record of some coffee prices to work out the Consumer Price Index, the coffee they survey is mixed, not pure

Fare hike isn't fair says Sash

CITIZEN 24/10/1983

THE government's failure to increase bus transport subsidies will create a rallying point for opposition, the Black Sash has warned.

Transvaal regional chairwoman Ethel Walt said the government should pay for the subsidies – which could cover proposed 17% fare increases on November 1.

She said government policy had deliberately distorted population distribution through legislation to enforce residential separation

Walt said transport had been made into a political issue because government policies had forced black people to live far from employment centres.

She said the Sash has appealed to Putco and Transport Minister Hendrik Schoeman to persuade the government to absorb the fare increase to commuters

Walt said the Sash pointed out to them that government control over transportation prevented the operation of a free market

The lack of competition left consumers with little choice of how to travel, she said – Sapa

Motor-makers busier as prices increase

BUS DAY

244

By Don Robertson

ACTIVITY is picking up in the motor industry, but the rising cost of SA and imported components continues to exert pressure on prices.

Higher prices will be the single deterrent to the vehicle market's return to more acceptable levels.

The National Association of Automobile Manufacturers (Naamsa) shows that capacity use in the car sector rose to 68,5% in the three months to September compared with 56,6% in the quarter to June.

Increased use was noted in other sectors, light commercials (LCV) rising to 64,0% from 60,5%, and medium commercials from 47,7% to 60,0%.

However, buses and heavy trucks continued to reflect sluggishness in public and private investment and capacity use fell for the third quarter in a row — to 48,2% from 50,6%.

Capacity use for the industry as a whole rose to 60,17% from 53,85%.

Spiral

Sales improved in the September quarter — cars up 8% on the previous three months, LCVs up 15,2%, and mediums up 9,4%. Heavies fell by 0,9%.

In spite of the increased tempo, 1 398 jobs were lost.

Naamsa believes that the decline in sales of cars and LCVs has bottomed out. Car sales topped 15 000 for the fourth consecutive month in September, and LCVs recorded their highest sales of the year in the quarter.

But the price spiral continued on the component side.

Prices of imported components rose by between 3,74% and 6,6%. SA component suppliers were hit by strikes and rose in price by 3,97% to 5,3%. SA-made components with a high imported content rose by more.

Imported raw materials again increased in price, but the rand's firmness towards the end of the quarter should provide benefits in the last quarter of 1986 and in the first three months of next year.

Fleet buying, about 70% of total sales, is expected to pick up as a result of the more favourable fringe benefits tax. Naamsa forecasts car sales for the year of 178 285 and 188 142 for 1987.

LCV sales are forecast at 76 755 and 78 915 for 1987, mediums at 4 545 and 4 985 and heavies at 6 800 and 7 250

(244)
3/11/86 N/M

Vehicle prices leap to the top

Finance Editor

The purchase price of vehicles has leapt to the top of the list of increases recorded for the Consumer Price Index which in September rose by 19,7%, with food alone going up a massive 22,3%, in 12 months.

TABLE

Percentage increases in the cost of goods and services for the 12 months to the end of September are, according to the Central Statistical Services:

Vehicles	45,1%
Cleaning materials, etc	37,9%
Coffee and tea	33,4%
Recreation and entertainment	32,6%
Fish	30,6%
Meat	30%
Appliances	25%
Education	24,5%
Vegetables	24,2%
Household operations	23,6%
Cold drinks	22,5%
Personal care	22%
Fuel and power	21,9%
Communication	20,9%
Consumer price index	19,7%
Medical care	19%
Furniture	18,4%
Alcoholic drinks	18,4%
Footwear	17,6%
Domestic servants	17,5%
Sugar	16,8%
Clothing	16,6%
Milk, milk products and eggs	16,3%
Housing	15,9%
Cigarettes, cigars and tobacco	15,6%
Grain products	14,3%
Reading matter	11,4%
Public transport	11%
Fats and oils	8,1%
Running costs of vehicles	1,6%

Buses run empty as boycotters use trains, cars, taxis

STAR 4/11/86 244

Putco buses continued to run empty this morning as the boycott against the 17,5 percent fare increase in Soweto entered its second day.

With taxis unable to cope, commuters flocked to use the trains this morning. The number of private car owners offering to transport workers increased, at fares lower than taxis.

Taxi operators in some areas have reduced their fares.

Putco increased fares at the weekend by 17,5 percent in the Transvaal and by 15 percent in Natal.

In protest at the increases, three buses were petrol-bombed and six hijacked in Soweto between Sunday night and yesterday morning. Fifteen bus tyres were slashed and 100 windows broken. One bus was completely destroyed.

Thousands of commuters were without transport this morning, and there were long queues of stranded workers in Johannesburg yesterday afternoon Taxis operated until late in the night.

One commuter said: "The taxi associations must directly call upon private car owners — some of whom who fear the wrath of taxi operators if they ferry passengers — to join in and take us to work. No car should go to the city half empty. Otherwise, commuters may feel frustrated and go back to the buses."

The Dlamini and Senaoane Residents's Association chairman, Mr Steven Sangweni, appealed to car owners to use their vehicles to ferry workers.

Mr Sangweni called on commuters to stop buying Putco coupons in order to avoid clashes and injuries.

Fare hikes: rioters petrol bomb buses

SIPHO NGCOBO

THREE Putco buses were petrol bombed, at least one completely destroyed, and six others were hijacked in Soweto as rioters went on the rampage yesterday, the first day of the bus boycott in protest against the new fare increases.

The increases, which came into effect at the weekend, are 17,5% in the Transvaal and 15% in Natal.

A Putco spokeswoman told *Business Day* that 15 bus tyres were slashed and 100 windows broken during the stonings.

The official said that by yesterday morning the number of Soweto commuters using Putco buses was down to 40%.

A number of incidents took place at the Baragwanath Hospital bus terminus at the weekend, when attempts were made to petrol bomb four buses.

Ticket sales in the PWV western area, including Soweto and Wembley, had dropped to between 10 and 15%.

However, according to the spokeswoman, buses had not been withdrawn from Soweto despite the heavy damage.

The spokeswoman added that in the Wembley area buses were 90% full. In the Wynberg/Edenvale/Boksburg/Springs areas, and in Pretoria and Natal, services were normal.

Thousands of pamphlets were distributed in Soweto at the weekend calling for a bus boycott.

Meanwhile SAPA reports that a Putco official said the company had met the government regarding an increase in its sudsidy and "got the best we could".

5/11/86 SM

Deadline set for change of MIF pricing system

The Motor Industries Federation had been given until the end of next year to phase out the system of recommended prices for certain services, delegates at the MIF congress heard in Johannesburg yesterday

Dr Dawie de Villiers, Minister of Trade and Industry, said the MIF would have to replace this system with a new one by December 31 1987

In May this year, the Government imposed a ban on price collusion, but allowed the MIF time to phase out the system over an extended period.

The recommended price system will probably be replaced by a system of recommended cost calculation.

CIRCUMSPECTION

President of the MIF Mr Alex Krohn said the federation respected the Government's commitment to a capitalistic free enterprise system.

He warned however, that legislation banning price collusion should be applied with great cirumspection in promoting small businesses in the so-called informal sector

"We could in the process also destroy many existing small businesses. In the retail motor industry, 60 percent of all employers employ less than 10 employees

"In a country like South Africa, with a strong First World component and on the other hand a large Third World component, we must of necessity have some rules and regulations to develop our open economy in the best interests of all concerned," Mr Kohn said.

● Increased local production in the motor industry was an investment in the country's economic future and should be encouraged, Dr Dawie de Villiers, Minister of Trade and Industry, said at the MIF congress.

Dr de Villiers said it was in the national interest to encourage the replacement of imported goods with those produced locally

"South Africa spends huge amounts annually on the import of vehicle components. By increasing local manufacture you will lessen the pressure on balance of payments and, of course, create more job opportunies," Dr de Villiers said.

Although the South African motor industry had suffered lately, there was good reason to believe the worst was over.

"Positive real growth has been measured in three out of the last four consecutive calendar quarters and all leading economic indictors point towards a continued upturn."

Dr de Villiers said local manufacture had proved its worth during hard times to consumers and employees of the motor and accessories industries.

"Car prices would have more than doubled in the past 18 months had we been dependent on fully built-up imported models," he said.

He concluded by saying the motor industry had proved its inherent strength and ability to persevere under extremely adverse conditions.

5/11/86. BusDay

MFI/SA MOTOR INDUSTRY EMPLOYERS' ASSOCIATION CONFERENCE

Pricing deadline moved

DAVID FURLONGER
Industrial Editor

GOVERNMENT has extended by a further year the motor industries' deadline to phase out unfair pricing practices for some of its activities

Trade and Industries Minister Dawie de Villiers said he had extended the deadline to December 31, 1987

The industry previously had until the end of this year to fall in line with new Competitions Board regulations encouraging free competition in the economy

Many of the activities affected are in the repair and maintenance sector, which bases prices on an MIF-approved price and service guide.

De Villiers highlighted recommended prices for panelbeating and for engine and gearbox rebuilding as areas that overstepped the new regulations on price collusion

He said urbanisation and population growth would increase demand for transportation in SA With 35% of the population under the age of 15, there was enormous potential for industry growth.

5/11/86. Bus.Day

Academics under fire

DAVID FURLONGER

ACADEMICS who criticised the Industrial Council system were talking of things they knew nothing about, said Motor Industry Employers' Association president John Herdman yesterday.

He said criticism of the Industrial Council system had subsided since last year.

"Presumably those critics, mostly the academics, who, despite having had no practical experience in industrial relations, continue to discuss the matter, have now realised the merit of the present system and I sincerely hope their influence in government circles will continue to decline and that the government will listen to the voice of experience and common sense rather than impractical theory."

Herdman said his views were shared by trade unionists, who had more to lose than employers from the demise of the Industrial Council system.

Krohn appeals for less car tax

Industrial Staff

OVER-taxation of the motor industry must stop or thousands more jobs could be lost, Motor Industries Federation president Alex Krohn said yesterday.

He appealed for "reasonable taxation" and said unless recommendations to the Margo Tax Commission were heeded, "the goose that lays the golden egg" could be killed, and with it thousands of job opportunities.

5/11/86. BUS DAY

MFI/SA MOTOR INDUSTRY EMPLOYERS' ASSOCIATION CONFERENCE

Pricing deadline moved

DAVID FURLONGER
Industrial Editor

GOVERNMENT has extended by a further year the motor industries' deadline to phase out unfair pricing practices for some of its activities.

Trade and Industries Minister Dawie de Villiers said he had extended the deadline to December 31, 1987.

The industry previously had until the end of this year to fall in line with new Competitions Board regulations encouraging free competition in the economy

Many of the activities affected are in the repair and maintenance sector, which bases prices on an MIF-approved price and service guide

De Villiers highlighted recommended prices for panelbeating and for engine and gearbox rebuilding as areas that overstepped the new regulations on price collusion.

He said urbanisation and population growth would increase demand for transportation in SA. With 35% of the population under the age of 15, there was enormous potential for industry growth.

5/11/86. BUS DAY

Academics under fire

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Consumers paying more for same cover

STEPHEN ROGERS

RECENT changes in insurance legislation governing non-political riot and strike cover have resulted in consumers paying more for the same overall insurance cover.

This anomaly has come about through the switching of riot and strike cover from short-term insurers to the SA Special Risks Insurance Association (Sasria) with the passing of the first amendment to the Finance Act in July.

The additional cover provided by Sasria becomes effective from the beginning of the new year and the Association has increased its premiums by up to 20%.

Despite short-term insurers providing less overall cover, policy premiums will not be reduced to compensate.

A leading broker says: " Ideally, short-term insurers should reduce the overall premium on their policies by the amount which Sasria is now charging for riot and strike cover."

Most short-term insurers, however, confirm they will not make reductions.

Commercial Union (CU) MD Bill Rutherford says CU will not reduce its premiums.

He adds: "We are presently uprating our premiums and will continue to do so through 1987 so there is no possibility of a reduction. However, any savings on the reduced cover will be taken into account and may have a dampening effect on future premium increases."

Santam and Mutual & Federal confirm they are unlikely to reduce their premiums.

STATE OF EMERGENCY

Patterns of unrest

In one of its blandest, most sanitised reports ever, the Bureau for Information described the events of Monday this week as follows "Few unrest-related incidents were reported during the above-mentioned period Only isolated incidents of stone-throwing and arson, causing little damage, occurred " This on a day when independent reports suggested general mayhem in Soweto with numerous attacks on Putco buses following a fare increase announced at the weekend

An attempt to restrict the funeral of Rose Mpetha, wife of jailed trade unionist and United Democratic Front patron Oscar Mpetha, and a wildcat strike by Katlehong municipal policemen, were other sparks to continuing violent confrontation in a week that left two people dead

This took the official death toll from political violence to 319 since the emergency was declared on June 12

Lance Corporal Albertus Marthinus le Roux (20) died on Sunday when his horse detonated a landmine on a dirt track about 20 km from Barberton in the eastern Transvaal The SADF said this was the fourteenth blast in the eastern border region this year The SADF again blamed African National Congress insurgents operating from Mozambique

A Mozambican government spokesman said the allegation was "a pretext for new aggression against Mozambique " The spokesman pointed out that the blast occurred 90 km from the Mozambican border, but just 20 km from the Swaziland border, yet Pretoria chose to blame Mozambique

Detective Warrant Officer M R Sokela was killed after a grenade was thrown into his Umlazi home this week

Putco's announcement of fare increases was, not surprisingly, met with protests in KwaNdebele The embattled homeland is a nation of bus commuters, latest estimates put the number of people who commute daily to work in towns outside the homeland at over 30 000

On Thursday, a crowd apprehended and stoned about 200 Putco buses on the Marble Hall-Pretoria road The windows of at least 150 buses were smashed Security force members were stoned when they arrived at the scene Teargas was used to bring the crowd under control Since then, reports indicate that people are back on the buses

The number of bus commuters halved in Soweto as a result of the increases And, according to a Putco spokesman, damage to buses in the area was extensive One was destroyed, three were petrol bombed, and six others hijacked Damage to others included the smashing of 100 windows and the slashing of 15 tyres Details of Tuesday's events were not available as the *FM* went to press

Teargas was also fired at the funeral of Rose Mpetha after restrictions imposed by the police were defied by mourners Among the restrictions was an attempt to limit the numbers attending the funeral to 200 Several thousand in fact turned up The funeral began at the family home in Nyanga, and later moved to the church in Guguletu The ceremony went off smoothly until mourners moved to the cemetery According to the bureau, about 1 000 mourners following the hearse were teargassed after refusing to disperse

Bereaved husband Oscar (77), was refused permission to attend the funeral

Municipal policemen were on the receiving end of the arm of the law after 115 were arrested in Katlehong by the SA Police According to reports, about 300 council policemen stopped work and marched on the council offices where they started burning tyres and stoning Post Office vehicles The men, who were mainly recruited in Gazankulu, Venda and KwaSulu, were demonstrating in support of wage increases

Other unrest incidents reported by the Bureau during the week included intimidation at schools, a bomb in Mamelodi and attacks on security force members in Nyanga and KwaZekele

At two illegal meetings involving coloureds in Cape Town, the security forces "were obliged" to disperse the group with quirts after they refused to move

FM 7/11/86

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Consumer protection needed, says professor

By Estelle Trengove

Consumer laws need to be radically reformed to give South Africans the legal protection that consumers enjoy in other countries, Professor McQuoid-Mason, a professor of law at the University of Natal, said last night.

