CHECKERS last week gave Harriet Khumalo a cheque for R2 000 - the first sign of compensation she has seen since she and her young son were injured at one of their supermarkets more than eight months ago.

Mother and son were knocked unconscious when heavy boxes of cooking oil fell on them from a high shelf at Checkers in Mafikeng last December.

The boy, three-year-old Gratitude, has been suffering epileptic fits since the boxes fell on his head.

Harriet - who had worn spectacles for more than 30 years - has not been able to see properly since her glasses were smashed in the accident.

She did not have the money to replace her glasses, and has lost all her income as a self-employed dressmaker. The boxes struck her on the neck, back and hips, and she now suffers constant headaches and back pain.

Checkers' insurers, brokers Priceforbes Federale Volkskas and underwriters SA Eagle, refused to pay for new glasses, or medical treatment for her child, unless she signed a form releasing them from any further liability.

Priceforbes said a release form was posted to her home address - but was returned unclaimed.

A spokesman for Priceforbes said Harriet would probably have received a one-off payment of about R600 if she had signed the form.

City Press and the Legal Resources Centre asked Checkers and their insurers to make an interim payment, without prejudice and on humanitarian grounds, to enable Harriet to get new glasses and cover some of the costs of submitting a comprehensive claim - including further medical tests and travelling to and from Johannesburg.

Although LRC will assist Harriet free of charge, medical costs to substantiate her claim have already run into thousands of rands.

If she had to pay legal fees, the total outlay in submitting an insurance claim would run to tens of thousands of rands.

An initial medico-legal report on the child by a neurologist - without which lawyers will not be able to substantiate a claim that the child suffers from epilepsy resulting from the accident - has cost R1 000. Further tests, including a brain scan, will cost about another R3 000.

Harriet said her son had his first epileptic fit shortly after the accident in the supermarket.

"I went back to Checkers in Mafikeng and asked them to pay for me to take my son to the doctor. They said they had already paid for two doctor's visits, so they couldn't pay any more. They said my claim was being handled by their insurance company and I must wait for them," said Harriet.

The child had fits every few days at first and as she couldn't afford a private doctor, she took him to the local clinic. He was examined by nursing staff but no medication was prescribed as the clinic did not have a doctor.

The Johannesburg neurologist who examined the child - who may not be named for professional reasons - concluded Gratitude suffered from epilepsy as a result of the boxes falling on his head. The little boy has now been put on daily medication in an attempt to control the epilepsy.

A similar medico-legal report on Harriet by a Johannesburg specialist surgeon revealed her headaches were probably the result of eye strain because she had not worn glasses since December.

The doctor concluded she could suffer from back pain for many years because of soft tissue injuries to her back.

With the R2 000 from Checkers Harriet has bought a new pair of glasses and medicines for her son. The money will also help pay for travelling costs to and from Johannesburg to enable her to make a comprehensive insurance claim.
exclusively rural-based enterprises. City-based consumer co-operatives were generally unable to establish effective survival mechanisms.

The Co-operative economic tradition has clearly been in South Africa for a long time. But the evidence furnished thus far is drawn from a limited sample viz., the white side of matters. And this is clearly not the constituency mobilised in the co-operative movement engaging our concern in this presentation. Forms of economic co-operation are evident in abundance during the pre-colonial era. Nor were these completely destroyed with the advent of colonialism or, indeed, capitalism in its variant forms in South Africa.

The stockvel, a popular form of pooling the financial resources of members to increase their purchasing power, is an adaptation of an old tradition of economic co-operation to a variant of a contemporary combination club - in which members borrow at set interest rates. Economic form of the African.

This is evidence that the co-operative movement is an official of the 21st century, a 4% of total consumption.

Mother and son in desperate insurance battle

The latter tradition is recognised in a manner on the co-operative movement that surfaced during the 1980's.

4 CO-OPERATIVES IN THE 1980'S

4.1 A FEW BASIC CONCERNS

There was a resurgence of the co-operative movement based in black impoverished communities during the 1980's. Conditions for establishing new economic enterprises were far from optimum. High inflation rates, high interest rates, high unemployment levels, a low ebb in the business cycle, were characteristic features of the time.

Penpin: 21% lift in income to R5.2m

JOHANNESBURG. - The national building materials chain, Pennypinchers Holdings (Penpin), has announced a 29% increase in turnover from R74 million at end-June 1989, to R96m for the six months period to end June 1990.

Subsidiary, Pennypinchers Boards (Penboard), which specialises in basic lines of timber, boards, and associated cabinet hardware, has announced an increase in turnover of 18% from R22m to R26m, for the same period.

Penpin's operating income before interest increased by 21% from R4.3m to R5.2m while Penboard showed a 23% increase from R1.3m to R1.6m.

Earnings per share have increased from 9.37c to 10.63c for Penpin while Penboard's earnings per share have increased from 4.67c to 4.85c.

The interim dividend per share is retained at last year's level of 4c for Penpin and 2c for Penboard.

Financial director of the group, Percy Bishop, says that the group has managed to achieve these increases in spite of tighter trading conditions and high interest rates.

Turning to the balance sheet, Bishop says that net current assets have increased from R22m to over R30m due mainly to the successful rights offer. Current ratios have improved from 1.1:1 to 1.5:1 and shareholders' interest has increased from R20m in December 1989 to over R30m in June 1990.

"Historically the group's turnover and earnings for the next six months of our financial year account for 60% of the annual total," Bishop added.

"Barring any unforeseen circumstances, we are confident that the group will maintain the current trend in turnover and earnings."

Fasie Malherbe, chairman of Penpin and Penboard says the group has recently opened builders' warehouses in Blackheath and Montague Gardens and also in the Transvaal in Alberton and Honeydew combining four divisions — building material, glass and aluminium, boards, sanitaryware and plumbing under one roof.

"A large range of products and showroom displays will further increase the group's market share among DIY enthusiasts and cash-and-carry shoppers. Special trade counters will expedite ordering for building contractors and plumbers."

Its new glass division, established at the end of 1989 in Lansdowne, has expanded to outlets in Belville, Blackheath, Retreat, Hermanus and Montague Gardens and in Honeydew.

Malherbe says growth in the plumbing and sanitaryware division has been phenomenal with the group increasing its market share in the plumbing sector in the Cape and the Transvaal.
Flood of black industrialists anticipated

THEO RAWANA

BLACK business organisation Nafcoc has established an industrial wing, the National Industrial Chamber (NIC), to prepare for the expected flood of blacks into SA's industrial sector.

NIC, which will be launched in Johannesburg on October 9, will be an independent chamber.

It will have its own administrative secretariat and will maintain its own finances, a Nafcoc statement says.

Members of the Nafcoc's dissolved industrial committee, which initiated industrial conferences and other services for manufacturers, have formed a steering committee for the launch.

Steering committee spokesman Joe Mogodi says among NIC objectives are:

☐ To facilitate and negotiate for better deals on the purchase of raw materials by industrialists; and

☐ To be of service to the emerging industrialists by providing information and facilitating consultations, seminars and workshops.
Profurn turns loss into R4.2m profit

JOHANNESBURG. — Profurn Furniture (Profurn), the 86-store furniture retailer, reported profits attributable to ordinary shareholders of R4.2m for the six months ended June compared with a R27.4m loss at year-end in August 1969, under the company's former name of Sam Steele Holdings. Turnover for the six months was R73.6m and earnings per share were 6c, operating margins were 14.7%. Profurn was acquired by Supreme Industrial Holdings in July last year and under new management installed in September, profurn achieved a turnaround.

The company changed its year-end from August to December to bring it into line with the holding company. The directors said, "given no worsening in the trading conditions of the country, earnings of 4c a share are expected for the 12 months ending December 31, 1970." — Supa
Retail market catering for environmental awareness

The retail sector is changing marketing tactics as environmental awareness increases.

Many large companies have introduced working documents outlining company policy on environmental issues, including the ranges they market and the stores they build.

Recent surveys by the Marketing Research Standards Authority show that 80% of South Africans believe it is more important to safeguard the environment than to keep prices down.

Environmental products are generally more expensive due to lower volumes and additional production and distribution costs, but many retailers expect prices to go down with increased volumes.

Sales of Pick 'n Pay's internally developed Green products have been outstanding in all categories, says marketing director Martin Rosen.

While no sales figures are available — the products were launched only five weeks ago — the launch has been successful, Rosen says.

Pick 'n Pay is to introduce recycled paper carrier bags and enviro-care centres — with free reading material and videos.

Checkers has introduced its own label for environmental products, which conform to various ingredients and packaging criteria.

While environmental products are not identifiable at present, label stock is being phased out and new stock will carry an environment-friendly logo.

Woolworths environmental officer Tom McLaughlin says the company is not making capital from environmental issues.

The company concentrates on production methods, goods and packaging and waste usage — and effects on the environment.

Foods are not irradiated, deodorants are ozone friendly and cosmetics are not tested on animals.
COMPANIES

MARCIA KLEIN

Furniture-listed Protea Furnishers (Profurn) has continued to show a dramatic turnaround since its acquisition by Supreme Industrial Holdings in July last year.

The 86-store furniture retailer posted attributable profits of R4,2m for the six months to end-June.

While figures cannot be compared with last year due to a changed year-end, earnings under the company's former name of Sam Steele Holdings at the August 1989 year-end showed a loss of R27,4m.

Turnover for the six months was R53,6m compared with R70,9m for the full year to August 1988, and earnings of 6c a share compared with a loss of 130c for the full year to end August 1988 and 4,7c for the four months to December 1989.

No interim dividend was declared in line with company policy.

Operating margins of 14,7% were highly satisfactory compared with a negative 8.4% at August 1989, and 13.3% in the four months to December 1989.

A current ratio of 3.3 times compares favourably with 2.4 at the August 1989 year-end.

Profurn achieved its six-month figures in a traditionally weak trading period for the furniture industry, said chairman Ed Rombou. This indicated its potential for the full year.

Other factors contributing to the results were a well-balanced management team, strict cash flow and expense controls.

Earnings of 18c a share are expected at the December 1989 year-end if conditions do not deteriorate.
Sacomb sees no speedy upturn from recession

Finance Staff
Comparatively high rates of interest kept at levels higher than the inflation rate do not promise a speedy end to a recession, which no longer can be described as light, says the South African Chamber of Business.

Sacomb says in a review of its July survey of manufacturing activity: "There is little to indicate a relaxation in the stance of the monetary authorities and even when rates do start to decline, there is likely to be a significant lag before private consumption expenditure benefits."

"This is especially true because positive real interest rates will be maintained, and the rate at which interest rates decline will therefore be much slower than in the previous downturn."

The index of manufacturing activity declined in July, for the fifth consecutive month, to 84 from 92 in June.

"The volume of orders placed with manufacturers in June was slightly lower than anticipated in the survey," says the Natal Chamber of Industries' Information Digest.

Fall in volume.
Transvaal and the Western Cape forecast a fall in volume of manufacturing over the next 12 months, but Durban, Port Elizabeth and East London producers expect a pick-up in the longer term.

While Pietermaritzburg is the only centre bucking the gloomy predictions of other centres for production in July, the longer-term outlook is distinctly unpromising in the Natal capital.

Sacomb says with little chance of a relaxation soon of monetary policy — and the delay in increased spending by the public — a turnaround will hinge on exports and investment.

"Though the higher gold price is likely to reduce pressure on South Africa's balance of payments, this will be offset to some extent by the fact that the country will now have to pay more for its oil."

Inflation might benefit gold mines and industries supporting the miners, says Sacomb, but it will contribute to higher production costs.

While the start of constitutional talks and the suspension of the armed struggle by the ANC may have given foreign investors the perception that the risk of putting money into South Africa had diminished, political uncertainty, trade union militancy and internationally uncompetitive cost structures were likely to prevent investment pouring in.
BERGERS still dressing smartly

CAPE TOWN — Retail clothing chain Bergers has maintained its steady growth during the first six months of the year, reporting a 38% increase in attributable earnings to more than R2m on similar growth in turnover.

Operating income improved by a less impressive, but satisfactory, 26% to R3.3m on turnover which grew by 39% to R42.6m for the six months to June.

Taxation and minority interests, recorded together in the income statement, increased by 9% to R1.5m, with the result that attributable earnings increased by 38% to R2.77m and earnings a share by 39% to 10.3c.

The group’s policy is to declare a single annual dividend in March.

Turnover was boosted by the inclusion of Hilton Weiner sales from March to June (with no adjustment made to the comparative figures) and a mark-down in prices for the sake of competing in a market which was feeling the effect of high interest rates and tighter credit restrictions.

With most of its stores based in rural areas and run largely on cash terms, Bergers was not directly affected by austerity measures.

It actually benefited from the increased spending power of the majority of its customers and its problems were more closely related to political unrest and consumer boycotts, MD Mervyn Jacobson reports.

But, while the need to remain competitive in the prevailing economic environment helped to boost turnover — already enhanced by Hilton Weiner’s contribution — it also had the effect of whittling down the pre-interest sales margin by almost one percentage point to 7.8%.

Bergers expanded its asset base during the period under review by taking a controlling share in troubled Hilton Weiner, moving into Malawi in partnership with a Malawi retail group and opening six new stores.

Traditionally, the bulk of turnover and profits are recorded in the second half and the directors are reasonably confident of achieving another consecutive year of satisfactory growth.
At first glance, Foschini's figures for the six months to end-June are not particularly impressive. True, earnings growth of 23% is better than most others are achieving now. But the market has come to expect more from this leading multiple retailer, especially when a fortnight ago another leading retailer - Woolru - announced earnings up by more than 35% for the same half year.

Joint MD Clive Hirschsohn contends Foschini's performance was anything but lacklustre. He regards the results as highly satisfactory, considering the high base set in the 1989 first half when earnings rose by 27.3%, the effect of boycotts particularly on the group's fashion chains where store location has played a big part - and the harsh credit restrictions. Credit curbs particularly affected American Swiss.

With new information technology in place, management decided the mid-year write-off of stocks had been too conservative in the past. This year the stock write-off was done on a less conservative basis and the previous year's figures were restated on the same basis.

The 81% rise in the interim dividend largely reflects a change in the ratio between mid-year and final payouts. The total dividend will not be affected.

Hirschsohn says trading results during eight of the last nine weeks were "very satisfactory." At R7.5, the share has remained firm; the market appears to be expecting another sound performance in the second half.
Foschini launching share scheme to give employees a stake in group

FOSCHINI intends introducing a share incentive scheme for its employees using the shares of Lewis Foschini Investment Company (Lefic), which holds 50% of Foschini's equity share capital.

Foschini is a clothing and jewellery retail group.

MD Clive Hirschsohn said last night it was not certain whether all 5 500 employees would participate in the scheme.

However, Hirschsohn said that staff were being given the opportunity to take part in the well-being of the company.

Today's announcement, soon after achieving its third consecutive earnings growth, said the use of Lefic shares for the scheme was suitable because it was a pure pyramid company of Foschini.

The announcement stated: "It will avoid the complications of maintaining Lefic's 50% shareholding in Foschini if Foschini shares are utilised for the purpose of the scheme."

In terms of the proposal, Foschini would acquire 500 000 Lefic ordinary shares from a certain Lefic shareholder who was not identified.

This would be in exchange for the issue of 254 097 Foschini shares.

At the same time, Foschini would issue a further 254 097 ordinary shares to Lefic in exchange for 500 000 newly issued Lefic ordinary shares.

The existing control situation and pyramid structure would continue, the statement said.

The Lefic shares to be obtained by Foschini would join the existing control block, it said.
Narrowing the odds

You’ll never stop crime but why make it easy for the criminal?

The one-off crime?

The fraud season is upon us, say police

Now is the time, as the economy moves into recession, for businessmen to be alert for fraud, says Major-General Nollie Hulme, head of the SAP’s Commercial Crime Unit.

"There are already indications that it is increasing," he says. "Its incidence relates to fluctuations in the economy. When the economy cools down, people find themselves short of money and often get it by defrauding their firms."

However, it takes time for the extent of fraud to become evident. "The full extent of the frauds being committed now will start unfolding only next year, or the year after, when companies discover they have been defrauded and report to the police."

The unit’s 140 men in its 12 branches are currently investigating 5 700 cases of fraud, 15% up on last year, with a combined value of R5bn. Of that, R3bn is fraud involving financial rands.

"Ten years ago we thought it was exceptional when we were called on to investigate a fraud case of R1m. Today, many of our cases are for R40m and more," says Hulme.

So how do you recognise the fraudster? You probably don’t, until it’s too late.

Says Hulme: "The chap who commits big fraud doesn’t look like a typical criminal. He is usually regarded as a pillar of society. He is well-educated, lives in a fine house in a fine suburb, his children go to good schools, his
For the few foolhardy thieves who still don't know what's behind this sign...

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This sign means the property, house or factory you're casing is Chubb Secure! That it's protected by a Chubb Electronics Security System. And that you'll not only be up against the most sophisticated alarm and intruder detection hardware you're ever likely to encounter, but that you'll also be expected to cope with Chubb's 24-hour monitoring service, Warden Patrols and their new fully armed two wheeler Rapid Response Unit.*

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wife has charge accounts at the better shops and he belongs to the better social clubs. He always dresses well, and drives to work in a shiny company car.” Nor is he usually an habitual criminal. He usually commits one big fraud because he is under intense personal financial pressure, or because he fancies a better lifestyle.

To stress his point that those who commit fraud do it only once, Hulme rattles off a list of people convicted in headline-grabbing cases and notes: “You haven’t heard of them since. Most are out of jail and living normal nine-to-five lives.”

He says his unit is a reactive unit, not a proactive one, so cannot take action until a fraud has been uncovered and, usually, the swindler as well.

“That’s why we implore businessmen to not condone any crime within their organisations, but to report it to us. It is gratifying to know that many financial institutions have adopted a policy of charging all their employees they know have committed a crime against their organisations.”

There may not be any sure-fire way of preventing anyone from committing fraud, but there are tell-tale signs which sometimes identify those who have. Hulme suggests, for example: “Ensure those in financial positions take their annual holidays regularly. Often, those with their hands in the till don’t go on leave, in case their replacements find out what they’ve been doing. There should also be a close relationship between senior management and those in the lower levels. A sudden improvement in a lifestyle can be a giveaway.”

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New Act will police shady security firms

While many security companies already operate professionally and with integrity, there are others to whom April 1 1991 will come as a culture shock.

That is when the Security Officers Act will come into force. All who earn their living by selling security in any way will have to be registered with the Security Officers Board. No one who has committed a serious crime involving fraud or violence will be allowed to work as a security officer.

A businessman employing outside security staff will have the right to see their registration certificates — either from the MD of the company or even from the guard sent to protect premises.

Clients suffering loss because of security staff’s ineptitude will be able to report the security company to the board, which will investigate on their behalf.

Before the arrival of the Security Officers Act in 1987, there was no legislation controlling security firms. Criminals with long records were found to be practising as security “experts” within a week of release from jail.

Security Officers Board chairman Dirk Ackerman says the board is currently trying to establish how many people are employed in the industry in SA. Unofficial estimates have put the figure as high as 250 000. So far, says Ackerman, the board has found about 70 000.

Some aren’t surprised at the discrepancy. Roy Macfarlane, chairman of the SA Security Association, notes that most employees are guards. “A registration fee of R35 and an annual fee of R70 is a lot to expect a poorly paid black guard to shell out.”

The emphasis of the board will be on ensuring companies deliver what they promise. Ackerman has his eyes particularly set on so-called rapid response companies which advertise that their cars will respond to a call within a few minutes but in practice take more than 30 minutes to appear — if at all.

“When most of those companies started they could honour their promises, because there was a correct relationship between the number of cars they had on the road and the number of clients on their books,” says Ackerman. “But they got greedy and increased the size of their book without increasing their armed men or cars on the road.

“If they don’t improve their service, clients must feel free to report their problems to us, and we’ll take action, which can include taking away their certificates. We will rely to a large extent on feedback from the public, if we’re going to clean up the profession.”

In the firing line

Fire risk is often under-estimated by companies

Businessmen are inclined to concentrate on theft and minimise the effects of fire when assessing risks, says Peter Davey, manager of the Fire Protection Association of Southern Africa.

While he does not under-estimate the effect of theft, he argues it can generally be insured against. It may be irritating and create short-term losses, but it doesn’t often cause businessmen to close down and stop trading.

“Theft is a change of ownership which can be reversed by locating whatever has been stolen and returning it to its rightful owner,” says Davey. “It doesn’t always happen, but quite often does. Fire, on the other hand, devastates completely and can change destinies. It is possible to insure against it but once something has been consumed by fire, even in a relatively minor blaze, it is gone forever.

“In a worst-case scenario, it can consume a business’s entire stock, its computers and records, even the building it is housed in. Worse still, people can, and do, die in fires.”

Davey attributes the preoccupation with theft to businessmen seeing theft, shoplifting and bag snatching every day. They become preoccupied with finding ways to curb it.

Fire, on the other hand, is not a daily occurrence, “so it either becomes a case of out of sight, out of mind, or at best put on the back burner. People become so security conscious that the measures they install to curb it, often become death traps in cases of fire,” says Davey.

“They never stop to think how people inside will get out when the building catches alight. The burglar bars, security gates, turnstiles, revolving doors and sliding doors installed to control theft in shops and ware-

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<thead>
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<th>FIRE LOSSES 1979 — 1988</th>
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<tr>
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<tr>
<td>Total loss (R)</td>
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<tr>
<td>GNP (R)</td>
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<tr>
<td>Fire loss % of GNP</td>
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<tr>
<td>No. of fires</td>
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<td>No. of fatalities</td>
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</table>

Notes to table:

* Per head of population.

Total loss in millions, GNP in thousand millions. Number of fires in thousands. Population figure according to 1967 estimate: 29 million (excluding independent rational states and Namibia).
IT TAKES 135 EMPLOYEES TO MAKE R400,000

BUT ONLY ONE TO LOSE IT.

Armed robberies have become a dreaded everyday occurrence in South Africa.

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CASH-IN-TRANSIT/ARMED BANKING/PAYROLL HANDLING/PAYOUT SERVICES/ BULK CASH SERVICES/SAFECASH
BANKING ON FIRE

Louis Bank, MD of Linked Emergency Date Alert Systems, admits his Firebank system, which summons aid immediately a fire is detected, is little more than the application of commonsense.

He also concedes he wasn’t the first to realise damage can be minimised if the brigade is called as soon as a fire is detected. His breakthrough was, he reasoned, recognising it isn’t always possible to call the fire brigade immediately, because of panic or the telephone system breaking down.

He designed a system that can be coupled to fire detection and extinguishing systems that remains in contact with the nearest fire station by radio for 24 hours a day and summons it automatically on a signal from a smoke detector, or when a sprinkler system goes off.

It includes a battery that takes over if the mains current is interrupted, and three buttons: one that allows direct conversation with the fire station, another to summon the brigade manually, and a third to indicate an ambulance should be sent immediately.

The system is already being used by several major companies and some government offices.

CAUSES OF FIRES
1988 All occupancies (%)

<table>
<thead>
<tr>
<th>CAUSES</th>
<th>ALL FIRES</th>
<th>COMMERCIAL</th>
<th>STORAGE</th>
<th>INDUSTRIAL</th>
<th>TRANSPORT</th>
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<td>—</td>
<td>0.7</td>
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Source: Fire Protection June 1989

houses, or safeguard the occupants of office buildings, become potential death traps.

A National Building Research Institute survey found that security often overrides lifesaving codes. Among the main offenders are security forces who close off fire escapes to secure the floors they occupy, making it impossible for those working on upper floors to reach ground level in case of fire. Recesses with fire reels are often welded shut and fire extinguishers don’t work.

Davie concedes: “The struggle between fire people who want free access and egress from buildings and security people who want to control it, is not limited to SA. It is a worldwide problem.” He says there is a trade-off between access control and fire protection, which revolves around the decision to use passive or active fire protection.

Passive fire protection is expensive. It means designing buildings to contain fire long enough to allow the occupants to get out. It can involve using wool rather than synthetic carpets, fire-resisting walls and doors, protecting structural steel so it does not conduct heat, compartmentalising a building and the elimination of openings through which flames can spread.

An alternative method, he says, is to install a proper sprinkler system which will retard — and may even extinguish — a fire long enough to let the occupants of a building get out safely.