He was speaking at a seminar on consumer law, held on the occasion of the 1986 Checkers award for consumer journalism.

Professor McQuoid-Mason said that in South Africa, consumers were being "ripped off" concerning their right to safety, honesty, fair agreements, knowledge, choice, privacy and a hearing, in contrast to their counterparts in Britain, Australia and the United States, who were getting a far better deal.

Market-place dishonesty

In South Africa today, there was very little protection for consumers against the type of market-place dishonesty which did not constitute a criminal wrong like fraud. Examples he named were unethical door-to-door salesmen, "bait and switch tactics", referral sales and fake contests

Fake contests occurred when a consumer was told that he or she had won some kind of free gift, but was then informed he or she had to buy something to get the gift.

In the United States, it was unlawful to use the word "free" if the person was required to buy something else to get the gift, but there was no such safeguard in South African law, Professor McQuoid-Mason said.

Bait and switch was another deceptive sales tactic, which involved offering a product at what sounded like a very good price Psychologically hyped up to buy, the consumer discovered that the "bait" was less appealing than expected, and was then offered a more expensive "switch".

Professor McQuoid-Mason said the bait and switch tactic had been outlawed in the United States and should be outlawed in South Africa

If you bought goods on premises other than those of the salesman, for example from a door-to-door salesman, the law provided the safeguard of a five-day "cooling off" period in which the buyer could change his mind

Referral sales were when the salesman offered the customer a discount in exchange for the names of friends or other potential customers This encouraged sales, but the shop would often later say that it only gave the discount if the person named actually made a purchase.

Referral sales were unlawful in many states in the United States, Professor McQuoid-Mason said.

F UN MAIL 7/11/86 **OUT OF JOINT** MEAT 244

Rocketing meat prices have forced the giant co-operative Vleissentraal to cut operations at its Vanderbijlpark processing plant to a third of former levels

Some 300 workers — 10%-15% of them white — have already been laid off The co-operative says it has made every effort to place as many as possible at other plants in the group

Deputy senior GM Derrick Bartie says the forced scaling-down is the result of "a combination of economic circumstances," but high raw material costs are paramount. He adds that rationalisation comes after recurring losses on the plant's processed meat products

"There's a market out there for processed polonies, bacon and vienna sausages, but at prices we are forced to charge, sales have dried up," says Bartie. The cutting back operation will be completed by November 15

On the brighter side, the problem seems to be regional. Vleissentraal is now investing R8m to expand its Spekenham plant in the Cape, which specialises in pork-based products.

Bartie says work there is 90% complete, and the plant will cater for the Cape market's growing needs as well as for the national market for tinned pork products

Port Elizabeth wool prices continue to rise

244

Business Day 7/11/86

MICK COLLINS

FOR the sixth consecutive week, wool prices have risen at the Port Elizabeth auction sales — with the Wool Board's market indicator rising by two points to 886.

During that time, the rand depreciated slightly and, as a result, the average wool price became 1,5% more expensive in foreign terms

During the past month, the foreign price for SA wool rose by 4% The increase was caused mainly by the strengthening of the Australian dollar

Since the season began, the highest sale percentage was achieved at this week's auction, where 96% of the 18 300 bales of wool was sold.

As well, the total offering of 906 bales of karakul wool was sold Wool prices have also risen in Australia.

The Australian wool market indicator shows the average wool price rose by 3c to A580c a kg, in spite of the strengthening dollar Australia also maintained a sales percentage of more than 95% at this week's sales wrong word and so on

244 WEEKLY MAIL 7/11/86

The campaigning consumer

WHEN the political balance of power in South Africa shifts, there will be "little support for any vestiges of the so-called free enterprise system" if a radical re-assessment of consumer protection law is not undertaken, according to David McQuoid-Mason, professor of law at the University of Natal in Durban

"To effect this, he believes it is essential that unfair and dishonest market practices be eliminated so that the country's "vast population of exploitable consumers" is protected against unscrupulous business people

McQuoid-Mason, an expert in consumer law, was addressing Checkers' annual consumer seminar yesterday in Johannesburg

"In keeping with the current predeliction for a bill of rights," McQuoid-Mason suggested consumer law changes, bearing in mind certain consumers' rights to safety, honesty, fair agreements, knowledge, choice, privacy and the right to be heard

In most — if not all — of these areas, he said, there are serious deficiencies in the South African situation

He proposed to remedy some of the deficiencies with:

- the creation of a body to deal with product safety;
- a change in the law to make manufacturers strictly liable for what their products do;
- amendments to the Trade Practices Act making it more difficult to deceive consumers;
- the creation of protective measures against unfair contracts and tightening up the protection aspects of credit agreements,
- changes to the law, so that consumers have the right to information about the article being bought and are not misled by false advertising;
- the merger of two acts to protect consumers from monopolistic and restrictive trade practices,
- protection of consumers against harassment in debt collection and invasion of their privacy by, for example, credit bureaux, and
- the beefing up of the ability of consumers to use the laws of protection — for instance letting lawyers use a "contingency fee" basis for charging

Many consumers in South Africa are open to exploitation because they are ignorant, semi-literate and unsophisticated

"There is a need for an expanded and all-embracing Trade Practices Act with the scope and powers of the English Fair Trading Act and the Australian Trade Practices Act," said McQuoid-Mason.

"There is a need for a high-powered executive consumer administrator like the English Director of Fair Trading, who has the authority to exercise control in respect of breaches of consumer laws

"He should also have the power to seek interdicts, award civil remedies and impose criminal penalties as well as control business practices through licencing "

McQuoid-Mason described the need for changes in the various sections of consumer rights, including

Safety: While South Africa has "the usual" preventive legislation governing food, cosmetics, health, medicines, hazardous substances, electricity, atomic energy and aviation, there is very little help given to consumers who are harmed by unsafe products. There are also areas unprotected by safety standards, like motors cars, which he

A law professor outlines the options for concrete action to protect consumers against unfair trade practices PAT SIDLEY reports

describes as "lethal weapons"

Common law principles which, among other things, rely on the consumer establishing that the manufacturer was at fault, face a consumer who has been harmed

McQuoid-Mason said he believes it necessary to create a special body like the Products Safety Commission in the US to control the manufacture of products A law making manufacturers "strictly liable" for the effects of their products should be enacted This would remove the onus from the consumer and place it on the manufacturer who would become liable for the product

Fair agreements South African law allows the inclusion of almost any term in a contract if it does not run counter to public policy, or is not specifically restricted by a law And the most common unfair contract, McQuoid-Mason argued, is a so-called guarantee in which the consumer's common-law rights are limited or removed

Safeguards for consumers in the old Hire Purchase Act, which could have been included in the Credit Agreement act, were left out when the Act was changed This allowed ignorant and semi-literate consumers to be pushed into credit agreements they could ill-afford, with little or no protection or remedy against abuses when goods are repossessed or defective, or when the contract should be invalidated

Honesty· There is little protection for consumers against the wiles of door-to-door salespeople, if they do not know they have the right to cancel a contract concluded at the door

McQuoid-Mason listed among "dishonest practices" fake contests — where a consumer is offered a "free gift" if something else is bought — a practice which is illegal in the USA, "Bait and Switch" tactics, where a customer is lured into a store with a too-good-to-be-true offer and lands up being offered something more expensive, and benefit societies, to which poor people are particularly susceptible These societies take contributions and promise, for example, funeral or retirement benefits But many are not registered, and the area ought to be tightened up, said McQuoid-Mason, to "protect the many unsophisticated consumers who fall foul of unscrupulous entrepreneurs who spend their time collecting membership fees without granting any benefits to the members"

Right to choose "A complete free market economy is not unbiased in its effects," said McQuoid-Mason, suggesting a need for some government intervention when the effects of competition are detrimental to the consumer A free market economy often results in unequals being treated equally, he says, for example by putting businesses on the same footing as consumers "This allows the stronger to dominate the weaker," he said

The laws which deal with these aspects are the Maintenance and Promotion of Competition Act and the Trade Practices Act — and a commission is presently looking at whether the two Acts should be merged This could give rise to a situation in which a Director of Fair Trading (like that in the UK) not only deals with consumer affairs, but is also responsible for administering the Competition Act, said McQuoid-Mason

Right to privacy· McQuoid-Mason described many of the abuses consumers face when debts are being collected Some debtors are illegally threatened by being "blacklisted" and others face undesirable practices like

- the "blue frightener" — a notice which simulates a court document or summons,
- the "red frightener" — a printed notice with large red letters saying "you have four days to reduce your debt",
- frequent calls at the consumer's home and threatening cards and
- writing to the employer of the debtor

These are all offenses in England, said McQuoid-Mason

In Zimbabwe a select committee found "unseemly" methods of debt collection were used mainly on black consumers These included physical intimidation, goods being repossessed, debt collectors calling at night and threats of arrest and jail

"Black victims of unlawful repossessions are often remediless because they cannot afford the services of lawyers An unauthorised intrusion into a home in the townships to repossess goods may be an actionable invasion of privacy, but such actions are excluded from the national legal aid scheme," said McQuoid-Mason "Furthermore, it is unlikely that criminal actions for trespassing, housebreaking and, sometimes malicious injury to property are thought of in cases of unlawful repossessions

"The Credit Agreements Act should be amended not only to make unlawful repossessions an offence, but the Trade Practices Act should be amended to make unlawful collection procedures a crime as well as the use of simulated court processes "

Right to be heard McQuoid-Mason said consumer access to the courts has partly been remedied by the Small Claims Court, which are apparently largely dealing with consumer matters, and should be extended

But he also suggested "class action" lawsuits which are not in use here, but are successfully used in the USA This would make it possible for a consumer "as a member of a class of persons likely to be affected" to bring an action which would be binding on all the members of the class

He also suggested lawyers might change their method of payment so that they are paid on a contingency basis — which would mean they would be paid a percentage of the "takings" if they won a case on behalf of a consumer

Shake-up of cartels spreads unease

Industrial Staff

BUSDAY 10/11/86

INDUSTRIES slated for shake-up by Competition Board (CB) action liken their situation to sitting ducks splashing about under a cloud of uncertainty.

A survey of industry spokesmen reveals widespread fear and confusion — particularly with the threat of price wars — in the wake of the CB's threat to lean on cartels.

Many industries, including building, coal and short-term insurance, are negotiating with the board over their future

Other industry groups like Fedhasa, advertising and cement have received temporary exemptions from CB action. But they join a long list of industries scrambling to come up with strategies for the post-cartel era.

Industry spokesmen naturally downplay their fear of CB action, sensing any publicity could upset delicate negotiations with the board.

But Mike Perry of corporate consultants Perry and Associates gives a more sobering view. He says the gazetting of groups to be affected " .. is the first tremor in a landslide of change to traditionally hide-bound South African business practice".

The CB has decreed that all forms of market sharing, price fixing and collusive tendering will be illegal. Industry sources agree ultimately the consumer and efficient producers will benefit.

Short-term insurers have asked the CB to leave them alone SA Insurance Association CE Rodney Schneeberger argues that any cartel-like activity in the insurance industry is in the public interest. He is still waiting to hear the board's response.

Advertising agencies have been told fixed commissions will fall away on December 31. But details of agency remuneration remain under negotiation.

Other industry groups targetted by the CB include school books, chemicals, milk and dairy products, records and travel agencies.

SAA fares in double price hike

SAA 12/11/86

Transport Reporter

South African Airways is to increase international air fares by up to 15 percent from January 1.

The airline informed travel agents of the increase, which is the third this year, by telex yesterday

"Due to the unstable performance of the rand against foreign currency, the increased currency adjustment factors listed below will come into effect on January 1 1987, and, in addition, all air fares specified in the rand selling currency will be increased by 10 percent," the telex stated

This means there will be two increases — a currency adjustment and a general revenue increase — which could push fares up by as much as 15 percent.

An SAA spokeswoman, who refused to release details of the increases, said "We are not the only ones who will raise fares"

The increases are the third this year Fares went up by about 15 percent in January In July economy class fares rose by 10,5 percent to the United States, by three percent to London and by five percent to Australia

First class fares rose by as much as 22 percent on flights to New York, 16,5 percent on flights to London and by almost 10 percent on flights to Australia

In addition, there was a further increase of about 10 percent on flights to Australia in April

All tickets sold after yesterday will be subject to the new increase

SAA raises air fares yet again

Own Correspondent

SA AIRWAYS announced yesterday an increase in international air fares of at least 10%, effective immediately, on all flights after December 31.

This is the third increase on international fare prices this year.

Rob Crankshaw, MD of Pentravel in Durban, says he received a telex from SAA yesterday

It had stated "Due to the unstable performance of the rand against foreign currency, the increased currency-adjustment factors listed below will come into effect on January 1, 1987, and, in addition, all air fares specified in the rand selling currency will be increased by 10%."

Crankshaw said, "As I read it, it means there are going to be two increases. "One is a currency-adjustment factor — affected by the rand/dollar situation — and then, on top of that, there will be a 10% increase, pushing some air fares up a further 15%.

"The telex we received also states that unless the ticket for a flight on or after January 1 was issued before today (yesterday), it will be subject to the increase"

Crankshaw said the increases would not apply to contractual fares.