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during construction of a building. "Always choose a reputable company and let it know what the building will contain, to ensure the right system is installed, and have the system checked regularly to ensure it's in working condition," says Davey.

**Staying accessible**

Companies continue to count on access control

Access control was once a stand-alone operation intended to slow people passing through a door, or to count how many passed through.

Not any more. Today, access control is often interfaced with other systems and even with personal computers to gather information and use it for control and managerial purposes. Linked to a surveillance system, it can be used to find out exactly who is in a building, limit people to certain zones, restrict the times they may stay in them and prevent them from leaving.

The methods have become highly sophisticated. Biometrics, which recognises people authorised to enter an area or building by their fingerprints, eye blood vessels, signatures and even voices, is making its appearance in SA.

Fingerprinting is used for clocking-in at the Kalsong Hospital near Pretoria and for access control at JCI's Doornkop gold plant.

National Access is installing one of the largest hands-free systems in the southern hemisphere, using proximity cards, at Eskom's Megawatt Park head office north of Johannesburg.

Cards with magnetic strips which are inserted or swiped through readers, are still popular, but there are several other users can choose from.

For example, there are Hollerith cards which are read through holes punched into the barium ferrite magnetised cards, in which the pattern formed by the barium ferrite particles is the code; and barcode cards, on which the coding resembles the barcodes on items like magazines and fish paste.

Wiegal cards have wire laminated into them and produce a pulse when passed through a reader. Proximity (hands-free transponder) cards merely have to be worn and don't have to be swiped through a reader to open a door.

Smart cards are about to make their appearance in SA. They have microchips which can store information and even be used as credit and bank cards.

Malcolm Carter, Control Instruments' product manager in charge of time and access control, says access control is a fast-expanding market. "People are afraid of losing their buildings and want to know who is in them. Unknown people are a potential threat."

"Even if people have signed on, they want to know where they are, not only because they can, and sometimes do, sabotage their buildings, but they may be there to gather information they're not entitled to."

Chubb Electronics MD Rob Dickerson says it's difficult to fool most modern systems, which are being used increasingly for time and attendance purposes. However, he has reservations about proximity cards because, he says, two people can slip through a control point with one card.

Rob Jones, marketing director of National Access, says modified automatic teller machines (ATM), which are activated by fingerprints, are being used as prototype automatic cash dispensers to pay pensions in KwaZulu.

He suggests that in future, the system may be used for mass storage of fingerprints to facilitate the issuing of ID books and drivers' licences, and checking who has voted in elections.

He believes ultimately fingerprints will be used for ATM withdrawals, in conjunction with smart cards.

"The fingerprint system does not rely on cards which can get lost and broken," says Jones. "Issuing and controlling cards is time-consuming and expensive, and there is no guarantee that a person who uses a card is entitled to use it.

"All a person has to do to get enrolled into a fingerprint system is to place any one of his fingers on to the reader which scans it, and produces a digitised template which is stored in its systems memory.

"Every person who enrolls also gets a personal identity number (PIN) which he must key in whenever he wishes to pass the reader. But there's no need to keep that number a secret," says Jones. "Its purpose is to help the system identify the right template."

Not everyone needs hi-tech access control, however. Locking doors with padlocks and other locks, and giving keys only to those allowed to pass through them, is an old-fashioned form of access control, but is still with us.

Modern locks can be master-keyed in such a way that only those entitled to be in certain parts of a building can open the doors that guard them, says Viro Locks' Charles Dick.

**Fear of flying**

Reputable firms want to eradicate fly-by-nighters

The SA Intruder Detection System Association (Saisda) has compiled a register of approved burglar alarm installers which is about to send to insurance companies, brokers and security managers.

The purpose is to let them know which installers, vetted by an independent security authority, can be relied on to do good work and are able to ensure their systems stay up and operate 24 hours a day.

The intention is not to erode the powers of the SA Security Officers Board. All Saisda can do if an installer fails to honour his obligations is remove his name from its register. The board has much more draconian powers. It can, if the offence is serious enough, revoke the installer's licence and expel him from the security industry.

Seidas chairman Sam Beard says it is hoped the register will help eradicate "fly-by-nighters who give all installers a bad name. They have no intention of backing up their work, but take their money and flee as soon as they have installed a system. They usually use inferior equipment, their work is faulty and most false alarms are due to their systems malfunctioning."

Beard says Saisda will investigate every complaint against a member. If it is valid, he will be told to fix it. If he doesn't, his name will be removed from the register. That won't necessarily stop the installer operating, but he will have lost a valuable marketing tool.

Beard advises clients to ensure installers are registered. Before that happens, an independent panel must be satisfied the installer's central control room is properly constructed, and is manned by competent staff.

Applicants must also satisfy the panel they are experienced enough to operate their business well; that they have sufficient qualified staff and the infrastructure to cater ade-
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quately for the business they do; and they offer a 24-hour contact and repair service throughout the year.

Do these standards bodies work? Yes, says Bruce Banks, chairman of the Radio Alarm Association of SA, formed three-and-a-half years ago, "because of the number of people who bought systems and were left high and dry."

There are 14 bodies, each representing a section of the industry, listed in Security Focus, the industry's magazine — apart from the SA Security Association itself, which publishes it.

Most of those haven't got around to establishing standards they must abide by. They will have to. Association chairman Roy Macfarlane is aware of this. He says users accept that the cost of security will increase, but will demand that standards also go up.

Coin MD Yvonne Lottering is all in favour of standards rising. She favours the idea of all security companies being rated by a panel and awarded stars to let clients know the range of services they can offer.

She envisages a system where the ratings will range between a small company that can handle only one facet of the industry being given one star, and at the top end, a large one that can competently handle all the facets be given five.

She realises the public needs help in security matters and suggests "a regulating body or council to oversee a sustained public education programme, so the public knows what to look for when selecting a security company."

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The big screen

- Checking job applicants' records can forestall crime

It's hard to tell how many computer-related crimes have been committed in SA or what was taken. There are two main reasons.

The first is that many firms are reluctant to let it be known they have been swindled through their computers. The second is that even if they did complain, the Computer Evidence Act is intended for civil, not criminal, cases.

Nevertheless, police will investigate cases that are reported and try to prove theft or fraud.

Andrew Chodelski, Deloitte Management Consulting Services' information technology consultant, says that protecting information has become an international issue, particularly for businesses such as retail operations and financial institutions, that have become dependent on information technology for their daily operations.

"The objective of investing in information technology is to support and enhance business operations," says Chodelski. "But without a security and control strategy, manage-

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ment faces the threat of unauthorised modification, disclosure or abuse of corporate information which could place their businesses in jeopardy.

Help is available. He says methods have been developed to assess existing computer security measures, and identify the risks applicable to specific operations. They assess key security exposures, identify problem areas, control weaknesses, and develop security measures.

"These modules also evaluate the effectiveness of contingency plans to recover computer operations after disaster," says Chodelski. "And they safeguard information accumulated on a database, when business growth results in the expansion of a computer network."

Police cannot prosecute anyone for just getting into the computer and stealing information, however valuable. If a print-out of information was taken, the culprit can be charged only with theft of paper. The same applies to the theft of a plan.

But there may be other ways of prosecution. If the information is copyrighted or patented, the person who got it out of the computer can be charged under the Acts that protect copyright and patents. If it can be proved he was paid to get the information, charges can be laid under the Prevention of Corruption Act.

Security Service Consultants' Ben Weaver believes one of the best ways of guarding against it is by employing only staff who have been thoroughly screened and pronounced honest.

Weaver points out that a dishonest employee doesn't regard just the computer as his prey. He is not above bugging everything in an office, from a salesman's telephone to the boardroom.

He advocates regular sweeps to ensure there are no bugging devices lurking. It should be policy to "sweep" the boardroom before every board meeting.

How does one vet an applicant for a job? Thoroughly, says Weaver. All information must be checked, as far back as schooldays. A search should also be conducted for civil and criminal offences. The commercial branch of the police will help personnel officers find out if applicants for key positions have criminal records.

In the vanguard

Security staff are becoming a target for robbers

Most businessmen who deal in large amounts of cash, leave it to cash-in-transit companies to take it to the bank, draw wages, make it up into packages and deliver it to the premises.

Companies that specialise in this work, such as Fidelity Guards and Coin Security, convey the money in armoured vehicles, driven by trained, armed men. The money is also insured, so should a van be hijacked, the stolen property will be replaced.

Letting these specialists do the banking makes even more sense today, given the growing incidence of armed robberies. That's why this branch of the security industry is growing.

But the robbers are now turning their attention to the armoured vehicles themselves and have chalked up a number of successes.

That is what concerns Roy Macfarlane, MD of Fidelity Guards, whose 400 armoured vehicles carry millions of rands a day. They work to such tight schedules that, in a sense, they are soft targets. Robbers have little difficulty watching them and planning their attacks.

"We have suffered a number of attacks recently," says Macfarlane. "Some of our men have been killed or injured, and a large amount of cash has been taken.

"To reduce the threat of that happening on the Rand, where it's most prevalent, and to provide extra security for money in transit, we have created a specially trained tactical support unit to turn the tables on the gangs."

The unit is composed of men with either a police or military background. They are armed with shotguns and hand guns, and travel in unmarked cars.

"Their operations vary," says Macfarlane. "They are usually deployed in high-risk areas, and areas where robbers could strike and get away easily. They sometimes stake out an area before a cash-in-transit van arrives. At other times, they escort vans into possible attack zones. They sometimes arrive while cash is being loaded or unloaded."

Cash in transit ... and tactical support nearby

Macfarlane ... cash-in-transit vans are soft targets
If you have nothing to protect, you probably don't need Chubb.
How safe is safe?

It's getting tougher to beat new materials and technology

Six years ago, safemakers were concerned about the inability of most of their products to withstand attack by the common or garden angle-grinder, oxy-acetylene torch and oxy-arc cutting methods.

Those methods were all developed to improve the productivity of metal workers, but criminals realised their potential and it wasn’t long before, given time, they could open any safe.

They need a lot more time now. Safemakers are using new materials and ways to build safes that resist — or at least deter — attack by those methods.

The new breed of safes obviously cost more than their predecessors, which is putting off many people. They are, however, becoming more popular.

Many safes still in use were built before 1960, and others before 1930. Despite their impressive appearance, they offer little protection against the modern safecracker.

It is because the attitude persists that a safe is naturally safe, that the incidence of attacks on them by robbers is increasing, says Peter Jephson, MD of Austen Safes. In 1988, 49 687 business premises were broken into and 51 749 in 1989. In nearly all cases, attempts were made to open the safes.

Old-fashioned safes were breached without difficulty. They yielded to attack by anything, from hammer and chisel upwards. For that reason, insurers limit their overnight liability for money stored in them to between R5 000 and R10 000.

Few category 2ADM safes, which is a category two safe, but angle-grinder-resistant, were broken into. There were even fewer casualties among category three and four safes, which are resistant to attack by sophisticated weapons.

Most modern safes and strong-room doors are fitted with efficient re-locking devices.

A robber who decides to blow a lock out with explosive will manage that, but he’ll be left with a door that is still locked.

Because they have proved to be so reliable, the insurance industry now allows up to R37 000 to be kept overnight in a category 2ADM safe; R75 000 in a modern category three safe; and R150 000 in a modern category four safe.

Many companies now offer time-delay locking systems. They can be fitted to all new safes and vault doors in customers’ premises for R1 500-R2 000.

They can be programmed for any delay between two and 30 minutes. To avoid antagonising a robber who may be tempted to use violence because he thinks the operator is stalling, they all have LEDs (light-emitting diodes) which inform him how long he’ll have to wait before the door will unlock itself. If it isn’t opened within a given time (also pre-set at the factory), it will re-lock itself automatically.

Chubb Lock & Safe GM Darryl Bowden says banks are still being robbed, but the incidence has decreased. Robbers are turning to softer targets, such as restaurants, service stations and payroll vans. He believes this is largely because of the growing use of time-delay units, and increasing use being made of bullet-proof glass in banks.

Demountable vaults

He says there has also been significant development in strong-room doors. Like safes, these are graded into categories.

A trend towards companies taking shorter leases on premises, has led to an increase in sales of demountable vaults, which can be erected or broken down over a weekend.

Safemakers can also install hardware to thwart bomb attacks on key installations. They rely on specially hardened concrete and newly developed anti-intrusion doors.

Austen’s Jephson says the industry is making safes that can protect computer floppy disks against fire. One made by his company was tested successfully for two hours at 1 050°C.
"Even the smallest companies are now using PCs and need to store their floppy disks safely," says Jepson. "But through ignorance — they do not know that they lose all the information stored on them at 53°C — they store them in desk drawers, filing cabinets and burglar-resisting safes. If they have a fire, they will lose all their information."

Candid camera

- Electronic surveillance can be used for more than security

A major innovation in electronic surveillance, or closed-circuit television (CCTV), is the invention of a camera which uses a chip, similar to those used in computers, rather than a tube, like those used in television sets, to project images on to the screen.

Known as CCD (charged, coupled-device) cameras, they are cheaper, lighter, last longer and are not susceptible to burn-in or image lag, even if pointed directly at the sun.

**CCD cameras ... good for management as well**

"They still need as much light as their predecessors," says Nigel Willard, industrial division manager of National Panasonic, "but because of the advantages they offer, they have virtually replaced cameras that need tubes."

He adds: "Users have swung to them in the way amateur photographers swung from black and white photography to colour some years ago. The major players in the electronic surveillance industry — ourselves, SA Philips, RCA and Siemens — have all gone over to them. A few small people still persist with tube cameras, but nearly 95% of our Panasonic range consists of CCD."

Willard says the SA market is growing, but not at the rate it should, because users do not appreciate closed-circuit television's full potential. It is a management tool that can be used to make money and for security as well.

It has a place in most businesses, but people have to be taught to use it properly. It
can help management reduce pilferage in a remote part of a store.

"If you have a theft problem, a surveillance system will uncover it. It may even pay for itself by solving only one problem," says Willard.

Even after a specific problem is solved, CCTV can continue to save money. He cites the case of an operator who uses his equipment to monitor that doors are closed, that staff aren't lazing around and that the right goods go out of his warehouse.

He found out why goods were damaged, and had to be replaced, by noticing that cartons were thrown, not carried. And he reduced the cost of maintenance and repairs to his forklift truck by watching how it was operated — and replacing the operator.

### On the quiet

Undercover agents have never gone out of fashion

The planting of undercover agents in an organisation may not be regarded as cricket, but it can work and is in keeping with the growing belief that security must be proactive, not reactive.

It isn't possible to keep everyone under constant electronic surveillance at all times, so if the management of a company suspects members of staff are either committing crimes, such as stealing goods, or are planning to commit crimes, it may want to "plant" someone in the company.

Howard Griffiths, MD of Security Service Consultants, says clients use these agents to, for example, discover how goods are being stolen, frauds in wages departments, ghost debtors and to identify those who are causing problems in the labour force.

His company used them to discover how stock worth millions of rands in equipment was disappearing from Transvaal hospitals and, recently, at the request of Lloyd's of London, to solve the Sandton City theft of R1.7m from SBV Security Services.

They have also been used to find out how sloppy housekeeping and loose talk can give away corporate secrets.

Griffiths says undercover agents are an integral part of what he calls investigative internal security and he finds it strange that, with the exception of retailers, companies will spend large sums on alarms, fences and dogs, but relatively few will allocate any budget to investigative internal security.

"That's probably the only way they'll ever find out what is really going on in the company," he says. "And that's the only way whoever is conducting the investigation for them will know what additional resources he will have to allocate to solving their problem."

He concedes that some unusual methods have to be used sometimes to solve crimes being committed against corporations, but adds: "I feel they're justified. We're not dealing with the cream of society."

### Paying a premium

Short-term insurers are being forced into a corner

Short-term insurance companies are bleeding, largely because their corporate clients are not taking adequate security measures, says Grahame Wright, chairman of the Insurance Surveyors' Association.

They regard security as a negative expense, because it does not show any profits. Wright predicts this can have only one outcome — a drastic increase in insurance costs. In addition, insurance companies may demand that adequate precautions be taken.

They may offer discounts to those who, for example, install a superior burglar alarm linked by radio to one of the better round-the-clock control centres, but may offer a bigger one to companies that also retain the services of approved armed-reaction companies.

"The industry is in trouble and cannot continue to operate at a loss," says Wright, who notes that it paid out more on claims in 1989 than its premium income.

The size of claims is increasing for several reasons, among them inflation increasing the cost of replacement, people dipping their finger into the kitty more than they would in a growing economy, and exaggerated claims of goods lost due to burglaries.

One company's insurance claims rose to 140% of gross premium income in 1989, theft claims to 160%, and claims for lost or stolen vehicles to 120%. Early indicators show percentages will be higher this year.

Wright's association is establishing sets of security standards to help the commercial world protect its assets. It has established a set of standards for safe and locking equipment which it is trying to persuade the business community to accept. It is currently busy with one on burglar alarms.

"We're having an uphill battle," says Wright. "Businessmen regard anything that doesn't produce a profit, such as security, as
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a negative thing, and they usually do their best to avoid buying negative things. Companies don't upgrade their security operations when they should, and they don't assess their risk from a criminal's point of view. That makes it easier for criminals to break in.

He has found buildings that are well guarded in the front, because that's where owners believe anyone will try to break in, but defenceless at the back, which is where burglars do break in.

"Good security means good risk management," says Wright. "Criminals won't try to break into a building that is well secured, but beware of going overboard and making a building look like a fortress. That will attract the better criminal who will believe it is guarding a treasure worth getting at in any way possible."

What of the rapid response option? Coin Security's John Beard puts the value of the armed response sector of the security industry at some R20m/year.

Colonel Ron Reid-Daly, head of Chubb Alarms rapid response unit, says the sector is growing, largely because of the shortage of policemen and, as he puts it, "a stage has now been reached in SA where an unarmed guard no longer deters an armed man."

Factors to be considered by potential users include response time, for there is no point hiring a firm unless its units arrive soon enough after an alarm has been triggered, to render some positive assistance; the men must be of high calibre and be trained well enough to make snap judgments which could avoid needless loss of life; and a slick and well-practised communications system that avoids needless chit-chat and ensures a quick response to an alarm.

Doug Evans, engineering service manager for the same company, says there has to be a marriage between physical security (burglar bars and perimeter fences) and electronic security.

"Physical security on its own isn't enough. Given enough time and the right equipment, anyone determined enough can overcome it. However, it is a valuable delaying mechanism. If only electronic security is used, the reaction time would have to be extremely fast to apprehend an intruder. Without any physical security, he would find little to stop him getting in, taking whatever he is after, and getting out again."

### Playing fair

- Security devices must be reasonable, not murderous

So you've decided what you need to protect your assets. But will the law allow you? Legally, all action taken and devices installed must be "reasonable." In other words, the intruder — in some cases, an innocent intruder — has rights, too.

A Johannesburg lawyer skilled in these matters says the law regarding obligations and liabilities is complicated and filled with rulings the layman regards as contradictory.

Shooting someone caught trying to break into a safe can land the gun man in court on a culpable homicide charge, if it is felt there was a simpler method of preventing the robbery.

The gun man would certainly have a good case if he felt his life was endangered but would have to prove that to the court.

If force is needed, it must be reasonable. Excessive force may be used only if there is a threat to life. A shopkeeper faced by a robber pointing a pistol at him would probably be within his rights if he somehow managed to get his own pistol out and shoot the robber.

But if the robber were shot as he turned and fled at the sight of the shopkeeper's gun, the shopkeeper could be charged with a variety of offences.

It has happened before. An owner of a business who decided to put an end to a series of robberies by setting a gun trap in a passage, well inside his premises, got his man and stopped the robberies. But he was tried and convicted of culpable homicide.

There is another twist. A burglar may sue for damages in a civil court, if he is injured in a break-in. He could succeed, too, if he could prove he was hurt because steps taken to prevent entry were unreasonable.

Take the case of simply topping a wall with broken glass. Seemingly, there's nothing wrong with that. There are, after all, thousands of glass-topped walls all over the country. But they are illegal and could land their owners in hot water.

If a burglar injures himself trying to scale a wall topped with visible razor wire, he won't have much chance of success in a damages action, but he may, if the wire was inside the wall and virtually invisible, because it had been covered with creeper.

It is not a good idea to electrify a fence without putting up prominent notices to inform all who pass that it is electrified.

"Many people have been shocked by holding a spark-plug lead and not suffered in any way afterwards, but one never knows what will happen to a heart sufferer if he touches it," says the lawyer. "He could die."

Notice is also necessary to warn people that premises are guarded by dogs. If several notices are displayed prominently, and someone does get past the perimeter fence and is mauled by a dog, he has no recourse.

The law specifies an owner must control his dogs at all times. That makes him liable for prosecution and possible damages should one of his animals get out and attack anyone outside his premises.

Normally a guarding company is responsible for the actions of its employees. So, should a guard kill someone trying to break in when he could have used much less force and simply restrained the person, it will be liable for his actions.

But some guarding companies try to shift the responsibility for their guards' actions on to the firms who hire them. That makes it necessary, when hiring a guard to protect premises, to always examine the fine print on the contract.
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<table>
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<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Are you able to control entry into your premises?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Do you have an efficient identification system for staff and visitors?</td>
<td></td>
<td></td>
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<tr>
<td>3. Does your receptionist or telephone operator know what to do in the case of a bomb threat?</td>
<td></td>
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</tr>
<tr>
<td>4. Is your company staff knowledgeable in how to handle industrial unrest?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Do you know if you are having losses from fraud or theft from within?</td>
<td></td>
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</tr>
<tr>
<td>6. Sabotage or accidents — are you able to distinguish which?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Industrial espionage — are your company secrets safe?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Crime and fire — are you secure against these enemies?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Does your company — or members of your staff — belong to SASA?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Do you have a designated member of management who is responsible for security and fire affairs?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Do you have detailed knowledge of legislation affecting security?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If you have answered No to ANY ONE of these questions you are vulnerable and you need to be a member of the Security Association of South Africa.

For more information about the Security Association, write to The Administration Director, Security Association of South Africa, PO Box 2212, Primrose 1416. Tel: (011) 58-5314.

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Local authorities topple steadily in the Eastern Cape

By VUYELWA QINGA

EAST LONDON became the fifteenth town in the Border region to be hit by a consumer boycott this year after the magistrate refused to allow a protest march to take place.

The boycott was launched on Sunday, and by Thursday a number of shops had closed, some were considering closing and others "had been forced to lay off staff," according to the director of the East London Chamber of Commerce (Elcoco), Dave Groom.

The magistrate, Sarel Nel, refused to grant permission for a protest march against detentions on August 23. The nineteen marshals were arrested and charged under the Dangerous Weapons Act for carrying wooden replicas of weapons.

The boycott co-ordinating committee demanded that Nel resign and that the charges against the marshals be withdrawn. The charges were dropped but the boycott is continuing and will only be reviewed next month.

Other towns to have been hit by a consumer boycott in the Border area this year are: Stutterheim, Komga, Carlton, Barkly East, King William's Town, Aliwal North, Burgersdorp, Molteno, Colesburg, De Aar, Steynsburg and Stierbrood.

Meanwhile, the campaign against separate municipalities is continuing to gain ground — especially in the Eastern Cape — with black town councillors resigning their posts in large numbers under community pressure.

Over the past three months, 29 more councillors in the region have resigned, bringing the overall total of resignations to 137 out of the 336 posts available.

Of the 51 councils in the Eastern Cape, 18 were forced to rely on administrators as there are no quorums for them to continue functioning.

A spokesperson for the Cape Provincial Administration, Willem van Heerden Heunis, confirmed these figures and said the number of resignations from town councils had been rising steadily for the whole of the Cape.

Of the 616 posts available in the Cape Province, 202 have already been vacated, he said.

In the Northern Cape, 32 of the 152 posts have been vacated. Administrators have been appointed to four councils out of the 24 in the area.

In the Western Cape there have been 33 resignations out of the 148 positions available and three administrators have been appointed out of the 18 established councils in the region.

The Eastern Cape African National Congress' publicity secretary, Michael Xhego, said: "These structures are not going to be accommodated in a future South Africa. They have no genuine role to play in shaping the future of the country."

All civic organisations, he said, were calling for one municipality for one city and one town council for one town.
Small businesses go under through bad management

By ROBERT LAING

FEW fledgling businesses in South Africa succeed. Only about 20 percent of small businesses survive their first year, according to the author of Your SA Home Business Guide, Peter Cheales.

The common reason given for the low success rate is that local entrepreneurs find raising enough venture capital difficult.

Most of the country's savings are used to re-finance existing assets through share acquisitions on the JSE. Very little flows into new investments.

The informal sector, often cited as a cure for economic problems, can also be seen as a symptom.

Small businesses tend to be launched at the worst possible time during our economies by people forced to become self-employed.

Accounting firm Deloitte & Touche's emerging business adviser Ivan Pulfrinman says: "It is little known that 75 percent of businesses that go bust are profitable; they simply run out of cash."

Because most entrepreneurs start with minimum cash they cut marketing costs. This causes the marketplace to be littered with unwanted products.

Cheales claims market research is the key to success: "Knowing who and where your customers are and how much they will pay eliminates much of the risk inherent in the start-up of a new business."

Remington president Victor Kiam in his best-seller Going for It! How to Succeed as an Entrepreneur said the main qualifications needed are: self-confidence; confidence in your venture; a willingness to make sacrifices; the ability to recognize opportunities; and the ability to make decisions.

Many people fit Kiam's profile without being good book-keepers. Badly managed running costs is a pit most novice entrepreneurs fall into.

"The small businessmen who survive are usually those who keep an eye on working capital," Pulfrinman says.

Big businesses push many small sub-suppliers to the wall by being slow to pay bills when interest rates are high, using trade credit as a cheap form of borrowing.

"Large companies and sometimes government offices seem to be breaking trade contracts with impunity by not paying promptly and small companies are disadvantaged if they try to negotiate interest on overdue accounts," ITC chairman Paul Edwards said in a statement recently.
TRADEGRO  FIM 911190 30

NO HALF MEASURES

Tradegro ended the 1990 financial year with a healthier balance sheet but was buffeted by dismal trading results from major subsidiaries Checkers and Metro.

The sale of Rusfurn was felt adversely at the earnings level but benefited gearing. The outlook for 1991 looks slightly better with Cashbuild and Smart Centre continuing on the fast track, Metro’s problems addressed and Checkers making changes which may improve its performance.

Tradegro’s turnover rose only 0.4% in the year to end-June, compared to financial 1989, but — excluding Rusfurn’s contribution last year — a healthier 13.7% rise was recorded. Chairman Donald Masson says trading conditions were difficult and deteriorated in the latter half. All divisions had to cope with strikes, boycotts and high shrinkage — which cost the group almost R70m and is now its largest cost item after wages.

Some divisions coped better than others. Wholesale and retail building merchant Cashbuild increased turnover by a third but its margins were squeezed. This was offset by a higher stocking, interest earned on cash balances and profit before tax which rose 35% to R14m. Cashbuild contributed 4.4% to Tradegro’s turnover and 12.2% to pre-tax earnings.

Upmarket clothing retailer Smart Centre, recapitalised and listed in July, exceeded its pre-listing forecast with pre-tax profit up almost a third on 23% turnover growth. Management says a very successful winter range boosted fourth-quarter results and market share has risen. Smart Centre contributed less than 2% to group turnover but 13.5% to profits.

Coreprop, Tradegro’s property arm, made a capital profit on the disposal of several properties and had net cash for most of the year. Conditions in the property market were favourable and a pre-tax profit of R9.6m (R4.2m) was made.

As Masson says, there are no half measures at Tradegro. Either the divisions do very well or very badly — Checkers, Metro and Stuttafords/Greaternens fall into the latter category.

Metro’s results reflect not only very tough trading conditions and increased shrinkage, which hit the operating margins, but action taken to redress serious problems at Jazz after the buyout of minorities last September. Its pre-tax profit declined 21.4% on turnover growth of 9.5%.

Checkers’ results were disappointing after a better-than-expected first half. But competition, strikes, boycotts and the rise of shrinkage slashed margins in the latter half. Pre-tax profits fell a quarter on a 16.2% turnover rise, which represented a gain in market share. MD Sergio Martinengo says that cash flow has improved, which allowed the group to earn R3m rather than pay interest, as happened last year.

The results of retail chain Stuttafords/Greaternens were not nearly as upmarket as its clientele — pre-tax profit plummeted 42% on a 23.5% sales rise. In addition to difficult trading conditions, particularly in Natal, the opening of the new Westgate store was delayed and summer sales lost. All start-up costs for Westgate have been written off in full.

With gearing of 0.74 (0.52) at year-end, the company is also facing higher interest costs.

Shareholders may be wondering about the wisdom of buying Rusfurn. Profit attributable to Tradegro’s ordinary shareholders do-

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NOT GROWING

<table>
<thead>
<tr>
<th>Year to June 30</th>
<th>1989</th>
<th>1990</th>
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<tbody>
<tr>
<td>Turnover (Rm)</td>
<td>7,20</td>
<td>7,23</td>
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<tr>
<td>Operating profit (Rm)</td>
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<td>165</td>
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<td>Attributable profit (Rm)</td>
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<tr>
<td>Earnings (c)</td>
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<td></td>
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<tr>
<td>— fully diluted</td>
<td>39.2</td>
<td>20.7</td>
</tr>
<tr>
<td>— diluted</td>
<td>78.6</td>
<td>22.0</td>
</tr>
<tr>
<td>Dividends (c)</td>
<td>10.0</td>
<td>11.0</td>
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Food aid for the destitute

PICK and Pay Supermarket in Ormonde, Johannesburg, and the Christian Women's Enrichment Programme have started a project to help the victims of violence in Phiri and Molotsane.

To launch the project, the company donated meat, maize meal and vegetables to the CWEP who will distribute the goods to the victims.

"What we have done is a drop in the ocean compared to the need out there. So we challenge other businesses to join us in this effort to help the many women and children and other victims who have been impoverished by this violence," said manager Mr. Nigel McNally.

"We are prepared to shop for them and deliver the goods for them," he added.
The threat of boycotts and myriad other problems continue to prevent the three major retail chains from opening outlets in black townships.

They are now allowed to hold as much as a 49% share in townships stores, but the National African Federated Chamber of Commerce (Nafoco) has consistently opposed joint ventures, no matter how much the deal is structured in favour of the black trader.

Pick ’n Pay’s Raymond Ackerman said recently: “We had a plan to supply 80% of the capital and give local traders 20% of the equity. Whenever we tried to get this plan off the ground Nafoco has withdrawn its support at the last minute. And we wouldn’t open stores in the black townships without the support of local businesses.”

Nafoco president Sam Motsumnyane says: “We’ve opposed joint ventures because of our past experience in which traders lost their independence as part of these deals.”

So there are no Pick ’n Pays, Checkers or OK Bazaars in black townships, though Pick ’n Pay and OK each have a store in the coloured township of Mitchell’s Plain, near Cape Town, and Checkers has an interest in a development in the Indian township of Clautsworth, near Durban.

There has been speculation for months that OK would open a branch in Alexandra, but this hasn’t happened. Checkers MD Serge Martinengo recently said “the best opportunity (for growth) will come when we can open in the black dormitory areas, probably with black equity participation” (Business June 29).

While the Big Three struggle to find the door to the townships, the fourth largest retailer, Spar, continues to build up its significant presence there. Spar suffered from unofficial boycotts in the Seventies and early Eighties but is now supported by Nafoco and has become an established part of the township scene.

Spar stores are owned by franchisees and supplied by the Spar group, so it has been able to open in black areas without the restrictions placed on white-owned stores.

The first black Spar franchise was awarded 27 years ago. There are now 40 black franchise-holders, out of 506 outlets, and most operate the smaller Spar Saver stores. Spar awards three types of franchises — Spar for larger stores, Kwiksave for smaller stores in urban areas, and Saver-Mor, mainly for rural areas and townships.

Spar has earned its stripes over time,” says business consultant Willie Ramoshaba. “It might have been seen as a white chain and the store-owners just front men, but the stores are now identified with the owner. The black market is still getting used to the idea of franchising and Spar is the first franchise to gain a measure of credibility.”

Spar national marketing director Brian Beavon says he expects the number of black franchise-holders to increase, but the requirements for a franchise are strict. “The problem is finding qualified applicants. Normally our franchise-holders own existing stores but they need to conform to our rules in size, image and turnover. Spar operators tend to become leaders of their community, which puts heavy requirements on their time.” He hopes spaza operators will evolve into cafe owners and then into recruits for Spar.

Joel Mosolloli, who holds the Spar franchise in Daveyton, East Rand, says Spar offers assistance such as on-the-job training, promotions, advertising and pricing. “It also helps to draw up a feasibility study when the franchise applicant is applying for capital.”

Spar says it’s been successful in preventing whites from operating through black fronts. The franchise is awarded to the major share- holder, so if a black applicant was backed by a white, the franchise would be awarded directly to the white, or whoever was putting up most of the money. Spar requires detailed proof that the store-owner is the true major shareholder.

Transvaal marketing director Basil Jansen adds that while Spar franchise-holders can have their franchise revoked, if they consistently fail to follow Spar’s rules, it isn’t any more unusual for this to happen among black than other franchisees.

Spar owners in townships have a high-density population at their doorstep. Mosolloli says 80 000 people go to his store every month and most come on foot. Like all Spar owners, he is required to operate a butchery, bakery and fresh produce department. “The bakery doesn’t provide great returns on the investment I’ve made but it brings feet into the shop.”

While retailers are traditionally a noisy bunch, Spar has kept a low profile. Since Tiger Oats took control of the holding company, W G Brown Investments, two years ago, it has gone more public. For instance, its advertising, produced by Bates Wells, Durban, is now considered the most innovative in food retailing.

Beavon isn’t worrying about the major chains setting up branches in the black urban areas. “We’ve managed to co-exist everywhere else. We never fear competition.”

Stephen Cranston

**Retail Giants**

<table>
<thead>
<tr>
<th>Turnover (Rm)</th>
<th>Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Pick ’n Pay</td>
<td>4.3, 110</td>
</tr>
<tr>
<td>2) OK Bazaars</td>
<td>4.2, 215</td>
</tr>
<tr>
<td>3) Checkers</td>
<td>3.2, 166</td>
</tr>
<tr>
<td>4) Spar</td>
<td>2.0, 506</td>
</tr>
</tbody>
</table>
Drift back to cities begins

Business Times Reporter

There are strong signals that property development in the 1990s will be marked by a quick 'repopulation' of cities by big corporations.

This will be in sharp contrast to the 1970s and 1980s when commercial property development moved away from central business districts to satellite CBDs like Sandton, says Brian Button, general manager of Syfrets lending operations in Johannesburg.

"There is already a noticeable surge in new development and refurbishments in the main CBDs throughout the country." The trend is particularly noticeable in Johannesburg.

Planners

The creation of free-trading areas and the dismantling of regulatory controls represents tremendous challenges," says Mr. Button. "It provides scope for more innovation and flexibility in commercial property design and development in CBDs.

Town planners and developers will have to consider the needs of different tenants and populations and a changed commercial environment.

Property development financing will also face new demands. Syfrets pioneered the participation mortgage bond in SA and has R1.2-billion under administration.

The merchant banking element of property financing had to be flexible and innovative in setting up new structures to keep ahead of the opposition."
Bounced cheques hammer retailers

By David Carle

Some of SA’s biggest retailers have approached the Big Five banks to act on a rising tide of bad cheques.

Trospergo Financial director Bill Chambers says the incidence of bad cheques has doubled in recent months.

Representatives of Trospergo, OK Bazaars, Metro Cash & Carry, Pick ‘n’ Pay, Edgars, Canbuild and Stadler & Oerlmann met senior general managers of First National Standard, Nedcor, Bankorp and Volkskas this week.

They complain that the banks have 31 different types of cheques, many of which are guaranteed. But each requires different procedures and till operators have no way of knowing how they all work.

The retailers have threatened to treat all cheques equally. This would upset the banks, which have ploughed millions of rand into promoting prestige and status accounts.

Some retailers are considering refusing cheques unless customers have made arrangements. They will issue their own cards to customers after checking their creditworthiness.

Pick ‘n’ Pay has such a card.

Bouncers

Retailers say there is evidence that cheques drawn on new accounts bounces most frequently, suggesting that the banks are too lax in issuing cheque books.

They are unhappy about having to check all credit-card transactions over R250, saying the limit is too low.

Mr Chambers says: “The average Johannesburgite’s trolley comes to well over R250. There’s nothing more irritating for the customer and those in the queue behind him than having to wait for a bank to verify the card.”

Retailers also complain that banks are too slow in telling them the fate of cheques. Sometimes the bank debits their accounts for an NSF cheque. It takes three weeks to get the cheque to pursue the customer.

They asked the banks to put identity numbers on all cheques. But the banks refused on the grounds that customers object — largely because ID numbers disclose a person’s age.

David Rosen, managing director of Vera-Cheque, says retailers are as much to blame as the banks for laxity. They accept cheques uncritically.
No let-up in pressure on car sales

NEW passenger car sales rose by 11% in August, but despite the modest improvement, the National Association of Automobile Manufacturers of SA (Naamas) expects new vehicle sales to remain under pressure during the remainder of the year.

Naamas said yesterday although new car sales rose by 2 093 units to 20 469 units compared with July's sales of 18 376 units, economic conditions were still sluggish.

Naamas said the greater number of trading days in August, seasonal factors and the positive influence of personal income tax concessions which took effect in July had contributed to a surprisingly good month for the industry's car and light commercial vehicle sectors.

New car sales in August showed an improvement of 9% or 1 600 units compared with August 1989, with replacement demand by the car rental industry and the corporate sector also assisting in boosting August's sales.

BMW SA marketing manager Ivan Honeyborne said the overall market was encouraging and the buoyancy experienced was due to the availability of supplies and the fact that people bought forward in light of the price increases in September.
Vaal chamber to focus on attacks on business

THE ANC's economist, Mr Tito Mboweni, will be one of the speakers at the biennial conference of the Vaal African Chamber of Commerce to be held at Riviera Hotel, Vereeniging, tomorrow at 8.30am.

The conference, whose theme is "Black retail Business in a post-apartheid era", will also be addressed by tax consultant, Mr Matshuru Mashele, and Mr Salala Lesela, marketing sales manager for a city company.

The convener of the conference, Mr George Thabe, said the conference will focus on many pertinent issues affecting the small businessmen in the changing South Africa.

It was vital that black businessmen be informed about the Value Added Tax which is due to be implemented by the government next year, he said, adding, "we are also concerned about how the new tax system will affect small retailers."

It is also expected that the delegates will deal with the ongoing violence throughout the country, with special focus on the attacks on businesses in the Vaal Triangle townships in the past months.

The businessmen in the Vaal have had their enterprises attacked and looted by "undesirable elements" in the community and considerable damage has been caused to buildings.
Furniture sales rise 'to ease'

JULY furniture sales figures showing a year-on-year increase of 24.5% are unlikely to be maintained for the rest of the year, with overall sales expected to grow 4% in real terms in 1990, says Furniture Traders' Association (FTA) executive director Frans Jordaan.

Recent figures released by the FTA show that overall sales figures for the last few months exhibited unrealistic increases due to pent up demand. These are expected to level off.

The easing of credit restrictions has seen an increase in overall sales of furniture, appliances, radio equipment and TVs of up to 30% over the last few months.

This has been evident at the lower end of the market, where consumers did not have access to overdrafts and credit cards while the restrictions were in place. While statistics were not provided for June, overall sales in April and May reflected an increased growth of 29% and 30% respectively over the same periods last year.

However, the effect of unrest in the townships has seen overall sales to black consumers increase by 16.7% in July.

Jordaan says since March the FTA has been predicting an upswing followed by a levelling-off period, which is now apparent.

Sales of furniture in particular have come down substantially, he says, with a 16.5% growth in July compared with the same time last year. This compares with a 22.5% growth in June over June 1989.
NEWS

Beacon Hill consumer boycott

HAMPDEN—By a margin of 2 to 1 the floor of the House of Representatives passed a bill today making it a crime to distribute leaflets calling for a refusal to patronize a store during a picket.
MMG weathers hard year with turnover hikes

THE Market Motor Group (MMG) has weathered an extremely tough trading year to end-June to report increases in turnover and net operating income.

Facing a decline in consumers' disposable income and continued government pressures to curb spending, the group managed to raise turnover by 16% to R164,7m (R139,2m). However, lower margins contributed to an increase in only 11% on net operating income, which moved to R18,6m (R16,4m).

Attributable income decreased slightly to R5,6m (R8,14m) while earnings a share dropped to 24,3c (27,2c).

A slightly increased final dividend of 8,15c (7,75c) has been declared, bringing the total dividend for the year to 11,75c (10,75c).

One of the largest motor organisations in the Cape, MMG incorporates Market Toyota, the Cape's major Toyota dealer; Market Cars, one of the area's biggest and longest-established used car operations, as well as several parts and services outlets.

MMG chairman Barney Sanke said in a statement that the fact the company had held its own in the face of what had undoubtedly been a very unsympathetic trading climate, was mainly due to versatility in terms of the wide spread of motor-related services offered.

The servicing and parts division, he said, was showing the highest rate of growth of all MMG's divisions.

"We have increased our parts range and stockholding, and expanded our servicing facilities," he added that Market Toyota, which sells more than half the new Toyota vehicles purchased in the Cape Peninsula, had expanded the fleet sales staff and recently received awards from Toyota SA for marketing efficiency and fleet development.

Market Cars sales, however, had shown a decline due to high interest rates, stringent hire purchase controls and the erosion in consumer spending power.

Sanke said planning for the current year had been based on the assumption that the economic slowdown would continue.

By: William Wells and
We don't buy this, say anti-boycott groups

By VUYELWA QINGA, East London

THE consumer boycott here has given birth to an unusual anti-African National Congress alliance involving Africanist
and black consciousness groups as well as the South African Council on Sport.

The organisations said the decision to launch the boycott was undemocratic and have set up an anti-boycott committee.

In spite of this the boycott now in its second week, has affected local trade significantly, said Dave Groom, director of
the local Chamber of Commerce.

The boycott was launched on September 2 in protest against magistrate Sarel Nel's refusal to allow a march against detentions on August 23.

A statement released by the alliance slammed the decision to embark on the boycott as unpopular and undemocratic.
and the parties have confirmed this is the objective.

Over the past few years, Wiese has come
close to concluding a number of deals with
other groups, only to withdraw at the ele-
venth hour. It has left him with a reputation in
the market for “toucing but never tagging,”
a label he neither relishes nor believes is
justified. He now admits to negotiations
which have progressed to an advanced stage.

Pepkor has for almost four years been
seeking to invest the R100m it holds in cash.
Wiese recently stipulated that a prime con-
sideration is that any proposition must fall
within the definition of a “concentric” diver-
sification.

In this case, the initiative does not seem to
have come from Pepkor. Sources tell me
Pepkor and at least one other large retailer
were approached to see whether they would
be interested in doing a deal involving Trade-
gro. Pick ‘n Pay chairman Raymond Ack-
eman will neither confirm nor deny any such
approaches, but he says his group would not
be interested in Checkers, principally be-
because of the locations of many of its stores,
but also because the other Tradegro subdi-
sidaries are of no interest.

On the other hand, Tradegro’s operations
may well measure up to Wiese’s takeover
criteria. They include the chain store Check-
ers (100% held by Tradegro), which Wiese
thinks could find synergies with Pepkor Shoprite; the wholesaler Metro Cash & Car-
ry (47%) and, to some degree, Smart Centre
(48%). It is less clear how the other Tradegro
subsidiaries could fit into the Pepkor picture:
these include 100% of Coreprop, 74% of
Cashbuild and 80% of Stuttafords/Greeter-
man.

In any event, the two groups square up to
one another in what looks an uneven contest
— depending on how the comparison is
made. Tradegro’s 1990 year’s turnover was
R7.7bn, whereas Pepkor, including Grand
Bazaars, is projecting turnover at R2bn for
the year to end-February 1991. Tradegro’s
attributable profit was only R45.7m whereas
Pepkor’s — without a contribution from
Grand Bazaars — was R58m. And Tradegro
is capitalised at only R86m compared with
R550m for Pepkor.

On these figures, the valuation could be
particularly problematic. The Rauturn buy-
out by management was based on net worth,
but the nature of the diverse assets still in
Tradegro makes this an unlikely basis for
calculation.

Whether the deal will be a merger or a
takeover remains to be seen. Neither party is
saying. One analyst believes that discussions
are proceeding on the basis that no cash is to
change hands — which suggests a merger.

But why would Wiese want to take on a
challenge which, in Ackerman’s words, is
“full of graveyard” and which, until recently,
swallowed vast amounts of cash because
of negative cash flows? And what benefits
would there be for Sankorp? Wiese clearly
sees substantial opportunities for synergies
in a Checkers/Shoprite tie up. And he has

---

**SQUARING UP**

*A succession* of managers have toiled unsuc-
cessfully to turn Checkers around. If present
merger talks reach fruition, Pepkor chair-
man Christo Wiese will be the next to take
on this task.

The cash-flush Pepkor is apparently talk-
ing to Sanlam about a full merger with
Tradegro. Sanlam controls 68% of Trade-
hold, which in turn controls 55% of Trade-
gro. Cautionary notices appeared this week

---

**Effective managers who could help bolster
the Tradegro team.**

*If there is a merger, it would create a giant
consumer group with turnover exceeding
R9bn.*

*Profitability may be another matter. For
starters, though, there will be a combined
cash balance of as much as R300m that
could be deployed assuming no cash changes
hands.*

*Gerard Drivick*
Debt squeeze

Infash has continued to gear its balance sheet — at the 1990 year-end, total interest-bearing debt was more than twice ordinary shareholders' funds.

The group got into this position partly because of the purchase of Dressing (Pty) and Jones Purchasing (Pty) for R2m. It is hoped the purchase could form the base for increased future sales and profits owing to economies of scale and other benefits.

Because of the acquisition, management time and cash resources have been required to computerise stock and debtors on to a uniform system. Commendably, a higher provision for bad debts has been made.

However, the 114% increase in borrowings helped lift the interest bill from R82 000 in 1989 to R540 000. While operating income

tion in the debtors turnover ratio. It is difficult to see how the margin can be maintained and profitability increased under these circumstances.

Not surprisingly, the dividend has been passed. The share last traded at 75c. With a tangible net worth of 21.4c, it's no wonder only 1 000 shares have been traded in the three months to July. A cautionary notice was published three weeks ago. Except to say that negotiations are expected to be completed in the next two weeks, Turner offers no comment.

Infash

Activities: Retail ladies' and children's fashion ware.

Control: Directors 71.6%.

Chairman: B Gerson; MD: B D Raw.

Capital structure: 9.6m ords. Market capitalisation: R7.2m.

Share market: Price: 75c. Yields: — on div. 14.7% on earnings; p/e ratio, 6.8; cover n/a. 12-month high, R0.90; low, 70c. Trading volume last quarter, 1 000 shares.

Year to Feb 28

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* From 4 September to 29 February 1988.
† Annualised.

Show a 15% increase, income before tax is down by 17%, and EPS dropped by 3.5%. Director Charles Turner says all appropriate steps are being taken to rectify the over-gaered situation.

Since the balance sheet date, he says, stocks and debtors have been reduced and bad debt provisions have been trimmed by good recoveries.

Even so, shareholders are entitled to gripe about the tardy publication of the annual report — nearly six months after year-end. It shows a reduced stock turn and a deteriora-
Sagob to meet about upsurge in SA strikes
Dispute may soon be settled

A DISPUTE between Blockchain Stores and its former employees, who were locked out and subsequently fired last year, may be settled out of court — a few days before the Industrial Court was expected to decide on the matter.

The 84 workers took Blockchain to court after several attempts to resolve the issue proved futile. Workers were in favour of an out-of-court settlement, especially if re-instatement would be part of the deal.
Boycott trader: I'm no racist!

By GLENDA NEVILL

A BUSINESSMAN addressed a public meeting this week — to apologise for a racist remark which is threatening his trade.

Now Beloald bottle store owner Graeme Sayman is hoping business will pick up again.

On Monday night, in an effort to end a boycott of his shops, he stood before an audience of 700 people to declare: “I’m not a racist.”

In an interview afterwards, Mr Sayman said: “I’ve been friends with these people for many years so I wanted to clear up the ill feelings.”