FIN MAIL 14/11/86

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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 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 clearly hoping to do better this year although softwood remains in surplus. Supply and demand is in better balance in the hardwood sector

Timber producers ... looking for more

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

Rooibos farmers to be paid more

STAR 20/11/86

CAPE TOWN — The packer's price of rooibos tea will be increased at the beginning of next year by 4,4 percent — the first time in three years that rooibos tea farmers will benefit from a price adjustment.

Sales of rooibos tea are up 20 percent.

Canned fruit up

244

STAR 20/11/86

WORCESTER — The Canned Fruit Board has increased prices. The minimum price for apricots has been increased by 20 percent to R252 a ton, the minimum price for pears has been increased by 15,3 percent to R222 a ton, and peaches by 10,9 percent to R316 a ton.

PFP calls for poll in homeland

Pretoria Bureau

The Progressive Federal Party has called on the Government to hold a referendum on independence for the kwaNde-

McCrystal favours protective tariffs

GERALD REILLY

TARIFFS as the primary instrument for protecting industry are favoured above controls, Board of Trade and Industries chairman Lawrence McCrystal said in Pretoria yesterday.

Outlining the board's policy to the Northern Transvaal Chamber of Industries, he said this did not mean import control did not have a role to play

Industries orientated to the local market must be encouraged to grow not only to replace imports but also to meet the demands of a growing local market

Should they need protection to survive against imports, then they should get it, especially in the case of industries producing raw materials needed by other industries Consumer goods industries could get somewhat higher protection.

The board was currently looking at possibilities to encourage local production of imported components, especially for the electronics and motor industries.

The board was concious of the need to promote labour-using industries. This was the reason for concern for the health of the textile and clothing industries.

On "buy outs" of foreign companies McCrystal said this had positive features. "We have been the subject of economic colonialism and greater South African control of local industry would be a good thing in the medium and long term."

On exports he said a board committee was looking into improved incentives to encourage exports as a matter of urgency.

On inflation McCrystal said monetary measures were of no avail under current circumstances. Obviously fiscal and monetary discipline was needed at all times. "However, what is needed are direct measures to slow down the frequency of price rises. I can see no alternative under present circumstances to a policy which addresses this subject in a direct way."

17 10 29/11/86 (189)

Electrical goods price hike predicted

(24)

Dispatch Correspondent

JOHANNESBURG — Manufacturers have planned massive across-the-board price hikes — averaging 10 per cent — for the full range of white and electronic goods

Retailers predicted consumers would bear the brunt of the increased prices as early as January, if Christmas sales were strong and stocks ran low

Otherwise, retail outlets said the costs would be passed along to the consumer in February

Goods set to bear a higher price tag include refrigerators, stoves, washers, dryers TVs, audio equipment and car stereos

Internal inflationary pressure is the main cause of price hikes in the sector Foreign exchange woes have had a greater effect on the import-sensitive electronic goods.

The chairman of the Domestic Appliance Manufacturers' Association and a director of Barlows Manufacturing, Mr Peter Dupen, said the industry had to react to the rising cost of imports and to the upward price adjustments of components from local suppliers

The 1987 price increases represent the third or fourth jump in the last year for most firms

Industry figures show total price hikes for the last 12 months of 20 per cent to 25 per cent for major appliances, and 10 per cent for TVs, car stereos and audios

The marketing director of OK Bazaars, Mr Arthur Solomon, said stocks had been increased in anticipation of price increases, but he predicted consumers would feel the effects in the new year.

Govt blamed for massive inflation rate

244

DD 24/11/86

SA pays penalty says PFP

Dispatch Correspondent

JOHANNESBURG — Consumer price inflation slowed slightly in October, meeting the expectations of most economists who have been forecasting some moderation in price increases

The consumer price index (CPI) rose at an annual rate of 19,2 per cent, to 239,3, down from 19,7 per cent the previous month The monthly increase was 1,1 per cent, from 1,9 per cent in September

The Progressive Federal Party's spokesman on finance, Mr Brian Goodall, said South Africa was threatened by hyper-inflation, and government had to accept most of the blame

The massive apartheid structure and the political system which had spawned it had created grave distortions and the country was now paying the penalty, he said at the weekend

He forecast the rate would rise above 20 per cent in the months ahead.

Mr Goodall said a contributory factor to the inflation scourge was that there was too great a concentration of economic power in too few hands.

There had been a massive movement of resources from the private to the public sector

Economists said on Friday the primary moderating force on prices

MR GOODALL

was probably stability of the rand against foreign currencies

Although the rand has stayed at levels constant with last year's for several months, they said, the indirect effects on prices had been reflected in the index until now

"We expected a slight decline," said the Trust Bank's economist, Mr Ulrich Joubert "But 19,2 per cent is still unacceptably high, especially given international trends "

Experts do not agree on whether inflation will continue downward The United Building Society's economist, Mr Hans Falkena, predicted the annual rate would decline through the next six months, to as low as 16 per cent, before moving up again

But others expect sharply rising food prices to keep inflation high

The food-only index, which comprises one-quarter of the total CPI, rose at an annual rate of 23,2 per cent last month, with a month-on-month increase of 2,8 per cent — representing 60 per cent of the overall increase. It jumped by 1,6 per cent in September.

Grain products increased in price by 4,8 per cent in the month, while meat rose 4,0 per cent and fruit 7,7 per cent.

The food index is unstable, however, and difficult to forecast

And manufacturers of white and brown goods have said prices of their products would increase by an average of 10 per cent in January and February.

Because of the higher food costs, lower-income families were hit hardest in the latest month, with prices in that sector jumping 1,7 per cent from September and 19,9 per cent from October, 1985 The middle-income index rose 1,3 per cent to 242,3, up 19,8 per cent from a year before And upper-income families paid prices 0,9 per cent higher than in September, and 18,6 per cent higher than a year ago

Inflation was highest in the Port Elizabeth area, which recorded a 21,5 per cent year-on-year rate, and lowest in Bloemfontein, with 16 per cent

PFP warns as CPI slows slightly

DAILY DESPATCH 14/11/83

CONSUMER price inflation slowed slightly in October, meeting the expectations of most economists who had forecast some moderation in price increases

Economics Reporter

The consumer price index (CPI) rose at an annual rate of 19,2%, to 239,3, down from 19,7% the previous month The monthly increase was 1,1%, from 1,9% in September

PFP finance spokesman Brian Goodall said SA was threatened by hyper-inflation, and government had to accept most of the blame

The whole massive apartheid structure and the political system which had spawned it had created grave distortions and the country was now paying the penalty, he said at the weekend

He forecast the rate would rise above 20% in the months ahead

"With the inflation at its current peak, and the fact that we are about to rise from the bottom of the recession, inflation can only go up "

Goodall said a contributory factor to the inflation scourge was that there was too great a concentration of economic power in too few hands

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And manufacturers of white and brown goods have said prices of their products would increase by an average of 10% in January and February

Rise in electronic, white goods

New Year to herald huge price hikes

MANUFACTURERS have planned big across-the-board price hikes — averaging 10% — for the full range of white and electronic goods.

Retailers are predicting that consumers will bear the full brunt of the increased prices as early as January, if Christmas sales are strong and stocks run low.

Otherwise, retail outlets say the costs will be passed along to the consumer later in February.

Among goods set to bear a higher price tag are refrigerators, stoves, washers, dryers, TVs, audio equipment and car stereos.

Internal inflationary pressure is the main cause of price hikes in the sector. Foreign exchange woes have had a greater effect on the import-sensitive electronic goods.

Tek's new price list shows most increases in the 8% to 12% range.

Brian Cape, Tek trading division director, said videos were being held at constant levels. TVs, car stereos and audios were going up 5% while built-in cooking units would rise by 17%.

Industry Reporter

Barlows Appliance Company MD Pat Gallagher said costs were currently being reviewed. He predicted increases of "slightly less" than 8% to 12% in the new year.

Peter Dupen, chairman of the Domestic Appliance Manufacturers' Association and a director of Barlows Manufacturing, said the industry had to react to the rising cost of imports and to the upward price adjustments of components from local suppliers.

The 1987 price increases represent the third or fourth jump in the last year for most firms.

Industry figures show total price hikes for the last 12 months of 20% to 25% for major appliances, and 10% for TVs, car stereos and audios.

OK Bazaars marketing director Arthur Solomon said stocks had been increased in anticipation of price increases, but he predicted consumers

To Page 2

Big price rises in pipeline

would feel the effects in the new year.

Amalgamated Retail group marketing director Bob Hart said the appliance industry was already working at very low margins and the price hikes would be passed on to customers as soon as old stocks ran out.

But it might not be until February that consumers noticed the higher prices, Russells MD Ian Sturrock felt.

National Panasonic plans to raise prices across the board by between 5% and 10% in the new year. Assuming a stable exchange rate, the firm expects no further increases.

In fact, Panasonic MD Terry Millar said if the rand strengthened within the \$0,46 to \$0,48 range, and the yen re-

From Page 1

mained unchanged, prices would drop.

SA Philips will jack up its TV prices by roughly 5% to 10% in the first quarter of 1987 but marketing manager for video display products, Fred Pearce, doubted the increase would take effect by January.

The television hire industry is mixed over the price hikes. Teljoy operations director Bernard Taffs said the expected reduction in the ad valorem tax in January would counter any price increases.

Visionhire had no plans to raise rates to new subscribers, but MD Graham Taylor said increases were possible depending on market conditions.

NM 24/11/86 244

Prices set to soar next year

Mercury Correspondent

JOHANNESBURG—Manufacturers have planned hefty price increases — averaging 10% — for a full range of household and electronic goods

Retailers are predicting that consumers will bear the brunt of the increased prices as early as January if Christmas sales are strong and stocks run low

Otherwise retail outlets say the costs will be passed along to the consumer late in February

Among goods set to bear a higher price tag are refrigerators, stoves, washers, dryers, TVs, audio equipment and car stereos

Internal inflationary pressure is given as the main reason for the increases, but foreign-exchange fluctuations have had a greater effect on electronic goods.

Tek Electronic's new price list shows most increases in the 8%-to-12% range

Mr Brian Cape, Tek trading division director, said videos were being held at constant levels, but TVs and car stereos were going up 5% and built-in cooking units would rise by 17%.

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Rand

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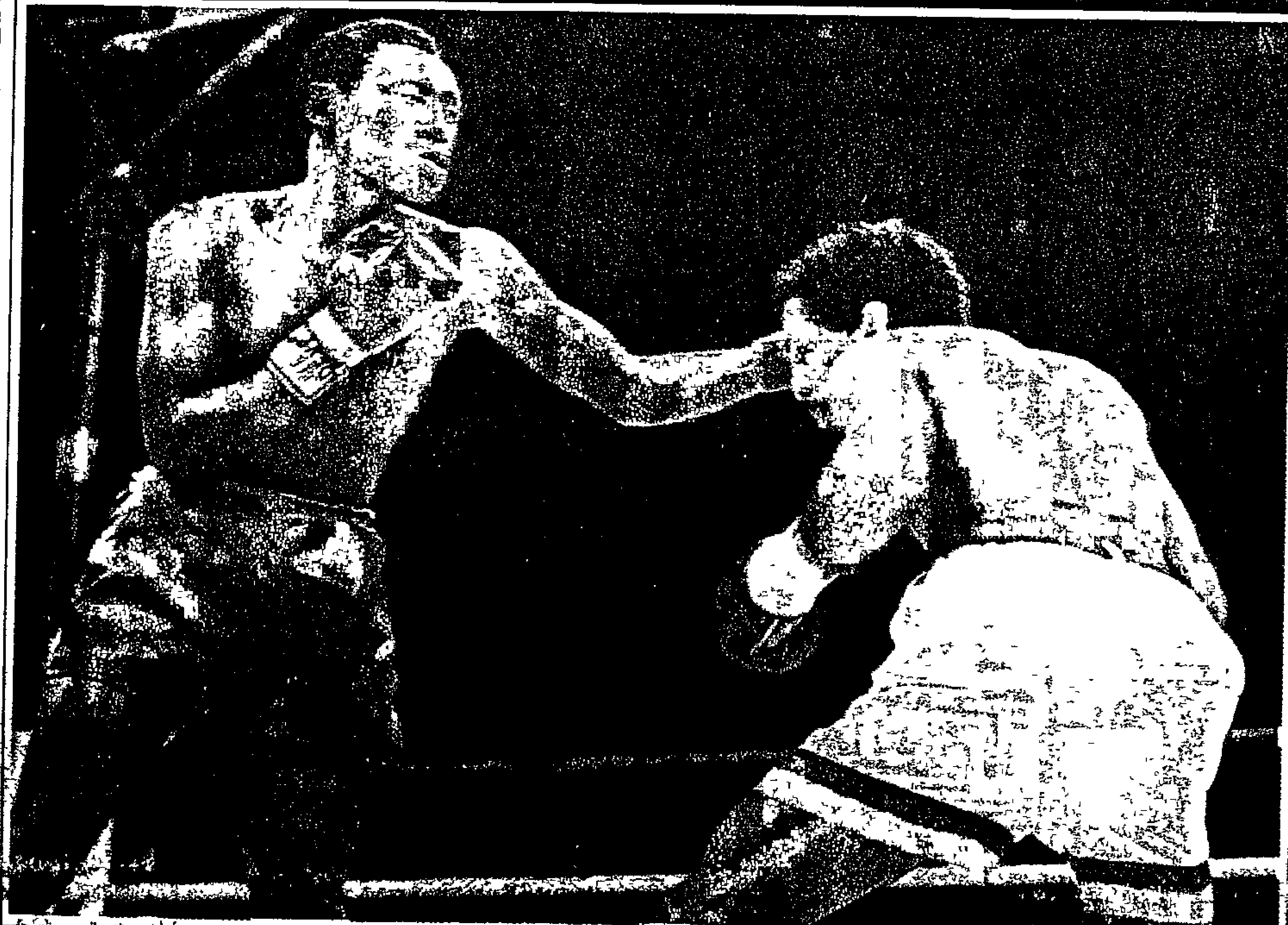
Skosana on the attack before the blow fell



...son escape ... helicopter

After picking up the prisoners who were outside for...

Cost of living forces painful adjustments

23/11/86

BUSDAY

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DOMINIQUE GILBERT

WHITE urban South Africans are feeling the effects of a more frugal life-style that is forcing them to cut back on everything from entertainment to ice-cream.

In their bid to beat the rising cost of living, they are being forced to do without holidays, restaurants, cinema-going, clothes and liquor and to trim back spending on sweets.