His trouble began in May at the start of a consumer boycott of white shops in Ashton when he allegedly said “We don’t need the hotnobs’ money”.

The total boycott has since ended — but Mr Sayman is still suffering.

He said: “I don’t know if I said those words or not. There were a lot of people hanging around and things were so confused and heated at the time I can’t be positive.

“But I do think the rumour that I said this thing was spread by my business opponents.”

When the consumer boycott was called off in July, Mr Sayman’s bottle store was the only shop still targeted.

“I asked the community leaders how I could put the record straight and they suggested I attend a Monday’s meeting to rectify things,” said Mr Sayman.

“I wasn’t nervous — I just wanted to clear up the matter and, I can tell you, I didn’t know what a popular man I was until after the meeting.”

Abnormal

He added: “You must understand that this boycott was a very new thing for us in Ashton.

“It was an abnormal time for us and we didn’t know what to expect or how to cope.”

Mr Sayman said while he sympathised with the community’s quest for proper housing and use of facilities, he disagreed with the methods used to highlight their plight.

“There are other ways to put the pressure on,” he said.
Pepgro set to tie the knot

By IAN SMITH

MERGER talks between Christo Wiese's Pepgro and Sankorp's lagging Tradehold are still on track. Success would mean a retail and distribution giant with sales of more than R1 billion a year. But there could also be refinements.

Sankorp owns 66% of Tradehold and it has an 19% stake in Pepgro — the second largest holding after Mr Wiese's. A merger would, at a stroke, bring its retail and wholesale interest under one umbrella.

Sankorp chief executive Markus Daan says: "If we did not favour the move we would not be talking.

Although there may be some benefits from rationalisation, it is not a major factor. "It is more a case of two groups fitting together to give a better balance in retail operations."

An investigation is being made into both groups and a final decision is probably two weeks away — but both sides hope the marriage is on.

Grandbaz:

Pepgro has been searching for acquisitions. Mr Wiese has negotiated with at least five other big groups in the past two years — and walked away from four.

In August he picked up the 27-store Grand Supermarket chain to add to Pepgro's Shoprite subsidiary. He told Business Times he hoped for a deal — "at least as big as Grand Bazaar".

Diversified Tradegro has battled to live up to Sankorp's expectations. Checkers with its water-tight margins has always been a milestone around its neck.

No details have been given of the form of merger envisaged, but Kaplan & Stewart analyst Robin Pogler says the fact that the groups' two top companies are involved points to "wholesale and complete integration".

If Pepgro emerges at the top of the new giant there could be digestion problems. But some analysts point out that Tradegro has gone through a major restructuring and the slimmed-down group looks attractive.

Strong management is in place and this could lighten the load for Pepgro management.
Prospects ‘bright’ for Milstan

MARCIA KLEIN

MILSTAN directors expect profit improvements to be ‘noted’ in financial 1991. Short-term and long-term prospects remain bright, says the annual report.

The photographic and electronic retailer’s 29 outlets are to increase to 32 before December.

Expansions this year will include the opening of Milstars and Stans outlets in Cape Town, and the relocation of a Clivex store in Natal. An additional Stans outlet will open on the Reef.

All openings are scheduled for the last quarter to catch peak trading, the report says.

Milstars — which has historically served the white consumer — has amended its marketing policies to achieve greater national penetration.

“A widened customer base offers the prospect of significant expansion for Milstan in the coming decade,” says the report.

Earnings at the February year-end took a knock to 10.5c a share from 22.6c. However, the group’s liquidity allowed it to increase its dividend by 14% to 8c a share.

Margins were reduced over the past year with the objective of building market share.

MD Milton Ekhind said last week the group was consolidating as much as possible.
Autoquip figures hit by trading disruption

VEHICLE wholesaler and retailer Autoquip Group has been financially hit by its inability to trade normally with the troubled Sparco group in the second half of the year.

This, compounded by the tighter trading environment in the second half, resulted in lower earnings for the year to end-June. Earnings were down 16.6% to 13.1c (15.7c) a share after a 16% advance at the halfway stage. The final dividend was halved to 2c, making total payment 5.5c.

Turnover was up 25.2% to R44.3m (R35.5m) but operating profit was static at R5.2m. Finance charges shot up to R1.2m (R833 000). Net income after an extraordinary item of R32 000 fell to R2.07m (R2.49m).

Other factors were the moving of premises in Durban and Cape Town and Partiqq division's move to larger premises in Johannesburg.

Directors said the new Port Elizabeth branch was not profitable during this period. However, initial teething problems had been resolved and start-up costs accounted for.

The performance of the foreign division was below expectations because of a severe downturn in the Australian economy.

Autoquip directors predict the market will stay under pressure for the next year. Management is trying to reduce its interest burden by tighter stock level controls, debtors' collection and group expenditure.

Management will focus resources on the group's growth areas.

Autoquip shares have recovered to 60c from their year's low of 40c to 10c below the year's 70c high.
Fresh bid to resolve boycott

By Melody McDougall
Vereeniging Bureau

Vanderbijlpark Town Council's management committee and a Cossatu delegation are to meet tomorrow for talks in yet another attempt to resolve the ongoing consumer boycott issue in the town.

Discussions between the parties were earlier called off after a disagreement about certain conditions laid down for the meeting.

The consumer boycott, which began in July, was lifted several weeks ago in Vereeniging, Meyerton and Sasolburg but is still continuing in Vanderbijlpark.
J D Group ‘committed to more improvement’

MARCIA KLEIN

FURNITURE retailer J D Group was committed to continued improvement “without becoming complacent following past successes”, chairman and MD David Sussman said yesterday.

Sussman said July through to August had been “very satisfactory months”.

“The group continued to show very real growth in the first 10 weeks into the second half”, he said, with the best trading months still to come.

In the interim period to end-June the group posted a 33.8% rise in earnings to 35.7c a share and a 23.8% increase in bottom-line income to R12.7m. A dividend of 8c was declared, 55.3% higher than for the corresponding period last year.

Analysts said results for the first six months were solid, and commented on the quality of the debtors book, which increased by R80m to R464m, while long-term borrowings rose by only R10.8m.

Sussman is confident the group should be in a position to show the same growth in the second half provided there is no deterioration in the political environment.

He expressed satisfaction with collections across all four chains, with bad debt incidence well within budgeted forecasts. Cash sales in the group were close to 30%, with some chains in excess of that.

He said all four chains were doing well and the group was outperforming last year on all fronts, including stockturns, collections and sales.

The group would be ahead of forecasts at year-end and should continue to achieve more than 20% year-on-year growth.

With regard to the restructuring of holding company FSI, Sussman said FSI’s holding in J D Group would be more directly held by W & A.

“J D Group is comfortable in its relationship in the FSI stable, and if anything the restructuring of FSI should strengthen the group.”

J D Group’s share closed at 420c yesterday after being re-rated recently at 450c in reaction to the group’s interim results. The share traded at a yearly high of 450c at the beginning of this month and a low of 240c in December. It was trading at 320c one month ago.

Sussman said it was up to the market to decide on the rating of J D Group’s share, but at the end of the day the share price would be governed by the group’s track record.

He said the group must show the investing public it could perform well in good times and bad.
P ’n P shrugs off recession

By ARI JACOBSON

THE Pick’n Pay group has shrugged off the recessionary trend prevailing in the economy to notch up an 18% increase in turnover to R2,4bn (R2,1bn) for the interim phase to June.

De-stocking saw bottomline earnings shrink slightly to a 15% increase at R32,7m (R28,4m) — which translated into earnings of 41,8c (38,3c) a share.

Interim dividends were 2,5c, or 19%, higher at 12,5c a share.

The directors forecast a growth in turnover of 20% for the full year — corresponding with a sales figure of R3bn.

Chairman Raymond Ackerman said yesterday this performance was based on stable labour relations and the ability to claim market share from competitors. He added that effective advertising had also played a part in generating revenues.

He stressed that the benefits available to employees, and the group’s focus on “human relations”, had ensured good relations with the Unions.

OK Bazaars’ seven week strike, and Checkers’ management restructuring, had helped Pick’n Pay to increase market share.

The group’s expansionary policy was backed up by the opening of seven new stores in the first six months, with a further six to follow in the second half of the year.

On the introduction of value added tax (VAT) Ackerman mentioned that the group had put forward appeals to government to exclude certain food-stuffs.

“The authorities should seriously consider bread and one or two other basic commodities to maintain lower prices for the disadvantaged.”

He said with the deregulation of bread — likely to add about nine cents to the price — and helped on by a 13% VAT — a huge cost would be borne by the impoverished.

The directors mentioned an interesting aside in the introduction, in Pick’n Pay stores, of Paynet systems which allowed the consumer to link-up with their banks — as an addition to the Automatic Teller Machine (ATM) operation.
Pick 'n Pay makes market share gains

A GAIN in market share at the expense of troubled competitors, during a period characterised by stable labour relations, helped Pick 'n Pay notch up a 18% rise in interim earnings.

The retail giant boosted earnings in the six months to end-August to 41.2c (38.5c) a share — a rate of increase a shade above inflation. Dividends 19% higher at 12.5c (10.5c) a share were declared.

Growth at these levels was achieved on turnover, which rose an above-budget 18.7% to R2.4bn, and trading income of R60.5m (R53.1m), which translated into bottom-line earnings of R22.7m (R28.4m).

Chairman Raymond Ackerman, "delighted" with the figures in view of political turbulence, the recession and labour unrest countrywide, said last night sales had been particularly good in the last quarter, with the group picking up substantial market share from its competitors.

"There were no extraneous matters such as imminent takeovers or strikes, which affect a company's ability to function," Ackerman said.

Turnovers for competitors OK Bazaars and Checkers — while not strictly comparable because of their product mixes and reporting periods — grew by 12.2% in the year to end-March and 16.5% in the 12 months to end-June respectively.

Ackerman said his group's relatively good performance was due also to a lack of major labour problems.

A subsidiary reason, he added, was an "enormous" focus on advertising, on which about R8m was spent.

Looking to the future, he said management was confident of a significantly improved result for the second half, with the possibility of a 20% increase in full-year pre-tax profits.

The shares, which peaked at 2.025c in the middle of August, slipped 100c today to 1.900c.
Black traders threaten to boycott abusive farmers

By JOSHUA RABOROKO

BLACK traders have threatened to boycott white farmers who give them a raw deal by selling live chickens with broken wings and legs at high prices and without any discount.

Business people claim that some of the farmers use abusive language and threaten to shoot them whenever they return the poultry and demand refunds.

A trader, who is a member of the Soweto Poultry Association, Mr Johannes Mphuthi, told Sowetan Business this week that most white farmers took advantage of black traders by selling them inferior stock, knowing full well that some of them would not complain for fear of reprisals.

They experienced difficulties when buying in bulk - 1 800 - 2 000 chickens every week, because the farmers made them to wait in long queues before selling to them.

Poor

The service was poor and traders carrying huge amounts of money were at risk.

On many occasions, he added, they found the chickens had broken wings and legs. Some were not fit for human consumption.

When the buyers complained about the condition of the birds, the farmers threatened to assault them and often referred to them as "stubborn kaffirs".

"On one occasion a farmer set his dogs on to me, but I escaped by running to my car that was parked near the selling point," Mphuthi said.

"I never went back to that farmer again because I was disgusted with his behaviour," he said.

The situation has not changed with many of the farmers regarding themselves as "the gods of business", through their intolerable behaviour.

"We have talked to some of them about their attitude, but our complaints have fallen on deaf ears. We are left with no option but to boycott their businesses,"

A member of the Poultry Association, Mr Ryders Marais, said that they had received complaints from black traders and were investigating them.

Careless

He said that wings and legs were often broken when transferred from batteries to crates and then to the various destinations.

It was often not the farmers fault, he said, but carelessness caused by workers.

Marais was not away of threats of assaults on black traders by farmers. He said if there were any they should be forwarded to the association.

Many of their members had different attitudes and business skills also differed.

He will submit a report to the executive of the association at their next meeting soon and then report to the black traders.
LOCAL HERO: Dr Allan Boesak is carried shoulder high by supporters in the Midlands town of Middelburg last week.

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Boesak vs De Klerk in Midlands cauldron

COLESBURG.— The consumer boycott in Colesberg has been lifted after the resignation of community councillors, but school boycotts are continuing over a range of grievances.

All three schools in the township are still without principals after they fled in fear of being attacked about a month ago.

Two of the three were members of the community council.

In recent months several Midlands towns have embarked on boycotts in protest against racist white councils and poor conditions in north eastern Cape townships.

The consumer boycott was called off last week after a representative of the Cape Provincial Administration informed residents of the resignation of seven of the eight councillors. An administrator is still to be appointed and an interim committee is also to be elected.

WAGHIED MISBACH reports that while white Middelburg celebrated the Cape National Party’s 75th anniversary at a quiet dinner attended by State President FW de Klerk, about 2 000 ANC supporters from the “coloured” and African townships of Metros and Kwa-Nonzame jammed into the local sports stadium for a protest meeting against his visit.

Addressing the rally, Dr Allan Boesak, described De Klerk’s visit as an attempt to canvass support for his “open” National Party before the NP’s Cape Congress on October 8 and 9.

“Before people start joining the NP, the State President will first have to change the name of the party, and then get rid of people like Adriaan Vlok and Magnus Malan.”

The management committee of Metros are on the verge of resigning. The residents are threatening a consumer boycott to match that of neighbouring Graaff-Reinet if they don’t step down this week.
Unrest is slowly strangling business activity in the townships — mainly because the risk of damage to vehicles has made suppliers reluctant to continue with their deliveries.

Both formal traders and spaza shops were running out of stocks, particularly of cold drinks and bread, by the time operation "Iron Fist" was announced.

Bakeries visibly suffered the most vehicle damage. Fedbake alone lost five vehicles in the last six weeks. Premier Foods MD Willem de Kock says Premier also lost vehicles.

However, he adds: "The good news is that it doesn't look as though businesses have been singled out for attack."

But beer is getting through. SAB's Albert Botha says bottle store owners and taverners are picking up beer from nearby SAB depots. Coca Cola is not quite so fortunate. Few seem prepared to risk life and limb to ensure continuity of mineral water deliveries.

Trudor MD Albert Koopman says: "There has been a downturn and I imagine small traders are destocking during the present troubles." Makro's Mark Lamberti says the most visible effect of the unrest has been on staff morale. "Our staff is now happiest at work. People live in fear of their lives."
aged and profitable. The contrary applies to some horses in the Tradegeo stable and evidence is piling up that management of many tentacled organisations is not one of Sankor’s strengths.

Pepgro chairman Christo Wiese is an aggressive buyer, particularly if a high risk is involved; if he does not see value, he thinks little of walking away from a deal — as he has a number of times in the past four years.

Pricing process

In his pricing process, Wiese will seek firstly to place a price on Tradegeo which would provide opportunity to add value. He will write off everything from the price which he believes will not render a satisfactory rate of return. Secondly, he will write out the assessed cost of the resources needed to be injected to return the organisation to a sound basis for performance.

Third, his estimate of the earnings capabilities of each entity in Tradegeo is likely to be conservative, particularly in the light of current economic conditions. As an experienced trader, he knows that assets are of little value if they do not produce returns, so net asset value is not expected to play a part.

Even taking into account these criteria, the final price is likely to be based on a similar p/e ratio to Tradegeo’s historical seven and may even be slightly higher to put it on par with the 7.5 of Pepkor or 7.8 of Tradegeo. Since the valuation will probably be on 1991 earnings, which it is to be hoped will be better than 1990’s, the price may even be above the current 15c a share.

The second question revolves around control. Wiese’s views are well known. He has seldom been involved in minority situations. He will not take his shareholders into a risk-orientated venture unless he has complete control. If the deal is consummated, Wiese will almost certainly be in the chair.

The third question is how the deal will be financed. Last week, the FM suggested that no cash will change hands. Tradehold, which already owns 18% of Tradegeo, will probably accept further Pepgro paper. It is understood that no other method has been contemplated.

No formal announcement from either side can be expected before “due diligence” is completed, by month-end. If the decision is to proceed, the shares could be suspended pending a formal announcement, probably in the first half of October.
The costs of party in South Africa

Big Business’s Blueprint for New South Africa

NEWS
R52-bn needed to wipe out apartheid

By Michael Chester

The SA Chamber of Business yesterday said estimates indicated that it would cost R52 000 million to wipe out apartheid and achieve immediate black/white parity in education, health and social services at a single stroke.

This was spelt out by Sacob in a major policy document reviewing the economic options facing South Africa and setting out proposals for a 10-year socio-economic programme.

Copies of the document have been sent to several leaders.

Sacob cited the sheer magnitude of the challenge underlined the caution that was needed against unrealistically high expectations of rewards from the reform process.
SA to make CDs

MUSIC heavyweight EMI, Gallo and Tusk will build Africa's first compact-disc manufacturing plant at Midrand, near Johannesburg.

Compact Disc Technologies will start sales early next year. The first year's production target is 1.5 million units.

Quality

EMI, subsidiary of the UK's Thorn EMI, the Gallo division of the JSE-listed CNA-Gallo, and Tusk, which emerged from the management buy-out of Warner's SA operation, researched the market before deciding to invest R13.7 million in the next two years on the plant.

Top quality is vital in the music business. Compact Disc Technologies managing director Shaun Lane says the product will meet world standards laid down by Philips, which developed CD technology, and EMI.

"The plant will be as modern as any," says Mr. Lane.

Equipment is being installed by Dutch and German engineers, and technical experts Peter Curtis and Gerald Beacham are taking SA engineers to the Netherlands for training.

South Africans are switching to CD in line with world trends. In Western Europe, the US and Japan, sales of CD units, launched in 1984, have overtaken vinyl LPs and singles. They are rivaled only by cassette tapes.

The SA market showed 85% growth in the first six months of this year. Small volumes from the SA plant will not allow big cost savings, initially, says Mr. Lane.
Musica moves to main board

MUSICA will move from the DCM to the retail sector on the JSE main board today "to prove its mettle," spokesman William Whitehead says. The retail distributor of recorded music — which was launched in the Cape 27 years ago — was listed on the DCM in 1988 at an issue price of 65c. Shares closed at 60c on Friday after trading at between 30c and 100c since listing.

Musica recently announced the listing of a further 75,000 shares at 1c each to be allotted to its employees.

According to Whitehead, a historic earnings yield of 48%, dividend yield of 16.7% and P/E ratio of 2.1 indicate the share "could figure quite significantly in its new listing."

At the March 1990 year-end Musica posted a 39% increase in after tax profits to R756,000 and declared a 10c dividend — 43% up on the previous year. The interest bill rose 103%.

Kaplan & Stewart investment analyst Robin Pegler forecasts in a report a 30% rise in turnover and a 23% increase in pre-tax profit in financial 1991.
Wooltru plans for SA growth

Wooltru's strategic thinking must include the probability of SA becoming the powerhouse of southern Africa, if not of Africa, says chairman David Susman.

There will "undoubtedly" be opportunities for the retail and wholesale group's operating companies in neighbouring states, as well as export and "know-how" agreement potential, he says in his latest annual review.

But in the short term, and specifically in the current year, management expects continuing government measures to dampen consumer demand, which will preclude the likelihood of dramatic growth.

"Sales at date of this report are 27% ahead of last year, and while we anticipate real increases both in sales and profit for the full year, I do not expect these to equal the fine performance of the past year," he says.

Wooltru, comprising flagship Woolworths, Specialty Retail Group, Makro and a property company, kicked industry trends to post a 23% rise in sales to R2.7bn in the 53 weeks to end-June.

Earnings a share rose 35% to 275c, with a final dividend of 86c lifting total distribution for the year to 156c (116c).

Susman describes the figures as "most rewarding" in that they were achieved in a year in which fiscal measures had a severe impact on consumers' spending power.

"The results reflect the excellence of management throughout the group, as well as growing returns on capital expenditure of R424m over the past four years," he says.

"The cash generating power of the group is such that this capital expenditure has been financed entirely from our own resources."

Colin Hall, looking to the future, says changed international perceptions of SA, especially in neighboring countries, have encouraged the group to develop its interests outside the country.

It has plans for stores in Lesotho, Mauritius, Malawi and Swaziland and in addition to enlarging its presence in Namibia, Botswana and Zimbabwe.

Directors seek to outperform the industry as a whole both in profit growth and in return on shareholders' funds, despite cuts associated with expansion, refurbishment and net investment programme being written off against profits in the year in which they are incurred, he says.
Specialty’s attributable income jumps by 27%

RETAILER Specialty Stores reported a 27% increase in attributable income to R4.48m (R3.5m) for the six months to end-August, despite difficult trading conditions and a hike in its interest bill.

Specialty — which controls Milady’s, The Hub, Mr Price and Footgear — reported earnings of 27.1c a share, 27% up on 21.3c for the six months to August 1999 (based on the number of shares in issue), but only 2% up on 26.6c if calculated on a weighted average.

Joint MD Stewart Cohen said he was pleased with the increase in attributable income, but improvement in earnings was trimmed by the 25% additional shares in issue following group restructuring last year in which Storeco sold all its assets to Specialty followed by a rights issue.

An interim dividend of 9.5c (8.5c) was declared on an improved cover of 3.85 times. A 72% rise in the interest bill to R1.97m blunted the effect of a 43% increase in turnover to R109.1m and a 29% increase in operating profit to R104.6m.

However, gearing remains a comfortable 26% despite higher interest rates and borrowings almost doubling to fund the expanded business.

Cohen said although the interest bill had climbed, the group was conscious of asset management and was “giving strict attention to managing working capital”.

The group had “solid businesses which operate strongly in their own niche markets”, he said.

Joint MD Laurie Chiappini said the group’s largest profit contributors — Milady’s and The Hub — traded well and reported profit growth although the economy slowed. Milady’s opened a new flagship store in Durban, bringing chain outlets to 140.

He said Mr Price — which comprises 15 stores — achieved strong growth and profits ahead of budget.

On future prospects, Cohen and Chiappini expected business conditions to remain difficult for the rest of the year, but were confident the group would flourish “in the new South African environment”.

A new shoe store concept would be launched in October and a new Hub store would open in Chatsworth next year.

Pyramid company of Specialty, Storeco — whose major investment is a 62.2% stake in Specialty — reported earnings of 19.1c a share (16.8c) and declared an interim dividend of 19c a share (17c).

The share closed yesterday at 625c.
Tradehold and Pepgro talks terminated

MARCIA KLEIN and SYLVIA DU PLESSIS

Cash-flush retail group Pepgro had no plans in terms of acquisitions following the termination of negotiations with retail investment holding company Tradehold, MD Arnold Louw said yesterday.

Pepgro and Tradehold said yesterday talks had been terminated because neither party could agree on terms.

Speculation that the two parties were involved in merger negotiations were fuelled earlier this month by their publication of separate warnings to shareholders to exercise caution in their share dealings.

Sanköp CE Marinus Daling, whose group owns 66% of Tradehold and has an 18% interest in Pepgro, said the decision to terminate the discussions — reached on Tuesday afternoon — was a joint one.

He declined to comment on the reasons.

"Our talks, held in good faith on both sides, might not have come to fruition, but I'd like to stress we have no intention of disinvesting out of Tradegro.

"It was more a question of rationalising our retail interests, to put them all together into the Pepgro stable," Daling said.
Business suffers in trouble spots

UNREST has greatly affected business in Reef townships mainly because of the high risk of damage to vehicles has made suppliers reluctant to continue deliveries.

This is the opinion of big traders and suppliers who do business in the trouble-torn-townships.

As a result formal and informal traders have run out of stocks, particularly basic foods like bread and mielie meal.

Traders say the trend could worsen with the introduction of the “Iron Flat” measures which began on Tuesday night.

Affected

Metro’s human resources director Mr Piet Strydom says his company had been affected on the East Rand and Johannesburg where they encountered a high number of incidents which affected their turnover.

Sowetan Correspondent

SAB manager of public affairs Mr Adriaan Botha confirmed that it was difficult to make deliveries in the township after the their vehicles had been damaged.

Their drivers were unable to make deliveries when violence intensified in the past few weeks.

Hampered

Tiger Oats group spokesman Mr Patrick McLaughlin says to a certain extent their milling and bakery divisions have been affected.

This has hampered their deliveries into the townships. Their drivers’ safety was at stake they had to withdraw, he said.

“Our milling division who make Ace and Induna maize meal were slightly affected and other divisions such as rice, eggs and pasta were not affected as supplies continued as usual,” McLaughlin added.

Assessment

Coca-Cola spokesman Mr Neville Barbara said some of their trucks had been unable to enter certain areas in the township.

He did not have figures to back his assessment.

with the introduction of night curfews.

A spokesman for Premier Food Industries says the violence had greatly affected their deliveries although in certain areas the situation was back to normal.
Azapo calls for meeting on consumer boycott

From VUYELWA QINGA
EAST LONDON. — The Azanian People’s Organisation (Azapo) has called for a local consultative conference to discuss the current consumer boycott here which it opposes.

The call follows a similar attempt by Azapo in the Transvaal to convene a consultation on the violence.

The local boycott coordinating committee is expected to respond to an Azapo invitation when it reviews the boycott.

The invitation came after several Africanist and black consciousness organisations voiced their opposition to the boycott. They claimed the decision to launch the boycott had been taken undemocratically.

Azapo’s local political commissar and projects coordinator, Khumbulele Mnikina, said the invitation was an attempt to get the committee’s views on the issue and present the viewpoint of those opposed to it.

Organisations opposed to the boycott have formed an alliance. The boycott, now in its third week, was endorsed by the African National Congress, the United Democratic Front and the Congress of South African Trade Unions.

The chamber of commerce has said it is between 60 and 80 percent effective.—ELNEWS
Violence is hampering economy

company has experienced considerable difficulties with deliveries in the townships with a number of vehicles being damaged.

The chairman of Premier Food Industries, Mr Norman Fowler, says four vehicles have been damaged as a result of violence in the townships and are now arranging for collections.

"This arrangement has somehow minimised the losses as a result of delivering into the riot areas," he says.

The president of the Nyanda Chamber of Commerce, Mr Rodgers-Sushu, says violence in Natal has become the order of the day yet black traders are being called on to be of service to the people as if nothing has happened.

The Vaal Chamber of Commerce has had several reports of business attacked, looted and razed by faceless "third forces" in the Evaton-Sebokeng complex in the past few weeks.

Shocking

The chamber's president, Mr George Thabe, says the reports are shocking as innocent traders are suffering at the hands of these unknown people.

Both the chamber and the civic associations have condemned the violence.

The president of NAFNCO, Dr Sam Motloung, says the violence that has gripped the country must be stopped. One of the reasons why black business is often destroyed during riots is due to lack of appreciation of its importance, or to the suspicion towards people's political aspirations.

He says those who run business are often looked upon as an extension of exploitative, unjust and corrupt system. Black business has witnessed many restrictions and tragedies in the past.

The riots certainly triggered off spontaneous reactions, not only nationally, but also internationally, which resulted in the formulation of various fair employment codes, such as the Sullivan and the EEC codes of conduct.
Azapo calls for meeting on consumer boycott

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The chamber of commerce has said it is between 60 and 80 percent effective. — ELCNEWS
Rising violence is hampering business

BLACK business and the economy are being seriously hamstring by the rising tide of violence in the townships.

Both formal traders and the small entrepreneurs (spaza shops) are running out of stock, particularly of cold drinks, bread and other foodstuffs, mainly because of the high risk to delivery vehicles before the start of “Operation Iron Fist”.

Several shops have been attacked, looted and razed causing damage estimated at thousands of rands in Natal, Transvaal and Cape Province in the past months. Some have been forced to close.

Damage

Bakeries, visibly suffered the most vehicle damage; with Coca-Cola, SAB and other major suppliers also loosing because their staff has been reluctant to continue with their deliveries in fear of reprisals.

However, beer is getting through to the townships, despite the unrest, according to SAB’s manager of public affairs Mr. Adrian Botha.

He says overall sales have been better than they budgeted for. Bottle store owners and taverners are picking up beer from nearby depots.

But, he adds, the com-

* To Page 29
Reef violence drives traders to bankruptcy

By MONOLI MAKHANYA

Many township businesses are faced with liquidation after suffering major losses during the recent violence on the Reef. 6

Township businessmen had to cut their trading hours drastically as it became unsafe to trade after dark; businesses operating in the hostels had to shut down altogether; and many suffered from a spate of robberies as thugs took advantage of the anarchic situation.

National African Chamber of Commerce representative Gabriel Makgoko said the early closure of shops was the most damaging since 45 percent of township businesses's turnover is obtained when people return from work.

Garage owners who operate 24 hour service stations had been the hardest hit in this regard, he said. "They had to avoid people who would come and demand petrol for the manufacture of petrol bombs. If a garage owner granted this request he would then be in danger of being attacked by the other faction."

Makgoko added that suppliers and financial institutions refused to understand the plight of black businessmen and declined to extend their line of credit.

Federated African Chamber of Commerce representative Fenyana Shiburi said another major problem had been that of hotel owners having to stop operations during peak trading hours in the evening.

Those who were based in safer areas had to do with less staff, as some workers live in the strife-torn areas.

Shiburi said many shopkeepers had permanently withdrawn from hostels.

Accompanying the violence has been a spate of robberies, many carried out with toy guns. Makgoko said much of the money stolen belonged to suppliers.

"This has been very detrimental because it takes only three robberies to force a business to close. During the weeks of violence some businesses have been robbed several times," Makgoko said. "The combined effect of the closures and the robberies is that a lot of businesses simply will not recover."

Both Makgoko and Shiburi pointed out black businesses had suffered during strife in the black community and at times had to default on GST as all their takings were destroyed with their businesses.

The issue of township violence is high on the agenda of Nafoce's sixth biennial summit next month. "The effect of this violence is that it slows down the pace of the economic empowerment of blacks. That is why we as businessmen have a vested interest in peace and fully support the current initiatives to normalise South African society," said Makgoko.
The consumer boycott in Vanderbijlpark has been suspended – but action may start again from November 30 unless the town council enters into responsible negotiations about a protest march to be held by the boycott committee, a spokesman for the Congress of SA Trade Unions said on Thursday.

However, the date of this proposed protest march has not yet been decided, and legal permission has not yet been applied for by the Vanderbijlpark boycott committee.

Cosatu’s regional secretary, Mr Zwelinzima Vavi, said the mass democratic movement affiliates had suspended the boycott on Wednesday after the Vanderbijlpark Town Council had “conceded that all South Africans have the right to protest, including the holding of marches and pickets.”
Selling arms and ammunition on credit on the West Rand and in the western Transvaal should be a lucrative business. This is one of the important growth areas for revamped retailer Acrem Holdings (formerly Dashaus).

Attributable earnings of R6m were achieved on turnover of R53.7m. For the first time, the accounts include the results of cash discounter J Lubner & Sons, which contributed R18m of turnover. Lubner was acquired for R4m cash, effective on March 1 1989.

Chairman Gordon Polovin ascribes the country stores division's success in a difficult market to offering a broad range of consumer durables on credit. This division has 15 rural retail outlets which sell consumer electronics, arms, sporting equipment, jewellery, white goods and furniture. Most of the outlets are in the Transvaal with others in the western and eastern Cape. Polovin reckons consumers in the mining communities of the western Transvaal still have good cash flows.

Growth will mainly be organic; Acrem is considering opening more country stores. Debtors constitute 77% of the R45m current assets. Polovin does not appear worried about this on the basis that their record of writing off bad debtors was less than 1% of the debtors book a year over the past five years. Even so, in present economic conditions, debtors must present risk.

The credit businesses are balanced by Lubner & Sons, a cash generator operating in Johannesburg. Polovin says the cash flow from these businesses will enable Acrem to maintain a prudent leverage ratio. Since year-end a rights issue has reduced gearing to about 0.3.

Lubner, which specialises in tele-marketing and home deliveries, performed well without major advertising.

Polovin expects a R1m promotional campaign will double the division's turnover within a year. A warehouse/showroom is planned for Wynberg, Sandton, to handle the expected increase in sales.

The share trades at 65c, down from the 96c high set in July.

Gerhard Steyn
ACREM HOLDINGS

FIRED UP

Activities: Retail general merchandise.
Control: Columbia Consultants 83%.
Chairman: G Polovin; CE: A Hirshowitz.
Capital structure: 38.8m ords. Market capitalisation: R27.1m.

Share market: Price: 65c. Yields: 7.7% on dividend; 24% on earnings; p/e ratio, 4.2;
cover, 3.13. 12-month high, 98c; low, 30c.
Trading volume last quarter, 9.8m shares.

<table>
<thead>
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<th>Year to Mar 31</th>
<th>'89</th>
<th>'90</th>
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<tbody>
<tr>
<td>ST debt (Rm)</td>
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<td>LT debt (Rm)</td>
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<tr>
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<tr>
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<td>Return on capital (%)</td>
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<td>18.6</td>
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<td>Dividends (c)</td>
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<tr>
<td>Net worth (c)</td>
<td>27.2</td>
<td>40.6</td>
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</tbody>
</table>
from funds allocated to staff housing and the share ownership scheme, as well as the purchase of a large insurance type policy.

Despite tough trading conditions, Ackerman is "confident of a significantly improved result for the second half-year." Turnover growth should come from further market share gains, new store openings and increased custom at refurbished stores.

The addition of clearly identified value-added products within some stores recently has proved successful, with sales in some cases contributing about 4% to store turnovers, without advertising. Herman says the real benefits derived from these higher margin products will be seen in fiscal 1992 and he does not expect them to comprise more than 5% of turnover.

Herman is confident of achieving a higher operating margin in this accounting period. Expenses and shrinkage are being controlled and a tighter rein has been put on stocks. Pick 'n Pay's aim is to move towards a 4% operating margin.

Ackerman is hoping for a 20% improvement in pre-tax profits for financial 1991 — and this is likely to flow through to shareholders.

Pick 'n Pay's superior rating — it trades at 1785c, on a 16-times earnings multiple and 3% dividend yield, better than all its competitors, including Woolworth — reflects its interim achievement, expectations for financial 1991 and shareholders' perceptions of the group's management.

Pam Backend

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### MARKET GAINS

<table>
<thead>
<tr>
<th>Six months to</th>
<th>Aug 31 '89</th>
<th>Feb 28 '90</th>
<th>Aug 31 '90</th>
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</thead>
<tbody>
<tr>
<td>Turnover (Rm)</td>
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<td>2 329</td>
<td>2 436</td>
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<tr>
<td>Trading income (Rm)</td>
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<tr>
<td>Attributable (Rm)</td>
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<td>32.7</td>
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<tr>
<td>Earnings (c)</td>
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<td>41.8</td>
</tr>
<tr>
<td>Dividends (c)</td>
<td>10.5</td>
<td>41.6</td>
<td>12.8</td>
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PICK 'n PAY F1M 28/1/90

**GAINING SHARE**

After its weaker performance last year, Pick 'n Pay outpaced its major competitors and regained market share in a static market in the six months to end-August. And management is confident the trend will continue.

Operating profit rose 17% on 18.7% turnover growth. This was despite difficult trading conditions, including weak consumption expenditure and social and labour unrest.

Chairman Raymond Ackerman says sales since June have been particularly strong and ascribes this to the negotiated wage settlement, a successful advertising campaign and pricing. Market share, lost last year, was regained probably at the expense of the other majors who were hit by industrial action.

The operating margin slipped slightly compared to the 1989 interim period, as costs and shrinkage escalated and stockturn slowed slightly. Scanning and electronic funds transfer have been introduced in some stores and this has improved efficiency and security.

Cash resources fell to R21.3m from R59.3m at the 1990 year-end but MD Hugh Herman says the fluctuation is seasonal and also reflects the early receipt of stock — it is not significant. The increase in investments and loans to R113.5m from R98.4m resulted

Pick 'n Pay's Ackerman... sales strong since June
BEATING THE SQUEEZE

Specialty Stores is yet another group that has shrugged off the squeeze on consumer spending. This follows the robust results released recently by such groups as Woolworth and Pick n Pay.

In the six months to end-August Specialty maintained a strong growth trend in sales, though pressure on margins and higher finance costs cut into earnings. Turnover growth of 43% for the half-year follows the 35.4% achieved in fiscal 1990. Financial director Chris Yuill says sales of established stores increased by about 25% and new operations provided the additional growth: market share gains were made.

But the turnover growth was achieved at a cost. The operating margin fell from 10.7%

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<th>SALES STRENGTH</th>
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<tr>
<td>Turnover (Rm)</td>
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<td>Operating Income (Rm)</td>
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<td>Attributable (Rm)</td>
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<tr>
<td>Earnings (c)</td>
</tr>
<tr>
<td>Dividends (c)</td>
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</tbody>
</table>

at the 1989 interim to 9.7%, mainly as a result of greater promotional activity and discounting in a competitive marketplace.

Growth in attributable earnings was also hindered by a sharp rise in the interest bill to R2m from R1.2m, reflecting higher borrowings needed to finance the expanded business after a recapitalisation and rights issue last year. As a result, EPS rose by 27% and the dividend was lifted by 12%.

Specialty's trading operations are biased towards credit and Yuill says the group is having a higher level of bad debts than in the past. But, he says, the debtors book is fine, considerable effort is being put into controlling and collecting it and credit granting procedures have been made more stringent.

Joint MDs Laurie Chiappini and Stewart Cohen expect to maintain the momentum achieved in the seasonally better second half, but November and December remain the vital sales months. In addition, Milady's recently opened a 3 000 m² store in central Durban, the MR Price off-price retail chain is to grow from 16 to 20 stores by year-end, and a Hub store will open in Chatsworth next year.

At 455c, the share trades on a 6.5 earnings multiple and a 5.5% dividend yield. If earnings growth can be maintained this price may prove undemanding.
FALLING BETWEEN TWO STOOLS

Distressed tenants in Newtown's 10-month-old Newgate shopping complex, straddling Bree and Jeppe streets, Johannesburg, are contemplating taking legal action against their landlord, Greenfield Properties.

It's not just that the R50m centre has failed to live up to expectations. They claim poor turnovers have been aggravated by the developer's unfulfilled pre-opening promises which include a promise to provide an anchor tenant prior to the centre's opening and a skywalk to taxi ranks on the opposite side of Bree Street.

However, Greenfield chairman Hilliard Leibowitz denies any promises were broken. He says tenants' complaints are exaggerated and writes off the bickering as part of the normal tenant-landlord relationship.

The tenants' association, however, insists Newgate is more famous for the bomb which exploded outside the building several months ago than as a thriving retail centre.

By all accounts it should have been a winner. It certainly enjoys a prime location — right next to one of the busiest taxi terminals in the city and close to the heart of Johannesburg's financial district with the JSE and other institutions just two blocks away.

Problem seems to be that developers failed to identify which retail market segment the centre should be aimed at. It was initially targeted, say the tenants, as a variety store, at the growing band of Newtown yuppies. Greenfield's pitch was that it would be an upmarket shopping centre with stores like Benetton's and an executive gym as tenants.

But with much space still unlet and the opening looming, Greenfield, the tenants charge, switched to signing whoever it could. The result is an unfocused centre with upmarket clothing stores trading cheek by jowl with black shop-rented wholesale shoe stores and even a tombstone shop. The problem is worsened by the absence of banks and a pharmacy, which would draw shoppers into the complex.

The result is that both yuppie and subsistence shoppers ignore the centre. Business has been so bad, the tenants' association complains, that since the December opening, turnovers for many traders haven't covered the rent. Greenfield has put some tenants on half (deferred) rental until business improves.

Space still vacant

Adding to their woes, they complain that much of the space in the complex remains vacant, particularly on the 3 000 m² upper level.

In an effort to salvage the situation Greenfield is introducing Spar as an anchor tenant and has leased some space to a cinema chain. Both should open next month. Unplugged, however, the association claims that too little attention has been given to publicising the new arrivals.

In July, the association wrote to Greenfield MD Des Chambers outlining "all the developer's unfulfilled promises." But the association says Greenfield never responded to the letter. It is now considering its options, which could include taking legal action.

Some blame, however, does rest with the tenants. One criticism is that they have not shown enough flexibility by adapting trading hours to coincide with peak commuter times when thousands of people make their way to and from taxi ranks.

Leibowitz disagrees with the tenants on almost every issue. He brushes aside traders' complaints, blaming the difficulties on the lack of sophistication of certain tenants, some of whom, he says, are in business for the first time.

He also denies the centre is "unfocused", stressing that it has always been aimed at black taxi commuters.

He says Newgate's retail section is 91% let but concedes that there are no tenants for the offices. He hopes United Building Society will open a counter in the centre next year to fulfill the banking need.

Leibowitz maintains that it's a difficult task to change the buying pattern of commuters to shopping close to their source of transport rather than where they work.

As always happens when businesses don't perform up to scratch, people search for scapegoats, often missing the obvious. Truth is, Newgate has undoubtedly potential as a retail centre and it is essential that both retailers and developers sit down and analyse what shoppers want.

PARKING

JUST THE TICKET

City centre parking developments — always a good investment — are looking even rosier as demand for covered bays pushes up monthly costs.

The looming recession might help to curb the rise in office and industrial rentals but not the cost of parking. The only way rents can go, developers believe, is up.

A covered bay in most CBDs now costs R150-R250/month. Rents are expected to rise by 12.5% from the beginning of next year and casual parkers face increases of 12%-15%.

At R250/month the return on a 25 m² bay (a portion of the aisles and ramps is allocated to each bay) is more than R14/m². This compares favourably with returns from office space because expenditure on services such as cleaning is minimal.

The good returns boil down to a basic shortage of city centre parking. Vacant bays are snapped up the moment they become available. With muggings and car thefts reaching endemic proportions in most CBDs, many clearly feel the streets are a place to be avoided.

Graeme Lindop, national leasing director of Ampros, which administers 13 000 bays in Johannesburg, Pretoria, Durban and Cape Town, says there is a demand for more parking in Johannesburg's financial district but his company has no plans to fill it at this stage.

However, once the redevelopment of Turbine Square gets under way (Property September 7), Ampros will consider increasing the 544 bays in its nearby West Street Parcades to 1 000.

That, however, will do little more than mark time on the parking issue. Coinciding with the Turbine Square development, the Reserve Bank plans to start work on its new Johannesburg branch on an adjoining site, the old President Street bus station, which Ampros is using to provide 550 covered park-
VEREENIGING — Mass Democratic Movement affiliates in the Vaal Triangle have agreed to suspend the consumer boycott in Vanderbijlpark with immediate effect.

The boycott began on July 16.

The Consumer Boycott Committee (CBC) said yesterday the suspension was the result of a change in position by the Vanderbijlpark Town Council, which has accepted the right of all South Africans to protest.

During a meeting between the council’s management committee and the CBC last week, the committee also undertook to discuss the issue of more land for townships. — Own Correspondent.
Boycott comes to an end

The 12-week-old consumer boycott in Vanderbijlpark came to an end yesterday after the town council accepted demands by the Mass Democratic Movement (MDM) to hold marches through its streets.

And the Vaal Triangle MDM wasted no time taking advantage of the latest breakthrough — it said yesterday it would submit an application for a protest march.

And it warned in a statement the boycott could be resumed if the town council failed to give the march the go-ahead.

Other successes claimed by the MDM included an agreement with the council's management committee to take the issue of more land being made available to local townships to the next council meeting, and a committee agreement to discuss with other white Vaal Triangle town councils the possibility of establishing one council for all.

"It is anticipated that the town council will enter into responsible negotiations with the Boycott Committee in the planning of this march," the MDM said. "Subject to the co-operation of the council on this matter, the boycott will then be lifted."

A council spokesman was not available for comment.
Credit fall takes toll on retailers

SYLVIA DU PLESSIS

Retailers reliant on credit sales were "finding the going tough" in the face of the economic recession and waning consumer confidence, Bureau for Economic Research (BER) director Ockie Stuart said.

Factors pointing to a worsening situation in the quarter ended September included a negative cash to credit sales ratio and a slump in the number of retailers who intended increasing their labour force, he said.

He was commenting on the bureau's latest trade and commerce survey for the three months, for which polls were conducted among retailers, wholesalers and motor dealers.

He said 69% of retailers reported a year-on-year deterioration in business conditions, with 17% experiencing "serious problems" with consumer boycotts compared with 2% previously.

About 51% overall expected conditions to get worse.

In the motor sector, 70% of new vehicle dealers reported sales lower for this year, with a similar number expecting this trend to continue in the fourth quarter.

Stuart said township unrest had delayed the gathering of consumer attitude information, which would be available by month's end.
KILLING TWO BIRDS...

Bergers, the Cape-based retail clothing merchant, has gained access to the PWV market and the means to create a pyramid company, through the acquisition of 54% of Independent Fashion Holdings (Infash).

The deal was struck at 30c a share, which compares with Infash's 75c-90c trading range over the past 12 months. This gives a total price of R1,8m cash. Apparently one of the controlling shareholders, Bruce Raw (and his family), is emigrating and wanted out, and this was the best price available. But the selling price is slightly above the net tangible asset value of 21,4c at the February year-end.

Infash operates 33 clothing outlets in strategic locations in the PWV, where Bergers does not have a strong presence. Bergers MD Mervyn Jacobson says the rationale was to acquire a number of stores, which need only fine-tuning and direction, in prime areas. To establish similar stores from scratch would cost many millions of rands.

Infash's turnover in financial 1990 was R27,6m and its attributable profit R1m. This compares with Bergers' R33,5m turnover and R6,1m profit for the 12 months to end-December. Its operating margin of 6,5% does not match Bergers' 11,3%, and Jacobson sees substantial scope for improvement here.

Infash is highly geared. At year-end the company had R4,46m in interest-bearing debt and an interest bill of R609,000; the debt:equity ratio was 2,14. Bergers has historically been a cash cow and ungeared. Jacobson concedes that the acquisition of Hilton Weiner earlier this year, the cash payment for Infash and the consolidation of its debt, will increase borrowings. But the debt will be offset by Bergers' cash balances and he expects that by December Bergers' debt:equity will be around 10%.

Since listing in April 1987, Bergers has consistently expanded through growth of its core business, but embarked on an acquisition trail this year. Purchase of the controlling stake in Infash has given it the vehicle to expand further, by issue of shares, without the directors' losing control.

The two operations will be merged and Infash will become an operating company with three divisions: Bergers, Infash and Hilton Weiner. This will create various operating and cost synergies. Bergers Trading will become the pyramid company and receive 74,9m Infash shares or 94% of its equity, the purchase price to be equal to the aggregate tangible net asset value of the operating subsidiaries. The new Infash shares will rank pari passu with the existing Infash ordinary shares.

The deal seems positive for existing shareholders of both Bergers and Infash. It provides the Bergers operations with growth at the right price and assures existing Infash shareholders of a dividend this year - which seemed unlikely before the deal - and continued access to a well-managed and successful business.

Pam Redhead
specialises in audio and video equipment and cameras but in recent years has moved into personal computer equipment. The stores will be a maximum of 1 500 m², and average 1 000 m², but the final blueprint won’t be ready until the end of next month.

The nearest equivalent to the Dion hi-tech stores are Stans and Stax but these operate only in the main metropolitan centres. Dion plans to operate in smaller towns.

Rusfern chairman Geoff Austin says: “These will be in high-traffic areas, whereas the main Dion stores tend to be away from other shops in their own shopping centres. The hi-tech stores won’t be competing with our Russells chain (which focuses on furniture, consumer electronics and appliances and sells largely on hire-purchase) because they will be mostly cash (and credit card) stores focused at the upper-income market.”

Dion CEO Jannie Els says now that there are Dion stores in all major cities, outside Natal, there isn’t room for any more: “Towns like Nelspruit, Witbank, Rustenburg and Pietersburg couldn’t support a full-sized Dion store, but could support a Dion hi-tech store.”

Austin says there is already a high awareness of Dion in these areas.

Market analysts are sceptical, but will withhold judgment until the blueprint is out. “I’m not sure if these platteland towns can support an upmarket appliance store,” says one, “but I can only assume Dion has already done its homework, and I haven’t yet.”

Dion, as the cash generator in the group, has been targeted for expansion ahead of Rusfern’s traditional furniture chains, of which Russells and Wanda-Frasers are the biggest. The expansion, which calls for up to 20 new stores over the next three years, is expected to cost R30m. Dion accounts for R500m of Rusfern’s R1.3bn turnover and the credit chains the remainder.