The findings of a poll conducted by Omnichek Research Surveys, from a sample of 800 women and 500 men, shows "a level of deprivation and considerable lowering of the SA quality of life among whites" to a standard of living almost, but not quite, comparable to that of the black majority

MD 'Butch' Rice says: "If the whites are hard-hit, the penalties endured by the black communities must be surpassingly bad."

Responses show that 57% of urban whites say they have slashed spending on holidays and cut back on eating out. About 56% have reduced spending on clothes, 46% don't frequent the cinema as often as they used to and 44% say they have cut back on sweets and ice-cream.

A quarter of those interviewed have curtailed purchases of liquor, 30% have reduced hiring of videos, 32% have reined in on hire purchase commitments and 18% have lowered their accommodation standards.

The survey finds that five in every hundred do not spend as much on education as they used to and six in every hundred have reduced bond repayments.

FIN MAIL

INFLATION 28/11/86

244

Stomach ache

Food, comprising a quarter of the consumer price index (CPI), continues to eat into consumers' pockets. In October, food prices increased by 2,8%, bringing the year-on-year increase to 23,2%.

This compares to the overall year-on-year October CPI increase of 19,2%, down from from September's 19,7%. The index increased by 1,1% to 239,3.

Central Statistical Services says that food prices have not risen at such a rate since early 1981. The difference, of course, was

that SA was then in a mini-boom

In contrast, demand is now weak Competition among retailers is "tough " So why the strong upward thrust in food prices?

SA Agricultural Union chief economist Koos du Toit calculates that "at the farm level, price increases over the past decade are much more moderate than retail price rises " He explains that this is a result of attempts, at retail level, to recover losses and maintain turnover in rand terms in a market where volumes have been declining as a result of prolonged recessionary conditions.

The major food price rise is meat It has a CPI weighting of over 9% That it rose by 33% in October year-on-year was a major reason behind the boost in the CPI

Du Toit explains that this is because of "a decreasing supply of animals to the market as a result of the drought and bad debts " Ironically, rain is an aggravating factor, as farmers are more likely to replenish herds than make further sales

Grain and fruit were the other major items behind the inflation rate On the other hand, prices of fats and oils, eggs, and fish declined over the month by between 0,4%-4%.

Premier's Peter Wrighton, whose company is one of the four large food manufacturers (the others are Fedfood, Tiger Oats and Tongaat), blames food price rises primarily on maize The millers' price will have risen 32% by the end of the year "The more maize produced, the greater the exports and the larger the losses, since maize is exported at a loss This loss is carried by consumers and impacts significantly on many other food products, even meat, chicken and eggs "

Wholesale red meat prices, however, are not up by as much as the CPI Food processors face "pitiful profitability and a trading level only 15% up "

Nampo CE Piet Gous cites the maize millers' contract "They cannot compete with one another The free market is not working " He reckons "farmers get 31% less for their maize than consumers pay — and the gap between input costs and output prices is widening "

Price fixing

Du Toit concedes that price fixing on the basis of average cost of production has contributed to the problem, although he believes there is a move away from this

At the retail level — where Checkers, Pick 'n Pay and OK Bazaars dominate — Checkers MD Clive Weil quotes research showing that grocery prices increased by an average 14% over the past year "The major chains were below this, with little price difference between them "

Food accounted for some 80% of the 1,1% monthly increase in CPI The rest comprises housing, recreation and entertainment (thanks to a 30% increase in TV licence fees), cigarettes and tobacco

Leon Steenkamp, of stockbrokers Senekal Mouton & Kitshoff, sees inflation back above 20% next month "Then it should drop before accelerating again from around March, especially if economic recovery is sustained "

Weil is no more optimistic. "From present conditions and listening to manufacturers, I see no drop for the future "

Tradegro's Mervyn King expects an ease "only when volumes are up "

Du Toit notes that it takes time to replenish animal stocks, especially cattle, where the reproduction cycle is lengthy So he does not expect much easing in the rate of meat price increases, "especially during the coming festive season "

More optimistic is Rand Merchant Bank economist Rudolf Gouws "After three large monthly jumps, CPI seems to be levelling off " He does not see the inflation rate breaking January's record 20,7%

"It should be lower earlier next year and then rise to average 17%-17,5% for the year "

Gouws says there are no precedents to assess the time lag of the rand's appreciation on the inflation rate The currency's mid-year appreciation has clearly had little impact so far

The Reserve Bank does, however, now have sufficient reserves to maintain the rand at present levels which should, Gouws says, "ensure that the currency will not be as inflationary a factor next year " ■

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RAIL FARES

Christmas overload

While the tourist industry works hard to bring some Christmas cheer to holidaymakers, Sats seems determined to dampen spirits It has come out with a late announcement of a 15% surcharge on all mainline train fares which will inevitably cut the number of impulse travellers to coastal resorts

Hoteliers, among others, will be unimpressed. The industry has seen profits drastically reduced this year and, although discounts and package deals are bound to increase occupancies this season, bargain basement rates cannot offset rising costs In addition, the average duration of stay has decreased from three weeks to eight days

True, increased international airfares are keeping more South Africans at home, but hotels fear the rail surcharge over the holiday period could just wipe out the thin margins on which they are counting.

Real profit usually comes from impulse travellers — those who wait until schools break up or until they receive year-end bonuses before deciding on a holiday Previously, many travelled in the family sedan, but the cost of fuel and shorter holidays due to the cash squeeze is making air, bus or train travel increasingly popular

These are the people who will be mainly hit by the rail surcharge which will apply between December 3 and 31 Fly-stay packages are fully booked before the season starts and, this year, intercity buses are running at capacity Citylıners GM Theo Stead says bookings have been so heavy that his company is to put two extra buses on the Johannesburg-Durban route on eight peak days during this period Fares are R53 single and R99 return

Train travel becomes the only option However, a one-way ticket between Johannesburg and Cape Town, for example, will increase from R197 to R227 — an extra R120 for a family of four This could well make the difference between going away and staying put

A Sats spokesman says every scheduled intercity train between November 27 and December 31 is already fully booked There are some 236 of these a week, each carrying around 300 passengers Sats has also laid on 709 additional trains during this period, and a further 253 between January 1 and 19 These are 80% full already, so it seems the surcharge will indeed affect only last-minute travellers

Certainly, the Sats move has angered the hotel industry Says Fedhasa's operations director, Fred Thermann "This is iniquitous The hotels have accepted that South Africans are strapped for cash and have done their best to lower rates What Sats is doing is profiteering, evidenced by the fact that the surcharge will apply only in high season"

Still, there is some good news Thermann says hotels are pitching their rates at 1981 levels and that there are excellent packages available right into season — if you can get to the resort "Holiday Inns and Southern Sun, for example, are quoting R90 for a double room to December 20"

Natal popular

Fedhasa's figurers show that Natal appears the most popular destination, with the Drakensberg almost fully booked, the South Coast 90% full and the North Coast 70% Durban itself is expecting a 12%-22% increase on last year's occupancy levels Durban Publicity Association marketing director Andrez Kiepiela says the association expects an influx of about 230 000 people, compared with about 190 000 last year

A stay on the South Coast, per person, should cost about R55 a day for dinner, bed and breakfast, and on the North Coast R40 a day. One- and two-star Durban hotels are offering bed and breakfast at R40 a day single Bookings are also good in the eastern Cape and Cape Town, which is 70% booked Here rates vary between R40 and R65 for bed and breakfast, depending on the package and standard of hotel ■

Cut in maize price queried

Business Day Reporter

THE new, cheaper selling price of yellow maize announced by the Maize Board has been queried by industry sources who find the stated figure of an 8,1% reduction misleading.

They say the effective reduction for January is 5,8%. For February it will be 7,39%, March 8,85% and April 10,27%.

Maize Board general manager Hennie Davel explains that yellow maize has been selling at R266 a ton since May, plus accumulated handling and storage costs. This price will immediately drop by 5%, which is R13. In addition, the price for handling and storage which added R5 a ton, monthly, will now be abandoned until end-April.

"Instead of yellow maize costing R301 in December, R306 in January, R311 in February, R310 in March and R321 in April, the price will be decreased to R288 and held until April.

"Yellow maize is down 5% on basic price and down 3,1% on handling and storage, giving our figure of 8,1%."

Considering that mealie meal is composed of 80% white and 20% yellow maize, some consumers are asking why there is no decrease in this price

Davel says: "The portion of yellow maize that is mixed with white amounts to 200 000t over four months which will be reduced by 25%, a reduction of R5m. But it represents a reduction of only a few cents a kilo to the consumer.

The reduction was made in an effort to stimulate local demand for yellow maize. World prices fell 28% during the past nine months while local demand for yellow maize fell by 18%. It is sold abroad at a net loss of R113 a ton.

"There is no economic incentive to reduce the price of white maize because there is limited stock over the short run. But by reducing the price of yellow maize the industry will improve its market share and pass the benefit on to the consumer.

"We are starting a new advertising campaign in January to stimulate the use of maize meal in the black market This is rather controversial advertising, which will hopefully improve local consumption."

The price decrease will last only until the end of the season, April 30.

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BUS BOYCOTTS

Putco's woes mount

Putco argues that it will go out of business if it does not raise bus fares But attempts to do just that are causing it serious trouble

Introduced at the beginning of the month, the new fare increases have aroused a great deal of resistance, particularly in Soweto and townships within the KwaNdebele homeland, where many buses have been damaged Financial losses have been substantial.

Fares were raised in the Transvaal by 17,5% and in Natal by 15%. Because of black commuter opposition, the company has suspended fare increases on routes between the Reef and the distant KwaNdebele townships east of Pretoria.

At the weekend, two Soweto bus depots were bombed, causing R10 000 damage to ticket offices

Apart from the two depots rocked by limpet mines, four buses have been petrol-bombed, seven others hijacked and 1 000 bus windows smashed, according to a Putco spokeswoman She estimates total damage since the current bus boycott began at more than R70 000

According to Putco, a Durban South depot has been closed "temporarily" following dismissal of 200 drivers who did not collect fares from passengers on October 24. Action against the drivers was taken as a "disciplinary" measure; meanwhile, the company is looking for new drivers Areas affected by the closure are Umlazi, KwaMakhutha, and Umbumbulu

Soweto Fares

In Soweto, fares from Emdeni (the most distant point) to Bree Street have risen from R1,60 to R1,80 for a single cash ticket; weeklies from R7,50 to R8,80, and monthly tickets from R39 to R45,80 From Baragwanath (the point closest to town) to West Street fares have risen from 75c to 90c a single cash ticket, from R5,10 to R5,80 for weekly tickets, and from R26,50 to R30,20 per month

Explaining the increases, Putco's assistant MD Vic Coetzee said "If you don't put up fares, you go out of business We are sympathetic, but cannot do much unless the government pays (a higher subsidy) "

The company also explained that the 17,5% and 15% fare increases are intended to cover cost increases between July 1985 and June this year They include a 37% rise in maintenance and spares, a 13,3% rise in wages, and 20% increases in insurance, licensing, rentals and depreciation costs.

The feeling at Putco is that the company cannot be expected to provide a social service If it is expected to do so, then government must subsidise fares far more substantially than at present

Among proposals made by Putco — together with another bus company, Tollgate Holdings — to government is that regional services councils (RSCs) buy the companies' assets, then appoint the companies to run the bus services on an agency basis for RSCs (see *Business*, November 7)

A Putco spokesman tells the *FM* that there has been no movement from government on this suggestion ■

☐ See *Companies.*

Growth prospects 'uncertain' for SA

11/12/86 STAR 244

By Stan Kennedy

Despite welcome signs of economic recovery, prospects for sustained growth are uncertain because of the poor financial position of the average consumer, says Bankorp Trust's *Market Opinion.*

As a result of high inflation and previous higher lending rates, real savings have not increased enough to sustain consumption demand, it contends.

Personal loans, even in real terms, are still high, and the average consumer has not been able to consolidate his position. Prices of durable and semi-durable goods have increased so much that the consumer's ability to replace them is limited.

Expectations of higher interest rates next year are not conducive to consumption spending and investment sentiment.

"While we believe that short-term rates could still decline by one to 1,5 percent, we feel these rates are probably at their lower turning-point.

"Future renewed demand inflation will, in an environment of increased credit extensions, resurgent economic growth and rising imports, lead to an increase in interest rates."

Excessive stimulation of the economy can be ruled out because of the balance of payments situation. A big surplus is expected, but much will be lost in capital outflows. Exports will have to be increased and imports contained.

"Our current high inflation is disturbing. Purely in terms of economic activity and growth in the money supply, the inflation rate should be in the region of 10 percent a year.

"The extent to which imported inflation, via the decline in the value of the rand, has contributed to inflation is obvious."

Bankorp says low demand, depletion of stocks and postponement of replacing stocks probably contributed to the rand's decline still working its way through the system.

Excessive demand should place further pressure on prices.

Overall, the economy will start growing from its low base, and the initial recovery will be "very good". Thereafter, it can be expected that only moderate growth will take place.

Bankorp recommends buying gold shares in times of relative weakness, and says longer-term fundamentals favour a higher gold price.

Putco and the case of the vanishing profits

PUTCO has raised bus fares — and thereby prompted a bus boycott — because they say they are losing millions. Not so, argues MARK SWILLING, who has scrutinised the company's financial statements with the assistance of a chartered accountant

THE managing director of Putco, Gaetano Carleo, who came to South Africa in 1927 as a poor immigrant, now lives in luxury in Italy

His company and the holding company of Putco, Carleo Enterprises, was paid a "management fee" of R344 000 by Putco in 1986 alone The previous year it was R328 000

The stock exchange of the shares owned by the Carleo family, including 52 percent of Putco, is worth R10,5-million The book value of the company is nearly R200-million

The Carleo family's rise to financial power is, in the words of Putco's own annual report, "the sort of rags to riches story that salts Johannesburg history"

Why then have fares gone up 17,5 percent, provoking bus boycotts which are spreading through the Transvaal and leading to the retrenchment of Putco workers?