Dion has hire-purchase facilities, but they account for only 16% of sales. Dion requires higher deposits and shorter repayment periods than traditional hire-purchase. Its debtors’ book averages only five months.

Els admits there could be a problem with the merchandise mix: “Store traffic is generated by major appliances, but the margin on a fridge could be only 11%. The stores would be viable only with a strong presence from high-margin items such as gifts. If majors took up 60%-70% of the space, the stores would never pay.”

The white and brown goods market isn’t looking healthy now, but Els is confident that expansion is still appropriate. “Things are tighter, let’s have no illusions, but we’re achieving budgets. And certain areas are expanding considerably — our business equipment sales (which includes personal computers under the Archon brand) are growing by 40% a year.”

Dion is selling 200 personal computers a month and, in spite of the recession, a lot of people are still spending. Last month, on the first Saturday that the Dion Furniture in the Boksburg store traded, it sold R62 500 worth of stock.

Stephen Cranton
Homemakers hit by Edworks' losses

HOMEMAKERS, the 500-outlet retailer and distributor of consumer goods controlled by W & A Investment Corporation, was affected at the bottom line by losses at the Edworks shoe group in the six months to end-June, but its turnover soared on acquisitions.

The result of sorting out Edworks was that Homemakers bore a heavy interest burden and continued to incur an extraordinary loss. Earnings for the six months increased by only 13% to 40,1c (35,5c) a share and the interim dividend has been prudently maintained at 11,5c, raising cover to 3,5 times (3,1 times).

A 42% rise in turnover to R327,9m (R201,5m) showed the capabilities of the group, given a turnaround at Edworks, which had been stripped of its fashion boutiques and would be concentrating on manufacturing and retailing of shoes. Homemakers CEO Hilton Nowitz said in the interim report. The extraordinary loss of R2,7m in the six months was attributable to Edworks.

The jump in turnover was due to Homemakers increasing its holding in furniture retailing JD Group.

Homemakers shares, like those of other FSI companies, had been suspended temporarily on the JSE because of FSI's major reconstruction. Nowitz said all discussions were approaching finality, a further announcement would be made soon and the listing reinstated.
SBDC brings enthusiasm and imagination to creating jobs.

Robert Laming, post-retirement banking, is the managing director of the Small Business Development Corporation (SBDC). He has worked in small business development for 25 years and has held numerous positions within the SBDC. He currently supervises a network of 25 SBDC's throughout the state.

The SBDC's primary function is to help small businesses grow by providing a variety of services, including access to funding, technical assistance, and market research.

The SBDC's success is measured by the number of jobs created by small businesses that receive assistance.

The SBDC's mission is to provide the resources and support that are necessary for small businesses to succeed.

Contact the SBDC at 1-800-334-6737 for more information.
Nafoic to launch industrial chamber next month

By MZIMKULU MALUNGA

THE National African Federated Chamber of Commerce and Industry (Nafoic) is to launch an industrial chamber on October 9. """"We have decided to launch the chamber because it is necessary to provide a platform for industrialists to meet and discuss issues that affect them."""

Mokgolo says the move is in accordance with the ongoing restructuring of the Nafoic, which is now an autonomous body. The Nafoic Industrial Chamber (NIC) will be the second Nafoic department to graduate into an autonomous body, the first having been the transport department, which was launched last year.

NIC will serve emerging industrialists by providing information and facilitating consultations, seminars, workshops and conferences. The chamber will facilitate and negotiate for better deals on the purchasing of raw materials by industrialists.

Nafoic president Sam Motsetse says it has always been the organisation’s objective to develop a strong and well-organised industrial chamber. Former Nafoic committee chairman NS Sebola says corporate South Africa should open its doors to blacks in a similar way to the Japanese system where big companies give lots of sub-contracting to small-scale enterprises. Sources within Nafoic say preparations are under way for the launch of the new chamber to cater for members in the agricultural, retail and building and construction sectors in due course.
GOVERNMENT was taking a new look at the financing of small business development in order to utilise limited resources more effectively. Trade and Industry Minister Kent Durr said at the launch of Small Business Week at the weekend.

Discussions were under way to merge the activities of small business support organisations — both private and public — to obtain better cost-effectiveness in the application of state and private funds.

Role

He said government was committed to supporting the Free Enterprise Ethic. It intended to further private initiative with emphasis on support for small businessmen. Government support was given through the Trade and Industry Department to organisations such as the Small Business Development Corporation and the

ACHMED KARIEM

Small Business Advisory Bureau.

In the new SA, small business would play a major role and would act as a vehicle for job creation. President F W de Klerk’s recent US trip had included a message of hope for support from the US for a market economy in SA.

“This was a call, not for support of a broad economic theory as such but rather for the protection and encouragement of every person’s right to share in economic endeavour in whatever way he wishes within an equal opportunity society, according to his talents,” Durr said.

Government would encourage people to exercise this right and was pursuing deregulation of the legal environment within which business operated.

SBDC senior manager Dawie Crous said the Small Business Week was a national promotion aimed at furthering the interests of the small business sector.

“The purpose is to create an awareness of the importance of the small business sector and to give recognition to entrepreneurs operating in a competitive environment,” he said.

Crous said more than 85% of business enterprise in SA could be considered small — with total assets of less than R2m — while 75% of new jobs in SA were generated by the small business sector at a fraction of the cost incurred by big business.

Events

The conference was organised by key players such as the SBDC, Wits Centre for Developing Business, the Urban Foundation, First National Bank and Gel-Ahead. It was directed at entrepreneurs, big business and local and national authorities, he said.

“The events included activities such as breakfast seminars, fun runs, flea markets, fast food competitions and many more,” Crous said.
ANC urges Blacks ‘be ready for challenge’

THE African National Congress would take affirmative action through certain guidelines to involve blacks into South Africa’s economic mainstream, the organisation’s administrator, Mr Tokyo Mosima Sexwale, said last week.

Addressing guests at the opening of Reggy’s Pep Store in Soweto, Sexwale said blacks should be ready to take up the challenge of running the country effectively in political and economic spheres in the post-apartheid South Africa.

The organisation had committed itself to taking political, economic and social power through the process of negotiations with the present Government and contribute to the country’s economic advancement.

He said the opening of Reggy’s Pep Store, which is the eighth in a black residential area, was an important milestone towards black economic empowerment.

**Example**

It was an example of how blacks could take affirmative action in creating wealth, although, he added, they should avoid being used as “fronts” by whites.

“We must learn to create and distribute wealth among ourselves and contribute to the country’s economic advancement. We have reached a turning point in the history of our liberation and we must prepare ourselves for the future,” he said.

Sexwale said the ANC was often accused of talking about nationalising certain sectors of the economy.

Nationalisation was debatable, and there were other strategies the organisation could take to economically empower the oppressed people in South Africa.

The organisation believed in private enterprise and building the corporate and informal sectors.

But, he warned, the black business, which had been restricted by certain laws, should “take stock of itself” because if the Group Areas was abolished “gates will be open to the Highgates, Eastgates and Westgates that have already been established around near townships.”

He urged black business to act through their organisations, such as Nafoco and others.
Small business ‘has role in new society’

ACHMED KAREM

SMALL business could contribute to the building of a common society and an integrated economy, SA Reserve Bank economic advisor Sebastian Kleu said yesterday. In an address at the Small Business Week symposium, held at Sun City as part of the National Small Business Week, Kleu said SA was confronted by deeply rooted structural problems.

Rapid population growth — estimated to reach 47-million by the year 2000 — would require the creation of 360 000 job opportunities a year, or 1 000 a day.

As there was an imbalance between capital and labour, this “clearly calls for a development policy to increase the use of labour relative to capital wherever it is economically efficient”.

National African Federated Chamber of Commerce and Industries president Sam Matsheuni said policy and structural adjustments to remove obstacles to greater business involvement by small entrepreneurs had to be implemented urgently.
New car prices set to rocket — study

THE SA motor industry has to become a significant player in global markets or face decline, as well as skyrocketing increases in new car prices, says a comprehensive report on the industry by management consultant Ian Byers.

The independent report, The SA Motor Industry in Perspective, was commissioned by Nissan and has been circulated in the industry and to government.

Byers warned that if the industry was left to depend on local markets much longer, there would be a massive increase in new vehicle prices.

At a presentation on the report yesterday, he said new cars had already been priced beyond the reach of ordinary people and it was an “exercise in self-delusion” to believe there was a hidden black market that would rescue the industry.

“Long-term prosperity is heavily dependent on its ability to participate in the global market,” he said.

Motoring was “a magnificent source of revenue” for government, yet legislation dissuaded industry from producing affordable vehicles.

The market was being distorted by regulation and especially by the perks tax, which favoured expensive cars instead of cheaper models. In SA, where the economy was “hobbling along”, luxury cars comprised more than 20% of the market, compared with 16.6% in West Germany and

Car prices

16.6% in Italy.

The major factor inhibiting the industry was affordability, mainly because of inflation. Vehicle prices could escalate at a rate 8%-10% ahead of inflation if the industry did not get into a balancing equation with exports, Byers said.

The strategic objective of Phase Six of the local content programme needed to be more clearly defined.

"Exports are seen as an oplate for many problems, but exports for the sake of exports, which ignore the need for reciprocity with our suppliers, could be the short cut to disaster," the report said.

"What is lacking is a clear understanding of the need to be part of the global motor industry, not an appendage to it."

Byers hoped the report would stimulate debate and lead to a common strategy.
ELLERINES continues its remarkable growth

FURNITURE retailer Ellerine Holdings has continued its remarkable growth trend by reporting a 56% increase in earnings to 66c a share for the August year-end.

In presenting results yesterday, group chairman Eric Ellerine said they were welcome "considering the economy and the high base from which Ellerines' improvement comes".

The group — which sells furniture to the black consumer market, mainly on hire purchase — declared a full year dividend of 22c a share, 33% up on August last year.

Earnings a share and dividend growth have been calculated on a weighted number of shares in issue, and dividend cover has been reduced from four to three times in view of the group's strong capital base.

Commenting on the results, Ellerine said the group had consolidated its position as market leader because of its tight asset management, the improved debtor's ledger and aggressive marketing.

A 24% increase in sales to R43,2m (R35,5m) and a 48% rise in operating profit to R7,1m (R6,3m) saw margins improved to 18% (15%).

Ellerine said a 16% increase in interest received to R3,1m, and a 146% increase in financing costs to R1,3m, confirmed the group's liquidity, making Ellerines the only cashSEARCH organisation in furniture.

While pre-tax profit increased by 51% to R9,0m, a 48% higher tax bill left after-tax profits 54% higher at R4,7m. Ellerine said the group had an unusual practice of absorbing full taxation on its accounts.

He said the group — which does not warehouse — was particularly proud of stock turnover, at 14 to 15 times a year.

On prospects, Ellerine said although the group expected business conditions to remain difficult, strict credit controls and conservative policies as well as the absence of gearing and the strong balance sheet would pay off more than ever.

While 14 new stores were opened in financial 1990, 15 new stores would be opened in October, bringing the total number of outlets to 304 — way ahead of forecasts.

Despite going for organic growth, the group would not rule out the possibility of acquisitions, he said.

Prospects looked exceptionally bright. The group's chosen niche could become massive as the black consumer community grew.

Ellerines' shares are currently trading at 2,89c, with an earnings and dividend yield of 23,5% and 7,2% respectively.
Sacob keen to meet ANC on economy

By Michael Chester

The South African Chamber of Business (Sacob) last night proposed a top-level meeting with the African National Congress to try to find a wider consensus about future economic strategies.

Sacob welcomed what it saw as more realism in ANC thinking, but voiced disappointment that nationalisation and collectivism still appeared to be high on its agenda.

New talks were suggested in the wake of the release by the ANC of the first draft of its broad economic policies - intended for internal debate at branch level before a final version is announced.

Nerves in business circles have been jangled by ANC hints of trying to break the concentration of economic power in the hands of South African business giants.

Rhetoric

The ANC specifically listed Anglo American, the Rembrandt tobacco empire, and the mammoth Old Mutual and Sanlam insurance companies.

A statement from Sacob said: "The latest economic policy document of the ANC represents some closing of the gap between rhetoric and reality. Many businessmen will see the document as a small step for realism - but a huge step for the ANC."

"The good news is that it is only a draft document."

"The bad news is that it is still heavily permeated with collectivism, nationalisation and other interventionist economic measures."

"Here and there is a softer approach, but the overall impression remains of an organisation which refuses to acknowledge what has manifestly failed elsewhere."

"The document still seems to thrive on raising unaffordable expectations, without any attempt at quantifying their objectives."

"Instead of injecting sufficient realism into the debate, the document attempts to create the impression that the ANC can transform economic fundamentals to serve their aims."

"German, British or French investors reading the ANC document would hardly be reassured by its contents."

"To turn every instrument of policy into a tool of redistribution and development will not inspire confidence in local or overseas investors."

"Some common ground between the ANC views and the views of Sacob can be identified, but enormous areas of difference of both emphasis and detail still remain."

"We believe that a top-level meeting between Sacob and the ANC is overdue to discuss an overall economic strategy to cope with the massive tasks facing South Africa - and to identify common ground."

"Both Sacob and the ANC have now produced major policy statements on the economy, but have left the door open to future discussion."

"Let us take this opportunity, in the interests of all concerned, to search for greater consensus about the economic options facing South Africa."

Anglo American added in a statement: "It's a lengthy document which deserves careful study. Our initial response, however, is that it contains some encouraging elements."

"In particular, there is the acknowledgement that, together with Government, private business has a major role to play in the economic development of a democratic nonracial society."
Sacob: don’t rush reform

By Michael Chester
The SA Chamber of Business warned yesterday that South Africa would run into serious new inflation dangers if it tried to move too fast with socio-economic reform.

Sacob director-general Raymond Parsons said progress would be on far firmer ground if tackled step-by-step towards a set of targets spread over the next 10 years.

He told a Small Business Week conference at Sun City that studies by Sacob had shown that to try to introduce total black/white equality at a single stroke would cost a staggering R$2 billion.

"If the pace at which socio-economic challenges is tackled is too rapid," he said, "a combination of balance of payments and inflation problems will soon bring the whole process to a halt."

"South Africa has a very open economy, with foreign trade amounting to about 55 percent of gross domestic product," he said.

"The global economy and the pressures it will impose must be taken into account in the formulation of a development strategy in the future."

One positive element, would be renewed access to the facilities and resources of the International Monetary Fund and the World Bank, he said.
Wireless, business, big and small

Contacts promote the builders

Philip MAston

The question of big business...

Links benefit businesses big and small
Stayaway off

The Congress of South African Trade Unions executive committee yesterday announced it had definitely called off its planned country-wide stayaway for October 9. Mr. Jay Naidoo, Cosatu's executive secretary, said the stayaway was cancelled because the signing of the Labour Relations Act Minute had shown 'commitment by the State and the employers' body Saccula (SA Consultative Committee on Labour Affairs).
Wooltru (FIM S10490) 30

Using Space Better

Activities: Retailer and wholesaler of food, textiles and general merchandise.

Controls: Widely held by institutions; the largest holder is Old Mutual with more than 25%.

Chairman: D R Susman; Chief executive: C A Hall.

Capital structure: 34,8m ords. Market capitalisation: R1,7bn.

Share market: Price: 4880c; Yields: 3.1% on dividend; 7.7% on earnings; p/e ratio, 13.0; cover, 2.5; 12-month high, 6500c; low, 3150c; Trading volume last quarter 87,500.

Year to June 30 87 88 89 90

ST debt (Rm) ..... 39.5 11.8 4.5 2.0
LT debt (Rm) ...... 101.5 79.5 68.1 159.2
Debt/equity ratio .. 0.84 0.86 0.81 0.72
Shareholders' interest 0.44 0.48 0.42 0.49
Int & leasing cover 8.3 6.9 6.3 6.6
Return on cap (%) .... 15.9 25.1 24.8 24.2
Turnover (Rm) ..... 110 167 210 271
Pre-int profit (Rm) .... 95 141 204 282
Pre-int margin (%) ... 8.6 8.4 9.76 10.4
Earnings (c) ........ 118 179 278 375
Dividends (c) ....... 80 80 112 150
Net worth (c) ........ 758 879 1001 1958

Wooltru again achieved above average sales and earnings growth in its 1990 financial year but difficult economic conditions were reflected in a slower pace than in the previous two years. Management expects a further slowdown this year. Despite weak consumer spending and difficult trading conditions in the retail and cash-and-carry markets, group sales increased 29.2% and market share gains were made. Total trading area grew by only 4% during the year.

The more productive use of trading space, expense control and some progress in reducing shrinkage helped to limit the rise in costs, allowed for an improvement in the operating margin and a 38% hike in operating profit. All three trading divisions performed well. Woolworths profits grew 38% on sales a third higher than in fiscal 1989. Food operations performed strongly — MD Colin Hall says sales growth of 36% outstripped the market, and profit growth was even better. Sales of clothing and housewares were also strong.

 Tighter asset control and improved operating efficiencies at Makro resulted in its earnings rising 55%, on sales which were up by a quarter. This was despite an R5m capex programme but partly reflected the 7.7% increase in trading area and aggressive promotional activity.

The Speciality Retail Group — comprising Truworths, Daniel Hechter, Truworths Man and Topics — also posted sales a quarter higher and boosted profit by 43%. Trading conditions at Topics, which caters for middle-income customers, weakened in the latter half of the year and goods were marked down in an effort to maintain sales. Rapid growth of all divisions and a decision to increase the depth of stockholdings caused working capital requirements to rise significantly. But the group's strong cash flow funded this rise, as well as the year's capex. Purchase of R60m preference shares and capitalisation of finance leases increased the level of interest-bearing debt and interest costs, but chairman David Susman says they are at a comfortable level: the balance sheet remains very healthy.

Susman reports sales in the first two months of fiscal 1991 were 27% ahead of last year, but warns that weak consumer demand will limit growth this year. Woolworths will add 11,000 m² to its trading area and five new franchised stores will open, including one in Maxusitus and another in Lotushe. The drive to improve returns/m² will be intensified.

Almost R30m will be invested in transforming Makro into a more customer friendly store. Though its growth is expected to be more modest, Hall says it will continue to benefit from increasing urbanisation and growth in the informal sector.

Hall expects growth in the clothing and footwear markets to be negative in real terms this year but sees the Speciality Retail Group outperforming the market.

Group sales and profits are expected to increase this year but the slower growth trend will continue. The share is trading at almost three times its net worth, on a 13 times earnings multiple and 3.1% dividend yield. The group's performance in difficult times justifies its premier rating.
almost to be operating in a different economy.

"Sensational" and "remarkable" are the words an excited Eric Ellerine used to describe his group's results for the 1990 financial year and there are few who would disagree. And, he says, next year should see further real growth.

Sales were 24% up on financial 1989 — and this in a market plagued by boycotts, stayaways and tight monetary policy. Strong sales growth has been a feature of most companies in the furniture industry recently — it's said that growth in disposable income of informal economic players is supporting the sector. Chairman Ellerine says the group consolidated its position as the major player in the black retail furniture market; it now claims a 16% market share.

The operating margin increased from 15.1% to 18%, resulting in a 48% jump in operating profit. Management attributes the margin improvement to the containment of costs, benefits of high finance charges while holding cash balances and improvements in productivity.

Ongoing training, the introduction of a share incentive scheme for senior management and the shift of sales from outside selling to conventional furniture retailing resulted in an increase in average sales per employee during the year. Five years ago, 65% of turnover was generated by sales staff in the field. This has now fallen to about a third, with accompanying productivity improvements and a marketing strategy geared towards people coming into the stores.

Stockturn improved, as did the quality of the R449m debtors book. Ellerine says the rate of collections has risen and the incidence of bad debts fallen.

The group is sitting on substantial but unspecified cash and earned R5.1m interest last year. This was far more than interest paid and boosted the bottom line. Ellerine says the cash pile will diminish this year — new store development and refurbishments, as well as expenditure on computer equipment and fixtures and fittings will absorb funds, but the possibility of an acquisition cannot be ruled out.

Despite a continuation of difficult trading conditions, Ellerine is budgeting this year for an 18% turnover rise to R370m from existing stores, for a further improvement in the debtors collection rate and a R120m increase in the gross debtors book. September was an "exceptionally good" month and, it is hoped, sets the trend for a strong Christmas period.

Ellerine is confident the strict controls and conservative policies which have been the group's trademark — the ungeared and strong balance sheet, conservative dividend policy and comprehensive accounting for taxation — will elevate the group above other furniture companies during difficult times.

The share is trading at 28c, on a 4.3 earnings multiple and 7.8% dividend yield and offers better value than a lot of shares on the industrial board.
Sacob calls for talks with ANC

IN its reaction to the African National Congress economic policy document the South African Chamber of Business said yesterday that it represented some closing of the gap between rhetoric and reality.

Referring to the announcement as a huge step for the ANC it cautioned that it still weighed heavily in favour of collectivism, nationalisation and other interventionist economic measures, reports the SABC.

Sacob conceded that some common ground had been found between the ANC and itself, but there were some major differences to be overcome.

It called for a top-level meeting between Sacob and the ANC to discuss an overall economic strategy.

Encouraging

The Afrikaanse Handelsinstituut said that the document contained encouraging intentions but it was not clear what the ANC wanted to do.

It said that more attention had been given to the current problems, rather than offering solutions to the problems.

Those solutions that were given were based on over-optimism and naive perceptions which would be very difficult to implement. This could lead to unrealistic expectations. — Sapa.
Nafcoc takes another step in restructure programme

By Jabulani Sikhakhane

The National African Federated Chambers of Commerce and Industry (Nafcoc) will move a step further in its restructuring programme with the launch of the National Industrial Chambers (NIC).

Nafcoc president, Mr Gabriel Magogo, says Nafcoc has been nurturing an industrial and commercial wing to take off and be able to give a sharp focus to industrial activities.

The launch of the industrial and commercial wing is a calculated move to put black industrialists at centre stage of economic activity.

Among others, the NIC aims to assist emerging industrialists in areas such as cost control, auditing, materials, procurement of raw materials, finance and location of premises.

The launch of NIC is part of Nafcoc’s restructuring programme embarked on last year after a major study sponsored by the United States Agency for International Development (Usaid).

The study was aimed at achieving a greater level of financial independence and increased organisational effectiveness, efficiency, and effectiveness in administration and increased representation and increased effectiveness of the black business community.

Among its recommendations was the restructuring of Nafcoc to enable the organisation to adapt and give representation to its specialist interest groups.

Management of sound financial, administrative and personnel and policy systems and drive to ensure Nafcoc’s financial independence.

Nafcoc will gradually phase out its regional chambers associated with specialised bodies in order to differntise categorised according to different economic segments of the economy.

Nafcoc took the first step towards the new-look Chamber of the National Transport Organisation (Natco) which has members among transport operators country-wide.
Tradegro anticipating higher growth, profits

MARCIA KLEIN

Retailer Tradegro's rationalised capital structure and substantial cash resources place it well for growth and improved profitability despite dismal year-end results, CEO Donald Masson says in the annual report.

Tradegro’s results for the year ended June saw fully diluted earnings plunge 47% to 20.7c a share on a 0.4% increase in turnover to R7.2bn.

However, a real growth in earnings is anticipated in financial 1991, Masson says.

But he says that growth will not consist of acquisitions over the next few years, which will be a period of consolidation establishing the basis for further growth.

Tradegro is the holding company for retail and consumer durables as well as cash and carry wholesalers which operate 727 stores, have gross assets of R2.1bn and a turnover in excess of R7bn, the report states.

Chairman Marinus Daling says Tradegro results — especially of subsidiaries Checkers and Metro — were directly affected by "the climate of boycotts, social unrest, strikes and stayaways".

He says Tradegro’s growth will depend on the degree of political and industrial stability in the future.

Retail subsidiary Checkers will add three new stores and refurbish another 17 of its 170 supermarkets over the next year.

Masson says new strategies and restructuring should allow for a return to meaningful growth in 1991. Metro opened its first store in Zaire since year-end, and negotiations are continuing in Mozambique.

Losses in the Metro group "should be a blight of the past" as rationalisation of Jazz, Dee Bee and Fairways is complete, Masson says.

Masson also became Metro's executive chairman after MD Tony McDiarmid resigned last month.

Since year-end, Smart Centre acquired cash chains Kappa (retail) and Patrick Daniel (mens clothing), which "will complement Smart Centre's existing credit business".