Putco replies that it is running at a loss This is what it told the Local Road Transportation Board (LRTB), a government institution that has to approve all bus fare increases However, community organisations have argued that Putco never consulted the community about the fares and it is unlikely that Putco's two black directors, MN Maponya and MM Peta, did

The bus fares have gone up for two reasons Firstly, the government has decided to decrease its subsidy of black commuters Secondly, Putco may claim that it is running at a loss, but closer inspection of its highly complex financial statements calls this claim into question

Since 1957, when the subsidy of black transport was introduced, it has increased from less than R5 million in the early Sixties to well over R200 million today

Numerous commissions of inquiry have tried to eliminate this rising cost, but as the 1983 Welgemoed Commission noted, "it is an unfortunate fact that in South Africa public transport is highly politicised"

A recent report by the CSIR estimated that if subsidies were phased out, black commuters would find themselves spending about one third of their income on transport

Nevertheless, the government has committed itself to phasing out subsidies During his budget speech earlier this year, the Minister of Finance, Barend du Plessis, said he was satisfied that the "higher recovery of the losses from passengers — overwhelmingly urban commuters — is being phased in gradually" This is why the government has allocated R210 million for subsidies for 1985/86 — only 0,3 percent more than what was needed in 1984/85

As inflation is running at 20 percent, it is clear commuters will be expected to carry the rest of the burden

The fares that commuters are expected to pay are worked out by the LRTB and the Department of Transport in conjunction with Putco

The process is as follows firstly, the "economic fare" is calculated, *ie* what it costs Putco to transport the commuter plus a profit, secondly, what commuters can afford is calculated, thirdly, the state decides how much it is prepared to subsidise the fares to make up the difference between the economic fare and what commuters can afford In the end, an agreement is reached about what fares the commuters should pay

All these decisions are taken without consulting the commuters Consequently there is always a huge gap between what Putco and the state estimate commuters can afford and what commuters say they can afford

As far as Putco's financial position is concerned, it claims to have incurred a loss for the year ending June 1986 This was calculated by deducting the total operating costs of R310,4 million from the total income of R299-million, leaving a loss of R11,4-million After various additional items were calculated, this left Putco with a bottom line loss of R5,7-million

The crucial amount is the operating costs of R310,4 million. Included in this figure are two large amounts totalling nearly R30-million These written off as "replacement depreciation", and the R14,4-million which is written off as "foreign exchange losses"

"Replacement depreciation" is calculated using a method known as inflation accounting It means the costs of replacing buses and other equipment is calculated by working out what it originally cost to buy the buses, plus what it will cost to buy new buses Inflation and the foreign exchange rate are taken into account because Putco imports most of its buses This cost is added onto current operating costs

This technique allows Putco to increase operating costs and hence decrease the size of its profits, whereas the amount written off as replacement depreciation has not been spent yet

As far as "foreign exchange losses" are concerned, it is questionable whether these qualify as an operating cost Instead, these losses were incurred because Putco management failed to take out forward cover on its foreign loans and credits

If the costs of foreign exchange losses and replacement depreciation are removed from Putco's operating costs, as would be acceptable in more conventional accounting practices, operating costs would be R281-million, rather than R310,4 million, leaving Putco with an operating profit of R17,8-million

Foreign exchange losses could then be reflected further down the income statement as a non-operating cost and deducted from profit This would still leave Putco with a bottom-line profit of R3,4 million

That Putco does not take its declared losses very seriously is shown in its declared net loss of R8,4-million for 1985, while it still paid out a dividend of nearly R [illegible]00 000 to its shareholders

If Putco acknowledged it was making a profit, it could never justify the massive fare increases it expects black commuters to pay Furthermore, as Putco's income includes a state subsidy in excess of R80 million, Putco may well find it difficult to explain to taxpayers why it should make profits at their expense

In the final analysis, black commuters are being expected to pay higher fares because

- The state is no longer prepared to subsidise their long journeys,
- Government transport policy assumes that transport monopolies are entitled to make large profits which teams of accountants are adept at hiding

It is also interesting to note that Putco's net assets are valued at the moment in excess of R200-million

According to informed stock brokers, there are rumours that Putco is looking to sell out If so, like the Frame and Rembrandt groups before it, Putco's owners will one day benefit enormously from all this accumulated value

The question is, who will benefit? The millions of commuters, who have struggled for years to pay the fares, or the Carleo family?

AWB leader Eugene Terreblanche relaxes while two of his fellow commandos play *vingertrek* during a break in the AWB's four-day "devotional" horseride from Pretoria to Krugersdorp The commando left Pretoria on Tuesday and are due to arrive at the Paardekraal Monument on Monday where they will commit themselves to a new covenant

Picture Anna Zieminski, Afrapix

Milk: board won't give no-rise pledge

4/12/86 STAR (244)

By Toni Younghusband

The Dairy Board has denied it has sought a milk price rise — but will not give an assurance that milk will not cost more in the New Year.

In a statement yesterday, the board said recent reports of diary price hikes should be approached "with caution".

Managing director of the board, Mr Edu Roux, assured The Star that the wholesale price of butter would remain the same until the end of February.

DAIRY PRODUCTS

But he did not comment on what could happen to the current producer price of milk in the near future

Recent Press reports quoted "reliable" sources as confirming price increases of between 10 and 20 percent for all dairy products from January.

Supermarkets said they had received notification from suppliers of early New Year price increases.

These price increases are believed to include a 12 percent Cheddar and Gouda cheese rise, a 25 percent rise in milk products costs and a powdered milk price increase of 20 percent

It is also understood the Dairy Board made representations to the Government to increase the price of industrial milk by 11 percent.

The board denied this and the reports that it had asked the Government for a milk price increase.

Mr Roux said the board only had control over the producer price of milk and the wholesale price of butter.

He added. "The consumer price index indicates that the price of dairy products over the past few years has risen slowly compared to other foodstuffs and at present compares favourably with these."

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BREAD PRICE

Using the loaf

A new computerised management system is set to apply the brakes to the soaring cost of transporting food — and bread stands to become a major beneficiary

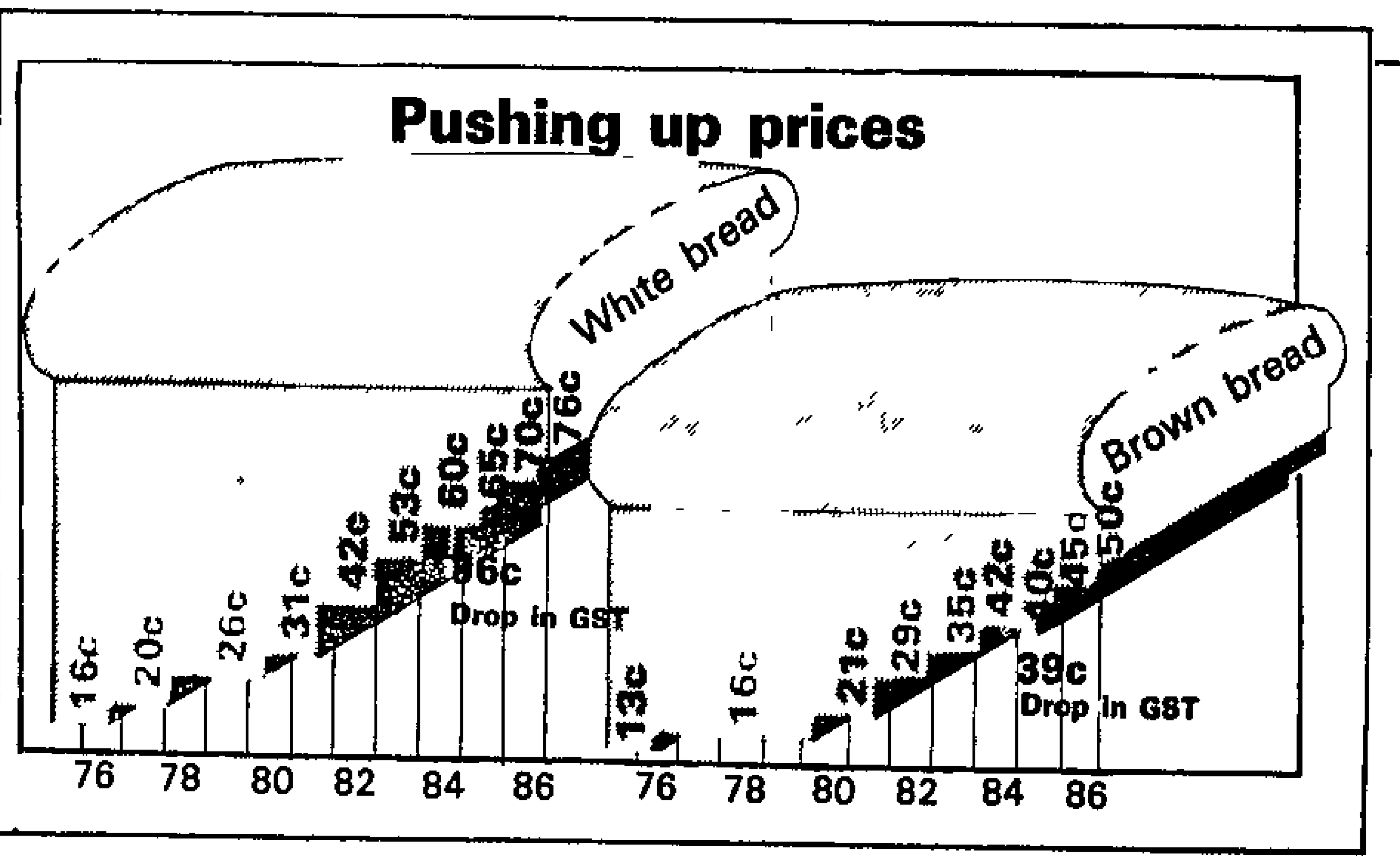
As transport alone accounts for 40% of the bread price, it was not surprising that earlier this year Associated Bakeries (AB) asked the National Productivity Institute (NPI) to tackle the problem

After several months' work, the NPI has come up with a computerised vehicle management information system to assist in the evaluation of vehicle performance and fleet cost control

AB itself has an annual bill of R400 000 for distribution costs, and MD Arnold Pretorius has wasted little time in implementing the system

The experiment will cover his eight bakeries servicing the PWV area Programming is in hand and the extent of the benefits should be known in February

The system provides a breakdown of monthly operational costs in respect of all variables such as tyres, fuel and maintenance. And the fact that it can operate in situ ensures short-term control, especially over



high cost items like fuel

According to NPI's Hugo Smit, the system simultaneously measures the availability and utilisation of every vehicle in the fleet and forecasts when services will fall due as well as determining optimum vehicle replacement dates Because the system assists in determining tariff structures, management will also be guided in deciding whether to buy new vehicles, make use of vehicle hire, or to use pool facilities

Accurate delivery cost calculations are provided which will pinpoint unprofitable deliveries Performance comparisons within and between vehicle categories are also possible and the facility of exception reporting — based on standards set by management — helps to identify poor performers and variance conditions

Training in fleet management principles is provided and because the system is user friendly, it can be implemented on any IBM-compatible personal computer

If the bread experiment is successful, the system could be extended throughout the country and to other industries. ■

5/12/86

STAR (244)

Dairies not increasing prices from January

Dairies in Johannesburg and Pretoria say they will not be putting up the price of milk and dairy products from January 1 if the Dairy Board does not introduce a price rise.

Recent Press reports forecast price increases of between 10 and 20 percent for all dairy products from the New Year.

But the Dairy Board has denied it had sought a milk price increase.

A spokesman for Douglasdale Dairy said he knew of no plans to raise prices.

The president of the Housewives' League, Mrs Lynne Morris, said she had not been notified of a price increase.

Milk price set to rise 4 cents on Monday morning

STAR 6/12/86

244

Staff Reporters

The South African housewife is due for another blow on Monday when the price of milk for at least one major dairy is to rise by four cents to 93 cents a litre.

The increase is expected to apply in most parts of the country. And other dairies are expected to follow suit.

A spokesman for the Clover Division of the National Co-Operative Dairies in Johannesburg confirmed last night with The Star's Durban Correspondent that the four-cent increase applies to milk delivered to homes as well as the wholesale price.

Mr R Floweday, of the Natal division, said he could not say whether the price of other dairy products would also be going up.

The Reef spokesman confirmed the increase in Johannesburg and said it would come into effect in all the areas in which they delivered milk.

"This includes the Transvaal, Free State and parts of the Cape. I don't know if other dairies are also going to put their prices up."

Mr Floweday said, while milk delivered to homes will cost 93 cents from Monday, the prices in shops will be a bit lower

At the beginning of 1980, the price of milk was 38 cents and in six years, it will have increased nearly two and a half times.

7/12/86
SUN. TIMES

244 (86)

SUND

Appliances to cost 17% more in 1987

By Don Robertson

THE weak rand and inflation are set to boost the price of domestic appliances and home entertainment equipment by between 5% and 17% in the new year.

A stove, now selling for R1 249, will cost R1 349 compared with only R1 175 six months ago A 51cm colour television set, which cost R1 599 in the middle of the year and now sells for R1 999, will be priced at R2 149 early in January

Yen and mark

Mike Bosworth, managing director of the R350-million Tek group, says the increases will be caused not only by inflation now running 19%, but by the rand's weakness against the yen and mark

"These currencies have strengthened considerably against the dollar Although the rand-dollar exchange rate is steady, the cross rate between the rand and the yen and mark has weakened"

In an effort to prevent prices from rising too fast, Tek intends to increase SA content in its refrigerators, stoves, television sets and audio equipment

Some Telefunken TV sets have a local content as low as 20%, but once additional expenditure of R1-million for production of components has been completed, it could rise to 50%

The East London factory was modernised towards the end of 1984 at a cost of R8-million Production costs have fallen as a result

Mr Bosworth says "Another example of our determination to hold prices is illustrated by the introduction of the Defy Duette refrigerator/freezer It is the first SA-made side-by-side unit with a four-star rating It will retail, depending on the model, at about R2 000 compared with similar imports which cost about R5 000"

The Duette was launched in the middle of November and its success has forced the East London plant to operate a double shift six days a week The company is producing 150 Duettes a day and hopes to turn out 200 soon It is expected that the double shift will be maintained

Mr Bosworth says Tek will look for other opportunities next year of keeping prices stable But inflation and the dependence on imported goods will mean price increases

A major imported item in TV manufacture is the tube, but because of the small numbers required for the SA market, it is not profitable to make them here

Tek sources tubes from various countries, sometimes at premium prices, in order to maintain supplies The company will introduce a new model next year and it will incorporate a square tube which offers better styling possibilities and a wider viewing surface

David Smith, general manager of Tek Refrigeration, says that rationalisation is essential if the industry is to survive

"Because of the limited size of the market, rationalisation must happen or one of the big three — Tek, Barlows and Katz International — will have to go"

7/12/86 · SUN TIMES

244 / 1983

Red meat, chickens and toiletries lead price rises

By Don Robertson

EFFORTS by food chains to hold down prices have been thwarted by increases in the cost of red meat, chicken and toiletry.