No new stores are envisaged over the next three years for upmarket specialist stores Stuttafords and Greaterns, but Stuttafords in Cape Town will undergo a R10m refurbishment in 1991.

Subsidiary Cashbuild — which operates building materials retail centres — expects to establish 100 stores by 1993, while 10 Cashbuild stores and two U-Build franchises are planned for 1991.

Coreprop, which specialises in retail property, is committed to achieving Tradegro's total release from exposure to property by June 1992.
De Klerk gives fillip to business confidence

By Jabulani Sikhakhane

There was a sharp turnaround in general business confidence in September following President De Klerk's visit to Washington and the decrease in township violence.

After falling in August to its lowest level since February 1987, the SA Chamber of Business (Sacob) business confidence index recovered last month to 94.2 (91.5).

But confidence levels in the manufacturing sector dipped, with the index of manufacturing activity, which indicates the volume of new orders placed with manufacturers in a given month, falling 12 points to 86 from the revised figure of 98 in August.

Sacob warns that the business index may have overstated the situation. Among factors which may have distorted the picture for September were developments in the financial sector which arose primarily as a result of a gold price buoyed by escalating tensions in the Middle East.

Another factor, could be that the impact of a higher oil price has yet to be reflected in many of the indices reflecting real economic activity.

The next few months will determine what impact recent developments in the political and economic sphere have on the business mood, says Sacob.

Positive influences on the business confidence index were the strengthening in the dollar price of gold, a slight decline in short term interest rates, higher merchandise imports in August and higher new car sales in September over August and real retail sales.

A slight decline in registered unemployment among all races and the sharp rise in the value of merchandise exports in August were other positive factors.

Among negative influences, were the higher rate of inflation, increase in individual and partnerships insolvencies and a decline in the number of new companies registered with the Registrar of Companies.

Seasonal

In relation to the index of manufacturing activity, Sacob says it should be noted that the month of August is traditionally a seasonally strong month because of sales orders placed for sales over the Festive season.

Sacob warns that it is still evident that recent developments both domestically and internationally have done little to reduce the level of pessimism amongst manufacturers in the short term. Both sales and production expectations continue to provide further evidence of a deepening recession.

The recent increase in the petrol price, together with rising expectations of further significant increases and expectations that monetary policy will remain tight for longer, have not helped to raise the level of short-term confidence in the manufacturing sector.

On a positive note, Sacob says the response of most foreign governments to latest reforms in the country, have made the lifting of sanctions in the near future more likely. This development has served to offset some of the other negative factors on confidence levels.
NEW vehicle sales fell noticeably in September as recessionary pressures continued to take a toll on trading conditions in the motor industry.

According to National Association of Automobile Manufacturers (Naamsa) figures, sales of new vehicles dropped 9.7% to 28,738 in September compared with August sales of 31,839.

Accounting for much of the downward pressure were sales of vehicles in the low-volume medium and heavy truck segments which showed sharp declines of 10.3% to 415 units and 17.6% to 645 units respectively from August to September.

For the same period new passenger car sales fell to 10,131 units from 17,872 units bringing total sales of passenger cars for the year to date to 80,021 from 87,633 in the corresponding period last year.

Production losses at Mercedes-Benz, hit by a seven-week strike, contributed to the trend in the sales figures, although Naamsa CE Nico Vermeulen said the impact was not as dramatic as originally expected. One industry source suggested it had been softened by the fact that many of Mercedes' units were still stuck in the pipeline over the period, and the real effect would be reflected in October's vehicle sales figures.

Vermeulen, however, denied the strike would have a marked effect, due to the fact that the German luxury car manufacturer accounted for only 7% of the market at most.

"Most manufacturers are probably planning further price increases before December although increases would be blunted in the case of Japanese car producers because of the relative strength the rand held against the yen," Vermeulen said. He warned however that the inverse would hold true for the German producers whose currency was strong versus the rand.

"And although there is no inflationary pressure yet as a result of Phase VI (of the local content programme), it is a definite that as import substitution funding requirements for programme bite further next year, price hikes at, or higher than, the inflation rate are inevitable," Vermeulen said.
Vital Sacob and ANC talks likely

Soweto Correspondent

The South African Chamber of Business hinted this week that talks with the African National Congress about a bold new blueprint for the economic future of South Africa may be imminent.

Sacob director-general Mr Raymond Parsons said there had already been signals of a positive response from the ANC about weekend proposals that top-level meetings should be held to seek wider consensus on future economic strategies outlined by each side.

"We are already busy with the structure of an agenda," he told a news conference in Johannesburg. A date had yet to be fixed for discussions.

Talks between big business and the ANC hierarchy were suggested by Sacob in the wake of the release of an ANC document setting out the economic policies that should be pursued in a post-apartheid era.

The document is now expected to be debated inside the ANC at branch level before the declaration of any formal economic manifesto - expected to be ironed out in the next few weeks.

Sacob has already welcomed what it saw as more realism in ANC thinking - but voiced disappointment that nationalisation and collectivism still appeared to be high on the ANC agenda at the moment.
Business and the CP join outcry over toll proposal

By Kaizer Nyatamba and Michael Chester

The influential SA Chamber of Business (Sacob) and the Conservative Party yesterday joined the growing protest against proposals to introduce toll fees on national, provincial and metropolitan motorways.

"Road users make a substantial contribution to Government finances through licence fees and the fuel levy," it said in a statement.

"Sacob believes that the most equitable and efficient way to maintain existing roads and for new facilities to be provided is for a proportion of this income to be allocated for this purpose."

Formal protests would be lodged with the Minister of Transport on October 22.

J J Prinsloo, CP MP for Roodepoort and the party's spokesman on transport affairs, yesterday said the CP was strongly opposed to toll fees on existing roads.

He said the CP was in favour of the reintroduction of the old system whereby motorists who bought petrol paid a certain percentage tax towards the maintenance of public roads.
That music you hear is the sound of the booming SA recording industry. Driven by compact discs (CDs), sales of tapes and albums have recorded double-digit real growth in each of the last three years. The industry’s Big Three — Gallo, EMI SA and Tusk Music — generated turnover last year of nearly R200m.

Now, with CD sales growing exponentially, the three companies are building the country’s first CD plant. The R13.7m joint venture in Midrand is expected to go into operation early next year and produce 1.3m CDs in its first year. While cassette sales are static and record sales are declining, the CD market grew by 80% last year.

Overall, tape and record sales have soared since 1980: sales in 1987 rose by 36% over the year before, 1988 sales jumped by 50%, and last year sales grew by more than 25%.

A big spur to sales has been the rapid rise in the discretionary income of blacks over the last few years, industry officials say.

The Gallo group, with 50% of the market, dominates the industry. It reported sales of tapes, records and other related items of R143m for the year ending March 31, up 26.5% on the year before. Tusk and EMI, despite declining figures for sales and profits.

All three of the companies sign their own local artists as well as promoting and selling overseas music. “We’re mainly a pop music company,” says Tusk MD Mike Oldfield. “We sell a lot of international black music, especially black American music.” Tusk also promotes SA artists Mango Groove and Maraxel. EMI has two big local names on its label, Brenda Fassie and Johnny Clegg. Lucky Dube and Mahlatini and the Mahotella Queens are on the Gallo label.

Despite its enormous growth, the industry is bedevilled by several sour notes. The recession may be biting — sales growth slowed to 16% in the first half of the year. And high inflation and commercial pirating have cut profits; real earnings growth has been static. Gallo’s profit on music grew by only 13% in fiscal 1990, less than the inflation rate.

Inflation is easing but piracy remains a thorn in the side of companies and recording artists. Losses to the industry last year are estimated at a staggering R400m, according to market researchers Impact Information, but Gallo’s Dennis Cuzen says this figure is exorbitant. The industry has launched an aggressive counterattack against record pirates; this year several have been convicted.

Despite the bright sales picture now, industry executives know that the local market is limited and that sales won’t really explode until SA musicians begin topping the charts overseas. But until recently, SA musicians had scant success breaking into foreign markets. Many in the industry believe that overseas recording companies were perhaps still too reluctant to do business with SA companies.

Now several local companies are promoting SA artists overseas, particularly in Britain and France. “If it’s addressed properly, the export market is vast,” says Keith Lister, executive director of Soul Bros, SA’s largest black-controlled music company.

Last year Gallo signed a deal with Europe’s Polygram that earns it a 7%-18% royalty for each tape or record sold. It also formed a division called Shisa International to focus on overseas sales.

EMI MD Mike Edwards says his company signed a deal this year for Fassie with SBK records in the US. A high-kicking Fassie is pictured in a recent issue of Newsweek magazine over the caption, “Banned in South Africa.” (Indeed, there’s money to be made in honing the image of a noble artist struggling under apartheid.)

But while groups such as Ladysmith Black Mambazo have racked up sales of more than 700,000 records and tapes, overseas sales are still a tiny part of local companies’ revenue. Industry officials concur that SA musicians need much more overseas exposure. “Once that happens,” Lister says, “you’ll find that SA music has tremendous growth potential.”

Miho Capra
Metro has suffered a steady loss of senior management since the death of founder and kingpin Lionel Katz. New MD Tony McDiarmid has resigned for “personal reasons” — the same reason Cecil Smith gave for leaving the post barely 18 months ago. Sources say that McDiarmid’s decision was prompted by his senior managers who, frustrated with his management style, persuaded Tradegro into taking some action.

Something appears to have been amiss at Metro since Sanlam gained control in 1985, followed by the sudden death of Katz in the following year. One reason may be that the control change, and certain management appointments, have contributed to a loss of entrepreneurial spirit with less emphasis placed on trading skills.

In effect, the structure appears to have become top heavy, and bureaucracy has inhibited the group’s ability to make quick decisions. At the same time, though, it has brought some professional management skills needed in the rapidly growing operation.

McDiarmid, who had spent 17 years with Frasers, succeeded Smith, who had been appointed MD three years before, after the death of Katz. Top management had already been depleted; only two out of six of Katz’s long-time operational directors are still with the group. Unhappiness and frustration with the change in the group’s culture has been cited as the main reason for the departures, and McDiarmid’s appointment did not relieve the problem.

Shortly after he was appointed in June 1989, McDiarmid told the FM (June 30) that Metro no longer needed a “trader” at its helm — as were Katz and Smith — and he would be “more passively involved” in the business. I understand his style turned out too passive for the liking of more than a dozen senior managers. They felt his priorities lay with getting the paperwork right, and not with solving problems at operational level. His management style was apparently too inhibiting of the group’s development, and frustrating for other executives, that some of them approached Tradegro/Sanlam with their grievances. McDiarmid’s position became uncomfortable and he left.

The appointment has been made.

When asked to comment, McDiarmid declined to expand on the original announcement stating “personal reasons” for his resignation.

Tradegro CE Donald Masson has added “executive” to his current position as Metro chairman, and a new appointment is not expected before the end of the year. It remains to be seen whether Masson can bring the right mix of trading and professional management skills to reverse Metro’s financial 1990 earnings slide 80%.

Fame Watched
McCarthy

BALANCED PORTFOLIO

Despite a 5% fall in new-car — and 17% drop in used-car — sales McCarthy almost maintained its trading profit with R97.7m (R98.1m).

The motor holdings division still contributes more than 90% of group profits. Joint MD Theo Swart says management decided some four years ago to shift emphasis from the new vehicle market and focus on used cars, service and spares. Service and spares contributed to the stability of 1990’s profit.

Profit contributions from new-car sales dropped over the past four years from about 80% to last year’s 45%. Spares kicked in 25% of profits while used-car sales — with turnover of R700m — and service provided the rest of the division’s income. Swart says McCarthy’s balanced portfolio of business in new and used cars, spares and service enables the group to maintain income at the best levels possible.

Car buying patterns shifted over the past couple of years. Swart reckons individuals now constitute 85% of buyers of used cars but only 20% in the new-car market. This perhaps explains the sharp drop in used-car sales over the year, because individuals are generally hit harder than companies by high interest rates.

Swart expects car prices to become less problematic in the next year or two. He says manufacturers indicate they will hold price increases below the inflation rate while motorists’ wage increases should remain close to inflation.

Nor is Swart particularly worried about the corporate new-car market. He believes — perhaps optimistically — companies will continue to buy cars and if conditions get really tough the corporate sector will swing towards used cars.

He expects near-term growth to be organic with gains in market share and by acquisitions.

McCarthy is “ready to pounce” on takeover opportunities and the healthy balance sheet provides funding capacity of R40m-R60m. Swart stresses the group will not go on an indiscriminate take-over spree.

November’s five-for-one split of the tightly-held share helped to boost the price to its 380c high in January. Since then it has declined steadily, with the market taking a dim view of the motor sector.

The stock still does not look cheap on a 4.9 earnings multiple.

Gerhard Stolker
ANC deputy president Nelson Mandela and US ambassador Bill Swing were among the 400 political and business representatives at Sunday's gala send-off for 85 business leaders on an 18-day Black Business Observation Mission to the US.

They will visit five American cities, including New York, where the mayor will give them the key to the city.

Willie Ramashaba of WR Consultants, who arranged the mission, had originally hoped to get 120 participants. The R14 000 price tag and foreign exchange limitations on would-be members from neighbouring countries kept the final total down, he told the gathering at the World Trade Centre near Jan Smuts Airport.

So as not to be seen as a sanctions-busting effort, the group is not calling itself a trade mission. But members are hoping to make contacts that will serve them well in the years ahead. One of the stops will be at McDonald's, the Chicago-based hamburger giant, where several members are expected to discuss franchising opportunities.

"We want to study at first hand how (the US) system works," says Dr Nthato Motlana, leader of the mission and chairman of the Get-Ahead Foundation. "We come from a country where a racial oligarchy created a socialist welfare system for the whites and virtually enslaved the blacks to subservience in this system. We blacks are thus without an entrepreneurial culture."

"On our visit we hope to learn from both black and white Americans how to turn the 80% of our people who have always been job-seekers into creators of jobs and wealth."
Ignore Ellerines at your peril

SOME might have an uncle in the business, but the father of furniture retailing is undoubtedly Eric Ellerine.

The Sanlam-controlled furniture chain that bears the family name was founded by the Ellerines 49 years ago. It is one of only a few shares to buck the present hammering of equities. A year ago it was R12 a share, now it is R5.

Earnings growth has been outstanding in spite of the perceived susceptibility of furniture to economic cycles. In the year to August 1988 it earned 96c a share — half as much again as in the previous year.

Yet there remains a major crumble about the furniture shares in general: why are the leading lights of the JSE selling on such low price-earnings ratios when compared with the blue chips in other retailing?

Ellerine is on 44 times earnings, Rustenburg on 40 times earnings, and the whole of the other retailing groups, particularly Pick n Pay, is on 17 times earnings, Edgars 14 and Woolworth 13. Even the OK is nearly nine times historic earnings, and the unreliable Tradegro is on 5.5.

It is not a news item — the liquifiedness has always been there. Mr Ellerine believes that the management of SA's leading furniture retailers has improved immeasurably over the last five years, but that little credit has been accorded to those managers.

Lauch

Management at both Rustenburg and Morkels were sufficiently confident and competent to buy out their companies from institutional shareholders.

The JO Group has undergone changes too, from its launch as Joshua Dooze to its merger with Homemakers. That Ellerines should trade on such a low PE when compared with its peers in the sector is doubly insulting, because it is the only company to provide totally for deferred tax.

Provision for deferred tax is a thorny issue. One school of thought is that making a total provision for deferred tax (that will become payable in the future) penalises current shareholders.

Because furniture sales are largely on credit the book debt is not physically collected, therefore not taxable in the year in which it is incurred.

The auditing profession has supported moves by many companies who wish to make a partial provision for the tax that will fall due in the future.

The key word is foreseeable — if the tax will become payable in the foreseeable future full provision is made, but if it does not fall due during the choice period of three years, a partial provision may be made.

The nature of business entails a roll-over of the debtors book so that in theory tax never becomes payable.

Often, no provision for tax is made. The net effect is that the earnings a share declared by the retailers are much higher than for a company which provides a full 50%.

Mr Ellerine questions the wisdom of this. “The temptation is great, but the day of reckoning will come,” he says.

He adds his voice to the call from businessmen for a cut in interest rates.

“I am not happy enough and we will have thousands more jobless people if companies continue to struggle to service debt.”

Ellerines is cash flush, so the plea does not come from a subjective voice.

It is hard to see a company in as good shape as this coming off the rails. Investors who shun the best company in the furniture sector will live to regret it.

Apology

IN last week's report on Platinum, Platimun's Platine's slide, I attributed a quote to JG's Barry Davison which was neither verbatim nor correct. It concerned the plight other platinum producers could face a year from now, relating to the sharp operating costs expected at the new mine. I apologize to Mr Davison for any embarrassment I may have caused him.
Probe into retail outlets’ practices

THE Competition Board is investigating the supply and distribution of foodstuffs by retail outlets after complaints by small producers about the dictatorial practices of retailing conglomerates.

The announcement was made in Friday’s Government Gazette and the deadline for submissions is December 7.

The investigation, which excludes fruit and vegetable outlets, was undertaken to enable the board to judge complaints about monopolies, restrictive practices and acquisitions.

Competition Board chairman Prof Pierre Brooks said yesterday the investigation aimed at “normalising” the board’s knowledge of the structure of the retail industry, the major players and the problems.

Brooks said there had, for example, been a steady stream of complaints from small producers about retail chains dictating the terms of supply of goods and putting one group of products they favoured to the disadvantage of the smaller competitor.

Pick ‘n Pay’s MD Hugh Herman was unaware of the investigation and had no comment to make. Spokesman for the other major retailers, Checkers and OK Bazaars, were not available for comment.
Makro is on fast track expansion

MARCIKLEIN

THE opening of wholesaler Makro's relocated flagship store in Meadowvale, Germiston, marked the beginning of a 'fast track expansion programme', said MD Mark Lamberti.

Turnover of more than R300m was expected in the new store's first year.

The 16 000m² store involved a R30m investment for holding company Wooltr, according to Lamberti. Lamberti said that in the last two years Makro's profitability had more than trebled and its market share had increased by 18%.

Wooltr would invest R14m in Makro in the coming year.

Another new store, in Durban, will be opened this financial year, and all Makro stores will be refurbished.

Lamberti said a new company, Massmart, had been formed under Wooltr — "to focus on mass distribution opportunities, of which Makro is currently the major one".
Township threatens consumer boycott

THE Atteridgeville-Saulsville Residents' Organisation (Asro) yesterday threatened a consumer boycott because of the Atteridgeville Town Council's decision to cut off electricity to non-paying residents.

The process of switching off electricity to defaulters began yesterday and, said Atteridgeville town clerk Dan Mouton, would continue until electricity accounts were paid.

"It is now in the hands of the residents. If they come forward and pay their accounts, we will not continue with the switch-offs," he said.

Asro official Abe Nkomo said the residents had decided to bring their grievances to the attention of the authorities by embarking on a consumer boycott.

Inconceivable

"Our repeated calls for the disbanning of the town council have been heeded and that is why the people have decided to embark on a consumer boycott until the council has been disbanded and electricity restored," Nkomo said.

Civic Association of Southern Transvaal (Cast) assistant general secretary Cas Coovadia said his organisation found it "inconceivable that basic services are being cut off by illegitimate council structures and racist white municipalities at a time when negotiations are in progress between numerous civic associations and the TPA."

"The latest power cut in Atteridgeville further vindicates our decision to co-ordinate mass action against such actions by the authorities. Such mass action will take place in various areas of the southern Transvaal in the next fortnight," Coovadia said.

Sapa reports that Asro publicity secretary John Ramatsui said his organisation would be meeting residents' organisations from Mamelodi and other townships surrounding Pretoria. A decision about a consumer boycott would be taken within two weeks.

Asro's intention to embark on an "extended" consumer boycott had been communicated to the Pretoria Chamber of Commerce, Ramatsui added.

Nkomo said he believed the council intended cutting off electricity to 1 000 houses a day.

Mouton said more than 90% of residents were boycotting rent payments.

The move to switch off electricity in Atteridgeville came two days after residents were assured by the Pretoria City Council that their electricity would not be cut pending a decision by the Pretoria Regional Services Council (RSC) to grant loans to the town councils of Mamelodi, Atteridgeville and Zithobeni.

The Pretoria RSC is expected to approve the loans at a meeting on Thursday.

RSC chairman Pieter Deport has said the loan, which would take care of all outstanding debts for essential services up to and including October, would be "market-oriented" and had to be repaid within five years.

Outstanding debts were an estimated R13m for the three townships, Deport said.

Vosloorus residents have rejected the local town council's proposal that they pay a R70 monthly flat rate. Instead, they have decided to continue their six-month-old boycott.

Facilitator Nigel Mandy said the parties negotiating to end the Vosloorus boycott were to meet today.
Probe into 'unfair' retailing draws mixed commentary

Marcia Klein

MOST major retailers yesterday welcomed the Competition Board's investigation into the supply and distribution of foodstuffs by retail outlets.

However, some felt it was an exercise in futility. A well-placed industry source said: "I am surprised they are doing the exercise."

Pick 'n Pay chairman Raymond Ackerman said there had been three investigations of a similar nature in the past 15 years -- which had proved to be pointless -- and the current probe would be a "waste of time".

The investigation, gazetted on Friday, follows allegations by small producers of monopoly situations, acquisitions or restrictive practices.

Competition Board chairman Prof Pierre Brooks said small producers had complained that large retail chains dictated the terms of supply of goods and favoured certain products to the disadvantage of the small competitor.

Ackerman said Pick 'n Pay -- which had "list after list" of small suppliers -- was a company with integrity but firmness -- he was tired of continuing attacks on an industry which was the most competitive in the Western world with no price collusion.

He added big retailers were not prepared to buy the wrong lines, and if a small supplier did not get in, "it doesn't mean we are backing the big boys".

Checkers acting MD Francois Rossouw said the group welcomed the investigation.

"At Checkers it is our policy to negotiate in a manner which is firm yet fair, but always in the consumer's interest. For this reason we would gladly open our doors to an investigation of this nature, which would lay open retail operations; will put an end to accusations and hopefully allow for the protection of fair trading practices."

An industry source said small players often did not understand that retail groups were busy and had highly developed systems. A chain might not be prepared to take on additional lines, or take a risk on an untested product, he said.
New stores galore as retail group clicks

CAPE TOWN — Retail group Clicks Stores has set a pace during its first six months to end-August which should enable it to sail past its forecast turnover of R500m for the year.

The group, which has entered a strong growth phase with plans to double in five years the 100 Clicks stores established during its 21 years of existence, reported a 22%% growth in attributable earnings to R6.9m for the first half.

Earnings a share increased by 22% to 94.56c and an interim dividend of 15c, up 46%, was declared.

This performance was achieved on a 38.4% growth in turnover to R230.9m. It came off the high base established by vigorous 21st anniversary promotions during last year's interim period.

MD Trevor Honneysatt said trading conditions in the retail sector had been "more fiercely competitive than ever before", as retailers marketed aggressively to offset the effect of the downturn in consumer spending.

"But, while profit margins had been shaved, the group had managed to gain market share, he said.

The second half of the year is traditionally stronger because it includes Christmas sales.

Honneysatt said sales were running well ahead of budget and the group was prepared to take full advantage of its peak trading months in the lead-up to Christmas.

LESLIE LAMBERT

Good progress was achieved in the expansion programme during the six-month period with the completion of three new Clicks stores (these brought the total to 103) and six new Diskom stores.

Since then, Honneysatt reports that a further six Diskom stores have been completed, bringing the total to 45.

Plans for Diskom stores, the scaled-down version of Clicks which is aimed at the lower income market, include projections of more than 150 new stores by 1995.

Honneysatt confirms that both chains are on track to meet earlier projections of 115 Clicks and 60 Diskom stores by the end of the current financial year.

If the longer term projections are met, Clicks Stores will have 350 Clicks and Diskom stores by 1995. All of this, it hopes, to achieve without borrowings, an item which is currently absent from its balance sheet.

Honneysatt is confident that future demand will justify the growth.

"New stores have been successful in terms of turnover, but public response to them has been overwhelming." Apart from the new-store growth, the group has also assumed full control of the Clicks jewellery division and is building a new warehouse and distribution centre for jewellery merchandise at the Cape Town headquarters. The jewellery division was previously managed by concessionaires.
THE R170-million shopping centre, Southgate Mall, which will serve thousands of customers in the southern suburbs and Soweto, will be open on October 24.