The good news is there are unlikely to be any further increases until after Christmas.

The consumer-price index rose by 19,2% on an annual basis in October

However, the food index soared to 23,2% on a yearly basis, or by 2,8% in October alone. This compares with a 1,6% increase in September.

The big chain stores are holding prices on their own products, but other goods cost more.

Hugh Herman, managing director of Pick 'n Pay, says the rise in the food index was almost entirely due to higher prices for dry goods, such as detergents and toiletries.

A major factor has been the higher cost of imported packaging material because of the weaker rand

Red-meat and chicken prices also rose in October, although they have been fairly stable for most of the year. The October increase resulted largely from seasonal demand and drought which initially encouraged heavy slaughtering and a consequent shortage

Poultry prices have increased in sympathy with meat prices.

Mr Herman says. "However, Christmas prices are likely to be below those in October and remain there until January."

Pick 'n Pay's gross margins have not increased in the past few years, says Mr Herman

Gordon Hood, managing director of OK Bazaars, agrees that the major increase came in dry goods.

Tea has risen by about 5% this year, but coffee is 50% more expensive. Canned foods and fresh vegetables also cost more because exports caused a shortage on the SAmarket

Biscuits have risen in price, and sweets cost more because of the need to import cocoa butter.

Clive Weil, managing director of Checkers is more pessimistic, saying: "Meat prices, which are a big component of the index, have gone through the roof and they could rise again before Christmas. We are living in a world of inflation and I don't see prices falling."

"We generally refuse to accept price increases in November because of the large trade at Christmas. But a large number of price increases can be expected in January and February"

Fruit and vegetable prices have taken off and potatoes now cost twice as much as a year ago.

Stores warn of price increases in the new year

NM 8/12/86 (244)

Mercury Correspondent

JOHANNESBURG—Supermarket chains are ready to abandon their price freeze of the past six months

New Year shoppers will be greeted by price increases of between 8% and 12% on many food and toilet items. Certain articles will rise by up to 60%

Supermarket executives are playing down the significance of the increases, saying they are always expected in the new year when manufacturers review prices

Products with higher price tags will include processed meats, detergents, tea, coffee, paperware, milk by-products, frozen vegetables and toiletries At the top of the scale, nuts and peanut butter will rise by 60%

A Spar spokesman says consumers should expect to see many psychological price barriers broken

Retailers blame rising costs for labour, transport and packaging for the increases

A Consumer Council spokesman says the council is monitoring the situation

He said 'The price hikes will have a tremendous ripple effect throughout the economy Consumers can expect to be hit hard We are awaiting the increases with trepidation'

Housewives' League national president Lyn Morris says the whole price freeze issue is being watched

She said 'We would be surprised if there weren't sharp increases'

A survey of supermarket chains turned up — with some variations — these increases detergents (12%), wine (16%-18%), tea and coffee (8%), paperware (10%), processed meat (12%), sugar (8%-14%), frozen vegetables (10%), cheese and milk by-products (8%-14%), toiletries (8%-10%), artificial sweeteners (20%), and shoe and furniture polish (10%)

Next year's price jumps come on the heels of a 21% average rise in all food and grocery products during 1986.

244

8/12/86 BUS DAY

New Year will ring in many price hikes ranging from 8-60%

Industrial Staff

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A Checkers' spokesman said. "We expect price increases in January but it does not necessarily follow we accept every increase." Next year's price jumps come on the heels of a 21% average rise in all food and grocery products during 1986.

A C Nielsen's market research figures for the grocery industry are confidential. But a spokesman says retailers are "doing their damnedest to hold prices down. The margins are tight".

244

20% increase expected next year

Steep wine price rise could send sales tumbling

Industry Reporter

WINE prices could soar by as much as 20%-25% next year.

And industry observers expect sales to drop considerably if prices rise by 15% or more.

The KWV board of directors is keeping all discussion of price hikes under tight wraps. KWV's chief executive for planning, Dr E F Buekman, would only say industry talk of a 20% increase was "pure speculation".

KWV will submit its price list officially to government on January 14, although a statement is expected to be released the week before, "giving a good indication of what to expect".

Growers encountering hard times and general inflationary pressures, especially in packaging, are responsible for the price review (Wine price increases have lagged behind the consumer price index for the past decade)

But retailers remain unconvinced.

"There is going to be an enormous increase," predicts Checkers grocery-buying director Brian Sacks. "At this stage we cannot see any valid reason for the size of the expected increase."

Retailers surveyed by *Business Day* are hoping for a January price increase in the 7%-9% range, but say a 12%-15% increase is more likely.

Another, similar increase is expected later in the year — which would effectively add R1 to the cost of a R4 bottle of wine.

Benny Goldberg's MD David Botha says: "It disturbs me greatly that the prices might get out of control."

Raising the cost of wine 25% at the retail level would only benefit wine growers 10c-12c a litre, Botha says.

Even with an improving economy next year, Solly Kramer's MD John Hooper says a price hike of 15% would cause wine sales to lag behind any increase in consumer spending.

Stellenbosch Farmers' Wineries (SFW), a producer-wholesaler, says an increase of 8%-12% would be in line with price increases for the industry over the past decade.

Any higher increase is likely to influence demand negatively and result in lower real growth, says SFW planning director Colin Tatham.

25% wine price hike is predicted

19/12/86

NM

244

Mercury Correspondent

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BUSDAY 12/12/86 (244)

Red-meat prices decline by 5%

GOOD news for Christmas shoppers — red-meat prices, which traditionally rise with the advent of the holiday season, have dipped 5% over the past week.

Industry sources say retailers are brimming over with holiday spirit because the price moves were unheralded.

Meat Board Deputy GM Frans Pieterse believes the trade is absorbing a higher market price.

"I would like to thank the trade for this gesture. The board originally requested the move and is delighted with the response."

He says beef prices, which last week were lower in Durban than in the Transvaal, have levelled out and are holding at R3,60/kg for Super Grade A.

"I would still advise housewives to shop around. There are bargains to be had."

He says the market is buoyant, but that farmers are not making use of the permits granted them.

12/12/86

RETAIL COSTS FINANCIAL 244

Fine tuning

In the light of expected price hikes by grocery retailers in the New Year, increased attention is being focused on the cost of distribution of goods to stores This, including warehousing and transport, accounts for 5%-6% of the retail price.

A new study by Edgars group's UPC Retail Services for the Grocery Manufacturers' Association (GMA) shows that massive savings could be made in this area — and passed on to the consumer.

The biggest distribution problems occur at grocery outlets' "backdoors." Paperwork and clearance delays lead to queues of vehicles standing idle — at an average cost of R30 an hour for each truck, driver and two porters.

However, retailers are by no means entirely to blame Lack of cohesion in the supply sector has brought about chaotic delivery schedules, and the use of vehicles and package sizes which are not always compatible with the stores' materials handling capabilities

The UPC study, conducted at retail outlets on the Reef, concludes that streamlined paperwork flows alone could give annual savings of R3,25m in the region This does not take into account the benefits which could flow from staff cuts and reduced overtime

At present, order documentation is not standardised, nor are the terms used by suppliers and retailers to describe products or the stock control procedures used by different stores In one case, says UPC's Peter Bester, the comparison of documents emanating from the buyer's department, those issued to the receiving clerk, and those brought by the delivery driver took 48 min In another, clearance delays took the off-loading time for 13 vehicles to a cumulative 14 hours, at five bays

UPC recommends that when an order is made it should follow the style of one "hard-copy" document, with one copy going to the supplier and acting as a delivery note, and another going to the in-store receiving clerk

The effects of physical incompatibility are also costly. For example, 400 cartons on 10 pallets took 150 min to be delivered at one store as they had to be repalletised to conform to store requirements On the other hand, a delivery of 728 cartons on 17 compatible pallets was unloaded in just 21 min UPC estimates that improved materials handling and packaging could save R1,9m at the 229 retail outlets on the Reef.

It also reckons that better use of working hours — staggering deliveries throughout store operating times — could save 7 000 man-days a year and R2,1m on vehicle operating costs This would, of course, need co-operation between all retailers and all suppliers — unlikely at present

However, Checkers' MD Clive Weil says there must be a meeting of minds on the issue. And Pick 'n Pay's Peter Dove says "Distribution is one of the keys to retailing success We realise that we're going to have to co-operate with suppliers and other retailers to a much larger degree"

The GMA's Jeremy Hele says "It's time we united in the battle against losses caused by everyone's inefficiency and sought to solve the problems caused by many manufacturers trying to deliver simultaneously to the same stores"

244

Buy now, says Meat Board, as prices fall

Meat

By MICHEL DESMIDT

GOOD news for Christmas shoppers is that the price of mutton and lamb has dropped this week, but a seasonal shortage has caused the price of pork to rocket.

This corresponds with the Meat Board's predicted drop in prices in the Eastern Cape

The board's assistant manager, Mr J E van Zyl, said prices had already dropped in Johannesberg, Pretoria and Durban and he advised housewives to buy now

The manager of a hypermarket butchery, Mr Ian Crooke, said yesterday that the market price of mutton had dropped to R4 a kilogram from R4,60 a kilogram a week ago Lamb had similarly come down from about R5 a kilogram a week ago to R4,45 a kilogram at yesterday's auction

A price survey of six Port Elizabeth supermarkets and hypermarkets, conducted this week by professional market researchers, revealed the following highest and lowest prices for various cuts of red meat

The outlets were OK Bazaars Greenacres (OK1) and Main Street branches (OK2), Grand Bazaars in Newton Park (GB), Pick 'n Pay Hypermarket (PH) and Newton Park branch (PNP) and Checkers Hypermarket (C)

● The Housewives League of South Africa said prices always rose during the festive season but never to such heights and she questioned whether the Meat Board was fulfilling its function of ensuring the orderly marketing of meat.

	LOWEST	HIGHEST
Leg of pork	R4,99/kg (C)	R5,98/kg (GB)
Loin chops	R7,88/kg (PH)	R8,99/kg (OK1)
Topside roast	R6,48/kg (PH)	R8,49/kg (C)
Rump steak	R9,29/kg (OK2)	R11,68/kg (GB)
Fillet steak	R8,97/kg (OK2)	R14,08/kg (GB)
Tenderised steak	R7,88/kg (PH)	R8,99/kg (OK1)
Brisket	R5,38/kg (PNP)	R6,28/kg (OK2)
Chuck	R5,79/kg (GB)	R6,29/kg (C)
Lean mince	R7,79/kg (OK1)	R6,98/kg (PNP)
Regular mince	R5,68/kg (PH)	R6,29/kg (OK1)
Topgrade wors	R6,39/kg (PH)	R7,29/kg (C)
Economy wors (soya)	R3,99/kg (uniform price)	
Leg of lamb	R5,98/kg (PNP)	R8,29/kg (OK1)
Loin chops	R9,78/kg (PH)	R12/kg (OK1)
Stewing lamb	R4,78/kg (PH)	R7,59/kg (OK2)
Schnitzel	R8,78/kg (PH)	R9,80/kg (GB)

Cape Times 13/12/86 (244)

Petrol price hike 'virtually certain'

JOHANNESBURG — An increase in the price of petrol is virtually certain if the world price continues to climb at recent rates in the new year — particularly if the dollar strengthens against the rand.

This is the implicit message of a new report by Sasol on petrol price trends, which points out that South Africa's fuel prices have been based on the world price in dollars

The recent strengthening of the rand in dollar terms has weakened the likelihood of an SA price hike

As the rand is unlikely to appreciate much further in the coming six months, the increase in the world price — in US cents a gallon — will have to moderate substantially, and hopefully level out, if an SA price increase is to be avoided

The Sasol report, covering price trends up to end-November, says "The world price in US cents per gallon (the 'posting') is now steadily increasing in line with the world crude oil market trend although November showed a slight decline "

"The posting reached its highest level of 107 906 US cents per US gallon in March 1981 However, the rand/dollar parity of 1,2653 at the time meant the world price, on which South Africa's fuel prices were based, was a modest 24,678 SA cents a litre

"The world price reached its lowest level of 45,861 US cents per US gallon in August 1986 — at a level last seen in November 1978, just prior to the 1979 oil crisis

"In November the world price in SA cents a litre was 33,493c This is only some 0,05c per litre higher than in October, (but this was) primarily as a result of a slightly weaker rand/dollar parity (0,447 versus 0,4438) "

The report notes that. "The final reconciliation of the retail price of petrol for November is now available

"During November motorists in Group 15 (Johannesburg and Pretoria) paid approximately 1,4c a litre too little for 93 octane petrol This shortfall will be financed from the 'slate' price equalization fund

"Apart from October the shortfall is lower than in the last few months For example in October the shortfall was 1,399c a litre (market price 33,441c), in September it was 1,628c a litre (market price 33,670c), and in August 3,693c (36,005c)"

Graphs with the report show that the margins curently enjoyed by petrol wholesalers and retailers total 10,2 — wholesalers getting 4,958 and retailers 5,200 — Sapa

Rise in petrol price possible

13/12/86
MM
(244)

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244 Cape Times 19/12/86

SOMERSET WEST TEL (024) 51 2535 FINE! 14733

Cost of living rises by 19%

By AUDREY D'ANGELO
Deputy Financial Editor

THE cost of living is still going up at a rate of more than 19%, figures released yesterday by the Central Statistics Office show.

The consumer price index for the 12 months to November showed a rise of 19,2%, almost unchanged from the dismaying 19,7% for the 12 months to October.

And, although lower interest rates may help to bring it down, price increases in the pipeline together with the government's plan to revive the economy by encouraging spending will be inflationary.

The new statistics show the monthly all items index (base 1980) rose 1,3% in November to 242,4 after a 1,1% rise to 239,3 in October.

A year ago the index stood at 203,4 and year-on-year consumer inflation at 16,9%.

The figures show that the middle income group was the hardest hit over the past year.

The higher income group index rose to 242,7 in November from 239,3 in October and 204,4 in November last year, giving a monthly rise of 1,4% and year-on-year increase of 18,7%.

The middle income group index rose to 245,1 from 242,3 in October and 204,8 in November last year, giving a monthly rise of 1,2% and year-on-year increase of 19,7%.

The lower income group index rose to 236 from 233,6 in October and 197,3 in November last year, giving a monthly rise of 1% and a year-on-year rise of 19,6%.

The food only index rose to 244,3 in November, up 1,7% from 240,3 in October and up 22,9% from a year ago.

Frank Horwitz of the University of Cape Town Graduate School of Business said the figures made it certain that trade unions would press for pay increases which would at least keep pace with the rate of inflation and possibly exceed it.

Most recent wage settlements had been below this.

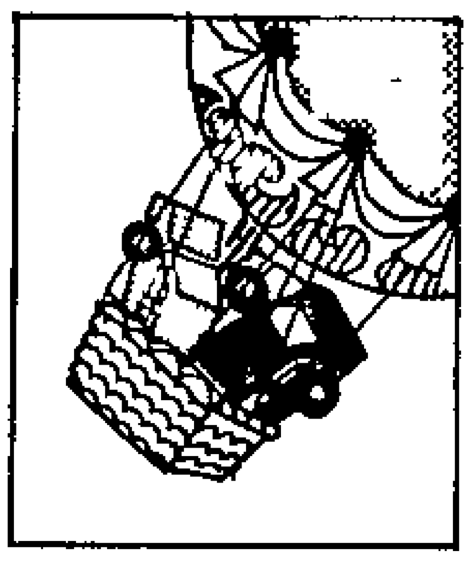
THE MOTOR INDUSTRY

FIN MAIL 19/12/86

Heading for a crash?

244

SA's carmakers have come through the most difficult year in the industry's history bowed and bloody, but not quite beaten. There's even a small surge of confidence in the sector, but it's still all bad news for car buyers.



Pity the poor South African motorist. The cost of a car increased by some 85% in the last three years — by 30% or more this year alone — and more hikes are in store

Manufacturers are not insensitive to price resistance Indeed, the "price shock" which virtually drove the private motorist out of the showrooms is seriously debated throughout the industry, particularly after November's disastrous sales figures*(*Business* December 12)

But after several years of heavy losses, or at best marginal profits, manufacturers are adamant that prices must continue to rise to recover the erosion of margins by local inflation Car prices will probably go up next year in line with inflation — making the average car 17%-18% more expensive by next Christmas

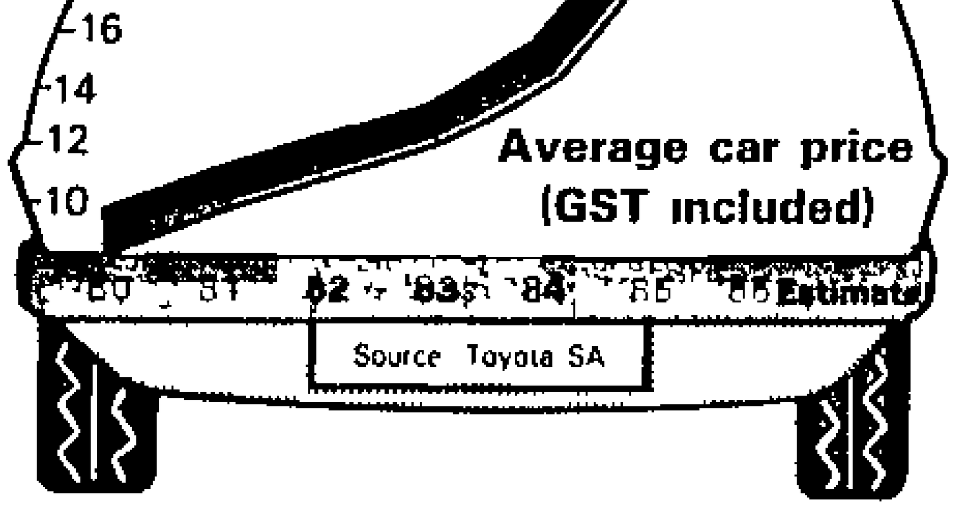
How is it that fierce competition for diminishing sales still allows hefty price increases from all manufacturers — most of whom are still below break-even point and, in even the best cases, have "unacceptable" returns on investment?

No doubt some of the industry's big problems are of its own making In the good old days when anything sold, South Africans happily plunged into debt and passenger car models and variants multiplied.

Then, with the first chill of the current recession, some manufacturers misread the signs and embarked on bloodletting sales promotions. The inevitable shake-out saw the departure of Alfa Romeo, Renault and Peugeot. [illegible]

But without doubt the single most significant factor was the rand's decline against the currencies of Japan and West Germany, the source of all SA's vehicle kits.

More than [illegible] by value of the average car is still imported, with the rand's fall manufacturers have been bleeding heavily As National Association of Automobile Manufacturers (Naamsa) director Nico Vermeulen says. "This factor alone put massive price pressure onto manufacturers, and in the current climate they've been forced to pass it on"



Car sales had in fact already started to decline from their peak of 301 000 back in 1981, when the average car price after GST was R10 299 By 1984, when the rand started its real slide, sales were down to 267 000 and average price climbed to R15 098

Other important factors affecting car-buying patterns, says Vermeulen, are the persistent recession, sharp increases in the prime lending rate which peaked in August 1984 at a record 25%; the doubling of GST to 12% in March 1985, fuel price increases; and imposition of fringe benefit tax on cars, though on an extended phase-in basis

Temporary measures, since abolished, which hit sales include the tightening of HP repayment periods between August 1984 and February 1985 and imposition of *ad valorem* customs and excise duties in the 1984-1985 Budget

All this when pressure on net disposable incomes was mounting Real earnings of employed whites fell by 0,2% a year from 1981 to 1985 And direct tax paid by whites increased massively in 1980 some 8,8% of personal incomes went in direct tax, by 1985 this had risen to 15,5%

Market research for a leading manufacturer has shown that in 1983 an average car price of R12 021 accounted for 61% of a white household's average annual income In 1986 it's estimated that the average car price of R24 140 is absorbing some 88% of average household income

So it's easy to understand why extremely strong price resistance has been generated, why car sales figures for the year are unlikely to top 176 000, and why manufacturers are operating at little more than 50% of capacity.

But in spite of all this, Vermeulen insists all is not gloom and doom "There's an air of cautious optimism in the industry," he tells the *FM* His view is supported by other industry leaders

He says that in spite of November sales figures' distortion by heavier-than-usual October buying and the absence of private buyers, statistics show car sales bottomed out in the first quarter His view is backed by Toyota marketing experts, who say that if October and November sales are combined they match the pattern for the rest of the year

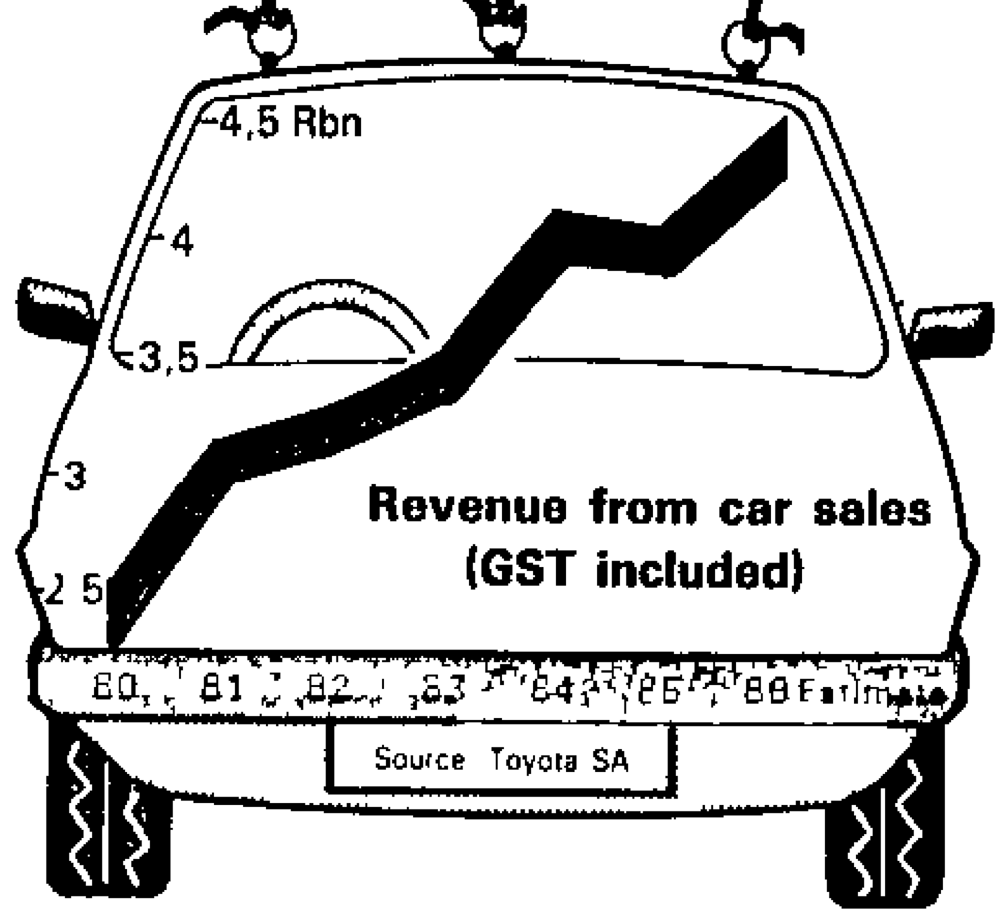
Vermeulen also points to signs that the heavy commercial vehicle sector, undergoing its worst patch in 20 years, bottomed out in October.

A number of factors lead manufacturers to believe overall sales next year will be a modest 5% ahead of final sales for this year.

Confidence is growing that the rand has stabilised at the US44c-45c level and that the effects of its earlier rapid slide have worked their way through the system Toyota MD Colin Adcock [illegible] staying at current levels until at least mid-1987. He's also more optimistic about car prices than others in the field:

"If the rate remains stable we should be able to keep prices well below this year's level. On a year-on-year basis, price rises next year should be around 12% [illegible], well below the rate of inflation" Adcock says Toyota will hold current prices until February — "and then we will keep the increase down to [illegible]%."

Nissan's John Newbury also believes the industry has absorbed the effects of the falling rand, and providing it stays steady at the current rate, price increases next year should average 3,5% a quarter (or 14% for the year)



Fortunately, with inflation in West Germany virtually nil and just nominal in Japan, the cost of imported components is stable.

Another hopeful development is the fall in interest rates, important to motor manufacturers with their high capital investment

Then, too, pre-election stimulatory measures, including civil service salary increases and higher government spending on development projects to boost employment, could start to trickle through from February. And a good agricultural season seems likely to generate confidence — and sales

The industry's tribulations inevitably raise speculation about further rationalisation Every manufacturer would like to see some competitors depart, but all deny they're ready to pull out. A glance at international car ownership figures shows the long-term incentive to stay· in 1984 it was estimated that SA had 11,3 people per car compared with 1,9 in the US, 2,5 in West Germany, 3,4 in the UK, 2,3 in Canada and 2,4 in Australia.

Two years ago the industry manufactured 42 major passenger car lines available in a number of variations Today there are 22 major lines, with derivatives The trend to cut the number of derivatives will probably continue, but manufacturers say financial advantages are very limited and a wide range of options could have an important bearing on market share.

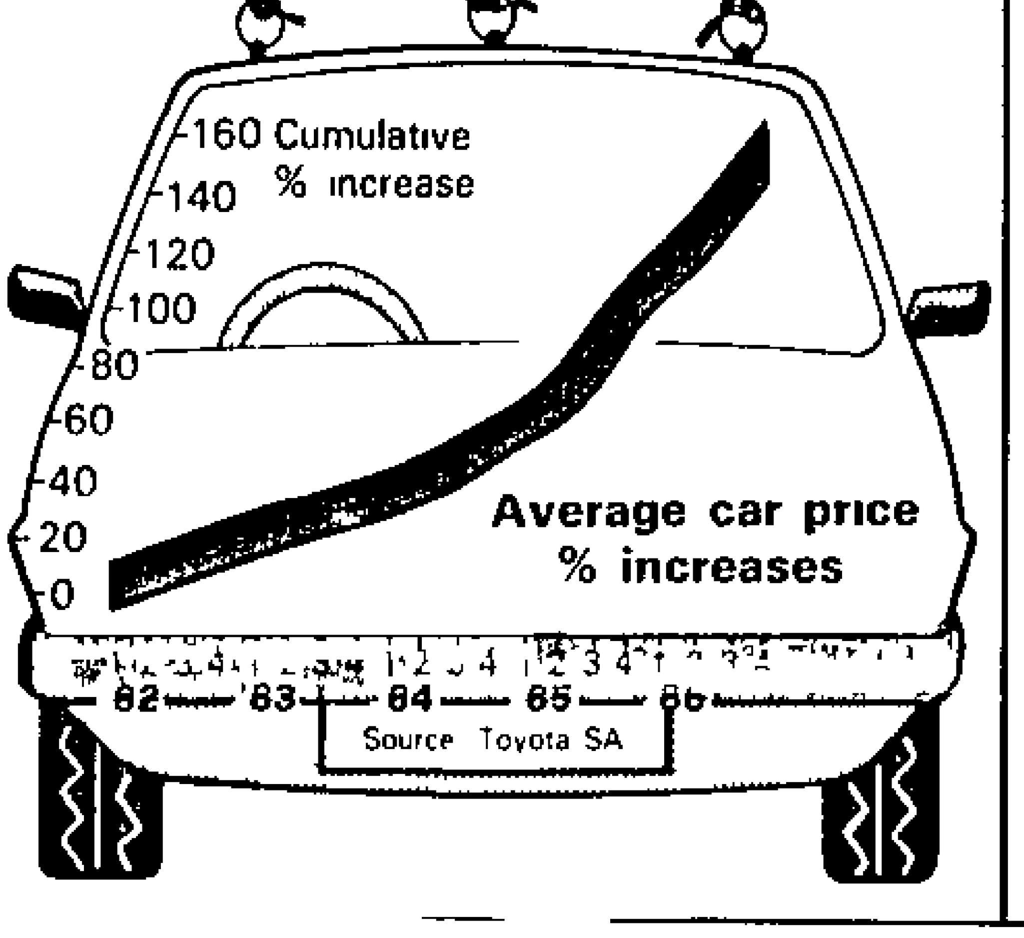
More likely is another extension of the life of car models on the local market The current recession has seen model life extended from four to six years; for some models this is likely to be stretched to eight.

This makes sense given the current cost of tooling up for introduction of a new model A new small car line car runs at R40m-R70m, most of it in variable-rate foreign exchange, and a new line for a medium or large car costs between R60m and R100m

But adding to the industry's small upsurge of confidence is the very different shape it's in. "It's leaner and fitter than it was," says Vermeulen At least two big manufacturers are in the black, even after the trauma of 1986. Others hope to join them in the new year, as increased confidence in the economy and sheer necessity overcome price resistance

It hasn't come cheap, particularly in employment. "That's the real tragedy," says Vermeulen He reckons the motor industry, with its vast backward linkages into raw materials and component supply, supports some 250 000 workers — or one million people

Since 1982, motor industry jobs have fallen from 50 300 to 29 000 Component manufacturers have cut employment from 75 000 to 50 000 Another 30 000 jobs have been lost in the retail sector



Despite their importance to the economy and as a supplier of strategic equipment, Vermeulen believes car builders can expect little more help from the government

He points to the direct relief from the 1985 abolition of the 1% *ad valorem* customs and excise duty on vehicles, reduction of HP deposits and longer repayment periods, changes to local content provisions, beneficial amendments to the 10% import surcharge regulations and the fringe benefits tax relaxation for cars.

But a current review of the Phase V local content programme, which applies to cars and light commercial vehicles, could result in some new benefits for manufacturers, particularly as the review aims at ensuring the sound development of the industry

It may be too late for some — the possibility of one or even two manufacturers quitting the market or merging can never be ruled out, whatever they say for public consumption If the survivors bring prices under control through greater volume throughput, perhaps it should even be welcomed. ■

21/12/86 SUN TIMES

Petrol 'cushion' keeps price steady

244

By Don Robertson

A BULGING equalisation fund and its cushioning effect will be sufficient to hold the petrol price for the next few months at least

The Department of Mineral and Energy Affairs says there will be no increase this year If crude-oil prices and rand exchange rates are maintained, the petrol price should hold steady

This is in spite of an under-recovery in retail sales of petrol in the past four months In August, the under-recovery was 3,693c a litre, followed by 1,628c in September, 1,399c in October and 1,9c in November

The under-recovery led to speculation that petrol prices would have to be increased before the end of the year or early next year

However, Renier Roets, deputy director of the Department of Mineral and Energy Affairs, says the equalisation fund, or "slate", which is used to prop up the petrol price during under-recovery and is topped up when retail prices are higher than cost, was estimated at R127-million at the end of November

This, plus the stable performance of the rand against the dollar in the past few months will allow the authorities to keep prices the same for some months

In addition, 5c is taken on each retail litre sold and added to the replenishment fund In November, the leeway between the 5c replenishment a litre and the under-recovery of 1,9c was 3,1c a litre

Total

Mr Roets says "This acts as a cushion to any sudden increase in the crude-oil price or a fall in the rand exchange rate"

There is also a modest over-recovery on the sale of diesel fuel

Bernard Lafitte, managing director of Total, says the crude-oil price has risen by about $2 a barrel since the beginning of November to about $15 However, he believes there is sufficient in the "slate" to prevent any immediate increase in the petrol price

"I do not foresee any price increase for some time," he says

But Mr Roets says that because of the possibility of rising oil prices and falling exchange rates, the petrol price is reviewed almost daily

The Sunday Times London bureau reports that a major campaign for the withdrawal of French Total from South Africa has been launched in Paris

The campaign is supported by 22 organisations, including students, trade unions, teachers and humanitarian groups

Thousands of postcards are to be sent to Total director FX Ortoli, calling for the withdrawal of Total According to the organisers, Total South Africa has a 13,5% share of petrol sales in South Africa and 700 service stations It holds 30% of the Natref Refinery in Sasolburg A subsidiary, Tesa, has large holdings in coal mines Total also holds 10% of the Rossing uranium mine in Namibia

The campaign will be aimed particularly at stopping Total from supplying the police and army

Dealers slash car prices to catch custom

SUNTIMES 28/12/86 (244)

DEALERS are slashing prices to bring new cars back in reach of buyers' pockets.

General Motors and Toyota dealers are offering discounts ranging from R2 300 on a small car to R4 000 on a diesel bakkie. Other dealers are expected to follow.

Bob Thomas, past chairman of the National Automobile Dealers Association (Nada), says dealers are making good profits and can afford price cuts to boost volumes.

Although most car-makers are suffering large losses because of depressed sales, dealers are doing well on prices that have rocketed by 65% in the past two years. Dealers' margins are unchanged at 17% to 18%.

This means they are receiving up to 65% more a car than two years ago, even though sales this year are expected to reach only 175 000 compared with the record 301 500 in 1981.

Price war

Fearing a price war, Mr Thomas warns against discounting. He says: "The Maintenance and Promotion of Competition Act imposes constraints on dealers getting together to agree on pricing, but it would be a sad day if this were taken to be a signal to throw sensible trading practices out of the window.

"Nada has a responsibility to warn members at every opportunity of the hazards of undisciplined trading."

Mr Thomas says that in spite of the poor market, dealer fortunes have improved and trading conditions are better than they were in 1985.

The reason is that regular increases in new-vehicle prices have meant dealer profits a unit sold have increased. The sale of old stock has also improved margins, and inflation has had its effect on parts' prices and margins.

By Don Robertson

He says that manufacturers appear to have planned for the downturn better than in the past and stock pressures have not been a negative factor. In many cases, product has been in short supply.

Shortage

Another factor, he says is the shortage of used cars which has had the effect of pushing up prices. In addition, staff turnover, a hidden but high cost item, has been low because of poor economic conditions.

These factors are likely to continue for most of 1987, "so the environment in which we find ourselves must be considered normal and our industry should continue to present us with opportunities to make money".

Under these conditions, dealers are able to offer price cuts or buy back cars at original retail price.

Itz Arenstein, managing director of Arenstein's Motors, offers the 1,3l LS Opel Kadett at R12 799 compared with the list price of R15 185. He sells Isuzu one-ton diesels at a discount of R4 025.

Mr Arenstein says he is able to offer these deals because he is selling stock bought before the latest price increase. He is not receiving any assistance from General Motors.

Pretoria Toyota will buy any Toyota product from 1979 at the original price.

Sales manager Lambert van Sittert says the price of a Toyota SR5 in 1979 was R5 695, and the trade-in price is now R3 020. By offering a discount on a new Sprinter 1,6l of R1 946 and adding R500, he is able to almost match the original price of the SR5.

By doing this, he is giving away almost the entire 17.25% he would normally make on the Sprinter which has a list price of R19 465. Although this is hardly the way to great profits, Mr van Sittert says he would probably make about R1 000 on the resale of the SR5.

Curries Motors is selling the 1,3l Kadett at R12 995, slightly higher than Arenstein's price.

Sales manager Lucky Gertenbach says the price of used cars has rocketed, adding to dealers' profits.

In the past month the trade-in price of a 1985 Opel 3l Commodore has risen from R18 000 to R20 000, according to the dealers' bible, the Auto Dealers Digest. A 1985 Sierra XR6 has risen from R16 900 to R18 200. This has meant that trade-in prices have risen by about R1 500.

A review of the classified advertisements shows a similar situation. For instance, a 1984 Toyota Corrola 1,3l is selling for R6 550 compared with the original cost of R6 500.

New-car sales for 1986 are expected to be the lowest for some years at 175 000, says Dudley Saville, chief operations officer of the largest motor dealer, McCarthy Group. December sales are expected at about 13 000, marginally lower than the 13 109 in November.

Fiscal drag

The rise in prices has been the most significant factor in the market, he says.

"We are faced with an unaffordability problem and fiscal drag which is reducing consumer spending. As a result, car sales next year are unlikely to top 180 000."

A saving grace has been interest rates, which have fallen by about 50% from the peak of 25% in 1985.

"One shudders to think what the market would be like if interest rates were higher," he says.

Price increases next year should be about 17% to 18%.

Cape Times 29/12/86 244

Cape

Consumers battered by year of big price hikes

Own Correspondent

JOHANNESBURG — Inflation dominated the news headlines during 1986 as severe price rises swept through the economy

The battered consumer was knocked by an accelerating Consumer Price Index (CPI) which touched a high of 20,7 percent in January.

This was a continuation of an upward trend in the previous year when inflation reaching a 12-month high of 18,4 percent in December

The Producer Price Index (PPI) also reached a high in January — of 22,2 percent — putting pressure on the CPI in later months

The volatile exchange rate played havoc with prices This was aggravated by SA traders having to pay "political premiums" for goods bought on the international market.

Spending on food swallowed a disproportionate share of lower and middle income group spending in 1986

Rising food costs — the component which has a 25,5 percent weighting of the index — also accelerated the upward drift in the CPI.

Central Statistical Services (CSS) figures show that meat, grain products and fruit accounted for more than 60 percent of the CPI's 1,1 percent monthly rise in October

Economists, however, are tempering their forecasts for next year's inflation rate after the recent rains

Lower bond rates — which will increase consumer disposable income — has also led to greater optimism.

However, although inflation is expected to decline in the coming year, it is likely to remain at a high level with lowest estimates in the 15-17 percent range

Several sectors of the economy are expecting large price increases in the coming year.

The motor industry is predicting increases between 17 and 20 percent while the sugar price may rise 15 percent in January.

Heavy price increases were the rule in almost every sector of the economy last year

Tea and coffee prices increased a massive 35,2 percent while white and brown goods rose on average by 25 percent and 35 percent respectively.

Prices of few products remained static and a check by our correspondents found that only the cost of fertilizers — hit by a price war and oversupply — fell dramatically

SAA's domestic ticket prices rose 10 percent and international fares by 13 percent to 15 percent.

SA Transport Services road tariffs rose 11,8 percent on goods traffic and 15 percent for parcels and livestock. Rail freight tariffs rose 13,8 percent.

Iscor's steel price increases — on paper, at least — stayed below the inflation rate as did cement prices on the Reef which rose seven percent against an average countrywide increase of 13 percent.

SA's inflation rate in 1986 can be put in a proper perspective when compared with the rate of price increases experienced by its major trading partners. In some cases the inflation rate was 10 times higher

Freeze on maize price

29/12/86 MAIZE (3) 244 STAR

Pretoria Bureau

The Maize Board today announced a R20-million freeze on the selling price of yellow maize.

The price, scheduled to rise by R25 a ton (8,1 percent) by April, now remains unchanged

Mr Hennie de Jager, chairman of the Maize Board, said it was hoped this would stimulate the local market.

The price of white maize, of which there is a shortage, remains unchanged

The board believes that if the freeze stimulates internal sales, this would curtail export losses running at R113 (net) a ton.

Local consumption of yellow maize for the first nine months of this year stood at 1,4 million tons — 18 percent down on the 1985 figure of 1,7 million tons.

Attempt to boost local sales

Maize Board cuts yellow maize price

244

Bus DAY 30/12/86.

NORMAN SHEPHERD

THE producer price of yellow maize is to be cut by 8,1% or R25 a ton from January 1.

Announcing the price cut yesterday, Maize Board chairman Hennie de Jager said he trusted processing groups and the trade would pass on the price cut to end-users.

The decrease comes after local sales of yellow maize plunged 18% to 1,4-million tons for the first nine months of this year, compared with 1,7-million tons over the same period last year.

Export prospects have also dimmed. De Jager said "The world price for maize has dropped by 28% to the present almost unheard of $65 to $70."

The white maize price will not fall as there is a shortage of white maize.

De Jager said the price decrease for yellow maize had been decided on in co-operation with the National Association of Maize Producers' Organisation. Agriculture Minister Greyling Wentzel had approved it

He said the board had discussed yellow maize with users over the past month and they had undertaken to buy more yellow maize at the new price.

He said producers knew the future of the SA maize industry lay in the local market and that this market needed special attention. Increased internal sales would help curtail export losses which now run at R113 (nett) per ton once transport and other diverse costs have been taken into account.

He said the board held in-depth discussions with major maize buyers and consumer groups, including the wet milling industry, the Egg Board, the Maize Millers' Association, the National Dairy Committee, the National Pig Committee of the SA Agricultural Union, the SA Poultry Association, the SA Balanced Feed Manufacturers' Association, the SA Feedlot Association and the Meat Board.

De Jager said it became clear from these discussions that the system of monthly price increases created problems for the board's clients A single annual increase to counter the board's storage costs was considered more acceptable.

"The consumer groups," said De Jager, "stressed that maize was their first choice as animal feed but that they were being forced to use substitutes because of the discrepancy between the maize price and the selling prices of their products.

"This measure proves the maize industry is prepared to take strong action to ensure maize regains its position as the first choice of energy source in animal feeds. I am also convinced that this step is in the best interest of maize producers."

RETAILING

BANKING

BUSINESS

Garment prices to soar

MBus 30/12/86

By TOM HOOD

SIX out of eight retail groups expect clothing prices in the shops to rise even faster in 1987 than the present rate of 16,6 percent

However, one chain expects the increase of 16,6 percent to continue while another forecasts a drop in retail prices

This is disclosed by the National Clothing Federation after discussions with the eight retail groups — Edgars, Foschini, OK Bazaars, Pepkor, Truworths, Woolworths, Boymans, and Uniewinkels

The chains accounted for 44 percent of the R4 600-million spent on clothing in the 12 months ending September

Four of the groups expect manufacturers' prices to accelerate above the current 18,1 percent, three expect no change and one expects a decline

Commenting on high cost increases, a report from the chains says "In view of limited disposable income, one of the more important avenues open for increased clothing consumption and hence increased job creation is to contain input costs

"It is important not to accept input costs meekly but to insist on a full motivation and exposition of such increases, especially where such increases were in excess of the rate of inflation

"The question of local fibre prices being in excess of world prices also needs close examination — a matter which will hopefully be a major element of the current Board of Trade and Industry's investigation"

The chains suggest direct subsidising of local production costs instead of indirect subsidising by way of tariff protection is also worth considering

Mr Mike Getz, president of the National Clothing Federation, says recent price escalations and those to come, particularly in domestic fabrics and inputs, have been dramatic

MUTUAL INTEREST

"We must in the end look at our competitiveness and demand accounting for the kind of price increases which destroy value We should not as individuals or as an industry accept price hikes without detailed and comprehensive and credible motivation

"It is all very well crying over inflation but suppliers and retailers cannot expect manufacturers to continue indefinitely accepting pressures from one and constraints from the other, effectively subsidising the bottom line of both"

It was of mutual interest to recognise that increased consumption and increasing consumers was a common and strategic goal for everyone in the supply line, from "bale to sale"

All eight retail groups reported increases in sales volumes, estimated at 11 percent higher than six months ago

Average sales units for the next six months are estimated to rise by 2 percent, although one retailer expects no change and one expects a decline