Southgate Mall is strategically situated off the M1 south at the Columbus off-ramp. It will serve the surrounding southern suburbs' catchment area such as Meredale, Mondsor, Southills and Glenvista but due to the number of national and arterial roads leading in and around it the centre will also attract customers from Alberton, Lenasia and Soweto in the South and Germiston in the east.

According to R Oxley, marketing and promotion manager, apart from the major chain stores Woolworths, Edgars, Pick 'n Pay and OK Bazaars, there are 49 fashion, eight shoe, 18 furniture, 11 fast food and restaurants, not to mention the seven Ster cinemas. Altogether there are 187 shops.

Social attention has been paid to an airy modern design incorporating an abundance of natural light which will penetrate skylights and into the lower levels via large wells in the upper mall floors. This design feature sets it apart from other more dated centres and is in keeping with the South African outdoor lifestyle.
Milly's just a bad memory to Hyperette

DCM-listed Hyperette Stores, formerly known as Milly's Stores, has notched up sales of R555m in its first full year of trading compared with R727m in the 13 months to July 1999. Hyperette operates in the convenience, delicatessen, meat and specialised bread markets, and emerged from the restructuring in January this year of the once troubled bakery concern, Milly's Stores. Hyperette's attributable earnings were R547 000, compared with a loss of R7.3m posted by Milly's in the previous year. The group achieved earnings of 0.4c a share on 138-million shares in issue (7.1c million last year), while Milly's posted a loss of 84c in July 1999.

No dividend was declared in line with stated company policy. Chairman and MD Hein Ehlers said the Milly's operation was turned around through "tight management and financial controls". Future prospects looked good.

Doctor's Meat Market — a wholesale and retail butchery business — was acquired in April for R1m which gave the group improved purchasing ability in bulk meat, Ehlers said.

Three new Hyperette stores would be opened in financial 1991 as well as a new Bread Basket outlet.
Caught in the squeeze

The small South African retailing firms were caught in a powerful vice, deputy director of the Wits Business School's Centre for Developing Business, Mr Ian Clark, said in Swaziland this week.

Addressing the annual Metro conference for retailers, he said with a squeeze by powerful mega chains on the one side and growing competition from the informal business on the other, sales and profits were not easy to maintain and it was difficult to grow.

**Location**

But, he said, many had succeeded in beating off competitors. No matter what they were retailing or where, they had three things in common: a good location, high visibility and easy access, products of the right type and quality at a competitive price, and excellent customer service.

He said: "While the first two are important, it is the third that can make or break the retailer. The opportunity we have in South Africa is that the general standard of customer services is appalling low so it is not difficult to be relatively good."

However, both parties have declined to comment on the issue.
Interest bill hits Score Food results

SCORE Food — which has not shown real growth in earnings since before 1988 — has reported no real growth in the six months to end-August.

The retail-listed group — which retails and wholesales groceries and other merchandise — posted earnings of 31c (31,5c) a share as a result of a major hike in the interest bill to R6,6m (R2,6m).

The heavy interest burden prevented a 17% increase in turnover to R726,7m (R620,2m) and a 29% rise in income before interest and tax to R14,3m (R11m) from filtering through to the bottom line.

However, the disposal of the 27-store Grand Supermarket chain in August — which was bought by Pepkor subsidiary Shoprite for about R60m — should substantially reduce the interest burden in the future, MD Carlos dos Santos said.

He said the chain "never came up to expectations for us".

The sale of Grand is reflected as an extraordinary item of R21,5m.

Attributable earnings of R4,67m were up only 0,7% on the R4,64m posted last year, and the 13c dividend covered 2,4 times was unchanged.

Dos Santos said the group’s activities had been rationalised to its core business. While the Trador cash-and-carry division performed above budget, marginal stores in the retail division were closed and Grand Supermarkets was sold, he said.

Score-Clicks reported a 10% increase in earnings to 11c a share on an 18,6% increase in turnover to R57,7m, and a 10% increase in attributable profits to R6,2m. A dividend of 4c was maintained.

Ultimate holding company Hi-Score — which reported the same turnover — saw a 10% increase in attributable income to R4,1m with a similar increase in earnings to 19,8c a share. The dividend of 7c was unchanged.

Dos Santos said while the present climate made it difficult to forecast, the group was leaner and more focused and should have a better second half.

He said the group had established a base for future growth.
receives category 3 incentives for exporting coiled steel.)

The export drive had exceptional results for Union Carriage. In August 1988, the electric and diesel locomotive manufacturer was running at 15% capacity, with turnover of R16m. An order for passenger trains from Taiwan changed its fortunes and turnover rose to R41m in the latest period. An order book of R200m extends to end-1992.

Brown expects earnings to improve this year and, with 30.1% gearing, the balance sheet provides a sound basis for exploiting opportunities which may arise. The share price of 58c is 6.5 times earnings and does not look overpriced.

Gerhard Stuber

**OK BAZAARS FIM 19/10/90**

**WAITING FOR WORSE**

Will interim results, due in the first week of November, live up to directors' hopes of an improvement in earnings or come closer to stockbroker analysts' dismal estimates?

In May, the board warned of difficult trading conditions but expected earnings, though pressurised, to show some improvement compared to financial 1989. A seven-week crippling nationwide strike could not have been included in this equation, nor many other wildcat strikes, stayaways and violence which kept customers out of its stores. And the interims will be compared to those of 1989, which were relatively sound.

Not only will sales be hit by strikes and unrest; keen competition will probably eat further into OK's market share. Checkers reported a 16% sales improvement in its year to June and for the six months to August Pick 'n Pay grew its turnover 18.7% in a static market, indicating pressure on OK's food sales — 60% of its total turnover.

OK is one of the biggest furniture retailers. Buoyant conditions in this sector as well as in clothing may have alleviated problems on the food side, though this is doubtful.

But margins are tight and analysts are concerned at OK's ability to maintain the levels of the 1989 interim. Cost escalation combined with pricing pressures and possibly higher shrinkage resulting from the volatile labour situation have probably cut into gross and operating margins. Operating margin improved from 1.4% in the first half to 1.8% in the second half of financial 1990 but it seems likely to slide again and will affect operating profits.

Difficult trading conditions must also have hindered MD Gordon Hood's intention to cut high stockholdings and thus the damaging interest bill. Last September, interest took R12.2m of a R28.5m operating profit; but in the second half the interest bill soared and knocked R21.3m off a R39.9m profit.

Analysts consider it unlikely that interest costs will be below the second half's. A 10% rise in turnover and R30m operating profit is the best Ed Hern analyst Syd Vianello can see for OK at the interim stage. He warns that the interest bill may double, leaving about R7m pre-tax profit, R4m taxed profit and earnings of 32c compared to last year's 63c. But he would not be surprised if earnings fall way below this. Other analysts may not be as bearish, but all agree OK will be lucky to merely maintain earnings.

The interim results are unlikely to change brokers' sell recommendations. Frankel Kruger Vinderine's Jacques Magliolo points out that OK's share price has underperformed the industrial index for several years. It is unlikely to recover even longer-term because it lags economic, social and technological trends in the retail industry.

The share is now 1 425c, with an 8.7 earnings multiple and 6% yield. As an indication of a highly rated retailer's yield pattern, Pick 'n Pay at 1 850c is on a 16.6 multiple and 2.9% yield.
Mas posts great profits

HARD-HIT consumers are still buying by post.

Mail-order and direct sales market leader Mas Holdings increased attributable profits in the half-year to August 30 by 30.5% from R3.4 million to R4.45-million.

This strong performance, coming after a five-year track record of compound earnings growth of 27% over the last five years, lends credence to Chief Executive Marco van Emiden's claim that customers with the least to spend are barely affected by a recession. The secret is to have enough of them.

Earnings increased in the half-year from 17.5c a share to 23c and the interim dividend has been pushed up 17% to 10c a share.

At the same time the group strengthened its balance sheet, wiping R5-million from borrowings in just six months, Mr. Van Emiden says this was achieved by stringent asset management which helped to reduce stock.

"We are particularly pleased that we were able to do this in relatively difficult times," he said.
By MANDLA TVALA

ORGANISED black business is meeting this weekend to take some tough policy decisions.

Top of the agenda of the National African Federated Chamber of Commerce and Industry (Nafcoc) conference in Venda is whether to call for the lifting of sanctions against South Africa.

Heated debate is also expected over proposals that black-white partnerships in township business ventures be encouraged.

The sanctions resolution will be particularly controversial for Nafcoc because of the chamber's close working relationship with the ANC, which continues to campaign for sanctions to be maintained.

Nafcoc decided in 1996 that it would not take part in any efforts to encourage new investments in the country unless blacks were involved.

Nafcoc president Dr Sam Motsuenyane said yesterday he had new thoughts on the issue of economic sanctions, but would not divulge these before addressing a closed session of the conference.

For the past 12 years Nafcoc has been opposed to the injection of white capital into township businesses because the Group Areas Act prevented black businessmen from trading in white areas.

Black traders argued that they did not have equal access to sources of capital. Noting that black-white partnerships could only exist and thrive in a climate of equality and mutual trust,
Mas cashes in on changes

MARCIA KLEIN

THE export business of mail-order and direct sales

group Mas Holdings (Mashold) is developing well, says

MD Marc van Embden.

He says the group has taken advantage of the changing
political climate, which has opened new export markets.

"We have experienced an enormous demand from
across our borders and our export business is growing
significantly," he says.

Mashold increased earnings by 30.5% to 23c (17.5c) a
share in the six months to August.

The interim dividend of 7c was up 17% on last year.

Pre-tax profit rose 19% to R3.2m (R4.4m) while attribut-
able earnings rose by 30.5% to R4.4m (R3.4m).

Borrowings were slashed by R5m in the last six
months, strengthening the group's balance sheet.
Pepkor heading for R2bn turnover

LESLEY LAMBERT

CAPE TOWN — Retail and wholesale group Pepkor has reported healthy earnings growth during the six months to end-August in spite of tough trading conditions, and is well placed to exceed forecast sales of R2bn by the end of the year.

Pepkor, the parent of listed companies Pep — which consists of Pep Stores and Ackermans — and Shoprite, reported 24% growth in operating profit to R251.8m on a 26% increase in turnover to R431,1m during the first six months.

Executive chairman Christo Wiese said the growth in operating profit reflected the productivity gains of intensified cost control in production and distribution processes. Growth in investment income of R8.2m (R5.3m) also provided a boost.

But the growth in bottom-line profits was hampered by increases in the effective tax rate. With the tax rate up from 35% to 40% this year, taxed profit increased by 23% to R34.5m, while profit before extraordinary items grew by 18% to R23.9m, translating into 247.2c a share.

An interim dividend of 62c (64c) was declared. Pyramid holding company Pepgro declared an ordinary dividend of 20.5c (23c) on attributable earnings of 122.2c a share — a 15% increase over the previous year.

Pep increased sales by 26% to R573.3m and operating profit by 32% to R99.1m. But its tax bill rose by 83% to R20.2m, diluting attributable earnings to R37.4m which represented 12% growth over the previous period. An interim dividend of 30c (26c) was declared.

During the period under review, Pep acquired a printing company, Printkor, from Pepkor. The transaction accounted for much of the 29% growth in Pep's interest bill from R1.2m to R3.2m. Thirty new retail outlets were opened.

Shoprite reported a 16% growth in operating profit to R8.6m on 35% growth in turnover to R229.8m. Attributable earnings and earnings a share also increased by 18% to R4.3m and 14.6c, respectively. The performance of the 27 Grand Supermarkets recently acquired by Shoprite were excluded from the interim report and Wiese said the acquisition was not expected to have any material effect on the full year's earnings either.

In addition to the 27 Grand Supermarkets, Wiese said the group would meet its forecast sales of R2bn, Wiese said.

Pepkor opened two of its own branches during the period under review and another three are due to begin trading during the current trading period.

Wiese said that while he expected trading conditions to become tougher during the second half, Pepkor generally benefited during an economic downturn as people sought less expensive goods, and real earnings growth was expected for the full year.

Provided Christmas sales were in line with budgets, the group would meet its forecast sales of R2bn, Wiese said.

With more than R100m cash in the bank, Wiese said Pepkor remained on the lookout for new acquisitions. The group has been involved in negotiations with both Specialty Stores and Tradegro this year, but both folded as a result of disagreement over price, Wiese said.
Despite difficult trading conditions

Pepkor lifts profits 18%

By PIETER COETZEE
Financial Editor

In spite of a strong increase in the effective tax rate and difficult trading conditions, Cape-based retail group Pepkor posted an 18% increase in attributable profit from R84,5m to R26,9m for the six months to end-August.

With the effective tax rate up from 32% to 40%, taxation took a bite out of profits of R22,7m against the R13,1m paid at the interim stage in 1999.

Earnings

Operating profit increased by 34% to R64m on a 26% rise in sales to R849,1m.

Pepkor, nevertheless, succeeded in posting an 18% increase in attributable earnings to R28,9m and earnings a share to 247,2c.

An interim dividend of 6c was declared against the previous year’s 5c.

Fyramid Pepgro declared an interim ordinary dividend of 28,5c (25c) on attributable earnings of 132,2c a share, a 15% increase over the previous year.

While boosted by income from investments, which rose from R8,5m to R8,2m, the Pepkor results reflect solid performances by its two listed subsidiaries, Pep and Shoprite, which also published their interim figures yesterday.

Pep increased sales by 20% to R579,3m and operating profit by 32% to R59,1m.

With taxation rising by no less than 33% to R20,2m, however, this was diluted to R37,4m at the earnings level, an improvement of 12% over the previous year.

An interim dividend of 30c (28c) was declared.

Productivity

Chairman Christo Wiese said: “Due to intensified cost control, productivity increased and the operating profit margin improved.”

“Pep, which has a total number of 863 outlets and nine manufacturing units, opened 30 new outlets in the six months under review.

“With effect from March 1, the Pep acquired control of printing company, Printkor, from Pepkor. Interest paid was negatively influenced on a once-off basis by this transaction,” he said.

Reviewing prospects for the second half of the year, Wiese said trading conditions were likely to remain extremely difficult. Nevertheless, Pepkor was confident that it would be able to maintain real earnings growth for the full year.

Shoprite also showed a 23% increase in turnover, which was lifted to R259,8m.

Operating profit was 16% better at R9,8m and attributable earnings and earnings a share improved by the same margin to R4,3m and 14,6c respectively. An interim dividend of 5c (4,5c) was declared.

Wiese said Shoprite acquired Grand Supermarkets with effect from August 20, shortly before the end of the reporting period, and Grand’s results therefore had no effect on its performance.

New branches

“In addition to the 27 supermarkets it acquired with Grand, Shoprite opened two of its own branches in the review period and another three are scheduled to start trading in the second half of the year.

“The results were satisfactory, particularly in view of the difficult trading conditions that prevailed throughout the reporting period,” he said.

“Management is confident that the results for the current financial year will remain satisfactory. The acquisition of Grand is not expected to have any material effect on earnings in the second half of the year,” he said.
Many ignore stayaway call

By McKeed Kotolo
Pretoria Bureau

Hundreds of residents in At-
teridgeville, Pretoria, heeded
today’s stayaway call by the
local civic body, but many
others ignored it and travelled
by train, bus and private cars to
work.

Today’s stayaway is in pro-
test against the local council’s
refusal to resign and the recent
electricity cuts in the township.

Taxis were not operating and
commuters were forced to use
trains, buses and private cars to
reach their places of employ-
ment, township sources said.

They said scores of police
were patrolling the streets.

The sources said that no inci-
dents had been reported.

The local town clerk, Daan
Mouton, said few council em-
ployees had reported for work
today.

Mr Mouton appealed to resi-
dents to pay their September
rent, as ordered by the Supreme
Court on Friday.

Electricity supplies to house-
holds which were recently dis-
connected could then be re-con-
ected, he said.

Township sources also said
that primary school pupils were
sent back to their homes by
older pupils from secondary
schools.
Drop of 20% as used car sales take a hammering

Brent Melville

USED car sales, as a barometer of private consumer buying patterns, have taken much more of a hammering than new car sales over the past nine months, McCarthy group chairman Brian McCarthy said in an interview yesterday.

McCarthy estimated that sales of used cars had plunged by about 20%, while new car sales had dropped by only about 5%.

"Because private consumers account for only about 20% of the new car market, and fleet buying dominates to such an extent, sales of new cars have been artificially elevated to only a mild downturn," he said.

Inflation

Reflecting the declines, revenue for retailers in motor vehicles and accessories has shown a real decline of about 3% for the year to September, relative to the comparable period for 1989.

According to the latest Central Statistical Service (CSS) figures, actual revenue increased 8.1% to R24,3bn (R22,5bn).

This figure is well under the present 13% rate of inflation.

Unadjusted revenue from August to September slid 7.0% to R2,76bn (R3,0bn).

The CSS figures (before seasonal adjustment), reflecting sales of new and used cars as well as parts and accessories through established dealer franchise networks, show actual sales for the July to September quarter this year up 6.5% at R7,47bn.

This rise is against the R7,07bn figure for the comparable period last year.

The figures for August and September are subject to revision.

McCarthy attributed the decline in the August to September period to the fact that August had been a much longer month in terms of working days.

"However, while day-on-day sales are not really that much different, we do believe that the enormous increase in the fuel price will have at least a temporary effect, again tempered in the new car market by fleet buying," McCarthy said.

An industry analyst said he estimated that the downturn next month could be even more severe.

He said on the basis of the Mercedes-Benz strike, the shock of the 25% increase in the fuel price, and government’s recommitment to keeping interest rates up, revenue in the car industry generally was destined to fall more significantly.
Tradehold acts to up its growth

(MARCIA KLEIN)

Retail and wholesale group Tradehold’s profitability had remained depressed since the June year-end, directors said at the AGM yesterday.

But they added that conclusions should not be drawn from the three month performance and that the group should be able to improve results after a full year of trading.

Talk of the group splitting up into various components was speculation, they said. Although this remained a possibility it was “too early to say”. However, the possibility would be investigated.

Any split-up would have to be of benefit both to the individual companies and shareholders.

On Tradegro, directors said while profitability was low on turnover, the group had taken steps for recovery. Tradegro’s first half turnover was up 4.7% and profits to June were up 26.7c a share.

Subsidiaries Checkers and Metro both reported declines in profits, but directors told shareholders there “are many actions in place” to improve the situation.

Tradehold and retail group Pepgro recently terminated negotiations on a “possible merger after they could not agree on terms.”
OK springs surprise with earnings rise

Sylvia Du Plessis

OK BAZAARS, the 210-store retail giant in the SA Breweries stable, has defied market expectations by ringing up a 12.7% rise in interim earnings to 71c a share on a markedly improved operating margin.

A dividend of 37c — up 12.1% from 33c — has been declared.

News of growth at the earnings level to end-September, although negative in real terms, follows a 16.4% slide in earnings at year-end and a dip in OK’s share price this week to a new yearly low of R18.

MD Gordon Hood said in an interview yesterday the results were achieved both on good expense control and a product-mix switch of more than 2% out of food and into general merchandise, particularly the higher margin furniture-appliance area.

The move improved trading margins to 1.69% from 1.45%, generating a 33% mark-up in operating income to R27.9m on 12.7% growth in turnover to R226m.

“We aren’t consciously trying to reduce food sales — it’s the traffic generator for other areas. But food sales are suffering the most in terms of the current unrest,”

After a 9.4% surge in the interest bill to R18.8m and taxation of R9.5m (R8.1m), attributable earnings were 13% higher at R8.3m from R7.3m.

Hood described sales growth as reasonably acceptable in view of a trading climate characterised during the six months by a depressed economy and “substantial”; social upheavals, including unrest and consumer boycotts.

Other factors inhibiting real growth included a seven-week strike within the group in June-July and continued high shrinkage and interest rates.

Commenting on OK’s hefty interest payments, Hood said management had continued development in stores, systems and its central warehousing operation.

The warehousing operation was introduced in 37 Transvaal-based outlets in August, and 100 branches would be using it by mid-November, he added.

“It will be fully effective in all branches by the end of the current financial year, resulting in improved control and thus reduced shrinkage. Most important, it will improve stock-turn and cut our interest bill,” he said.

“We won’t see much benefit from it this year... but we’ll certainly reap some in the new financial year.”

Hood, citing “variable” trading conditions, refused to be drawn on whether OK would report growth in full-year earnings.

“But we’re inextricably tied to the development of SA and we believe OK is the right retail machine for the future. The fact that our Southgate store turned over R100 000 an hour when it opened its doors yesterday illustrates that.”

The shares, which peaked at R21.50 on February 6, closed untraded at R13 yesterday, with sellers asking R13.25.
Turnaround at OK defies slowdown

RETAIL chain OK Bazaars has achieved a major turnaround in the six months to end-September.

MD Gordon Hood said yesterday the performance was due not only to good expense control but to a switch in the product-mix of over 2% out of food and into general merchandise, particularly furniture and appliances.

Furniture retailers have continued to produce excellent results recently despite the slowdown in the economy.

Hood said the Southgate store's R100 000-an-hour turnover when it opened its doors yesterday illustrated it was "the right retail machine for the future".

See Page 6
OK rings up 12.7% more earnings

Own Correspondent

JOHANNESBURG. — OK Bazaar, the 210-store retail giant in the SA Breweries stable, has defied market expectations by ringing up a 12.7% rise in interim earnings to 37c a share on a markedly improved operating margin.

A dividend of 37c — up 12.1% from 33c — has been declared.

News of growth at the earnings level to end-September, although negative in real terms, follows a 16.4% slide in earnings at year-end and a dip in OK’s share price this week to a new yeasty low of R13.35.

MD Gordon Hood said in an interview yesterday the results were achieved both on good expense control and a product-mix switch of more than 2% out of food and into general merchandise, particularly the higher margin furniture-appliance area.

The move improved trading margins to 1.69% from 1.43%, generating a 33% mark-up in operating income to R37.9m on 12.7% growth in turnover to R298m.

“We are not consciously trying to reduce food sales — it’s the traffic generator for other areas. But food sales are suffering the most in terms of the current unrest.”

After a 54.4% surge in the interest bill to R18.8m and taxation of R9.5m (R8.1m), attributable earnings were 13% higher at R18.6m from R17.8m.

Hood described sales growth as reasonably acceptable in view of a trading climate characterised in the six months by a depressed economy and “substantial" social upheavals, including unrest and consumer boycotts.

Other factors inhibiting real growth included a seven-week strike within the group in June-July and continued high shrinkage and interest rates.

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“We won’t see much benefit from it this year . . . but we’ll certainly reap some in the new financial year.”

Hood, citing “variable” trading conditions, refused to be drawn on whether OK would report growth in full-year earnings.

“Yet we’re inextricably tied to the development of SA and we believe OK is the right retail machine for the future. The fact that our Southgate store turned over R100 000 an hour when it opened its doors yesterday illustrates that.”

The shares, which peaked at R21.50 on February 6, closed untraded at R18 yesterday, with sellers asking R16.25.
ADVERSE pressures on consumer spending have continued unabated in the background of a depressed economy and substantial social upheavals, including unrest and consumer boycotts.

In its interim report, OK Bazaar says these factors, together with the negative effects of the recent major strike within the group itself, make the achievement of a 12.7 percent growth in turnover particularly creditable for the six months under review.

**Margin**

It says throughout this period there has been a marked improvement in the merchandise mix, especially as regards furniture and appliances, enabling a more favourable overall trading margin to be achieved and generating a 33.0 percent rise in operating income.

However, the report says, persistently high levels of interest rates and an uninterrupted pace of development in stores, warehousing and systems combined to boost total financing costs by 54.4 percent. As a result, profit before taxation grew by 17.1 percent.

Earnings attributable to ordinary shareholders, after the impact of taxation and outside shareholder participation, improved by 13 percent and represented earnings per share of 71 cents.

An interim dividend of 37 cents per share has been declared, up 22 percent of the interim for the previous year.
OK Bazaars' growth likely to be an uphill battle, analysts believe.

OK BAZAARS' shares, now trading at about R13, could recover to R15 on the back of the retailer's latest set of interim figures, some analysts believe.

But, they say, growth beyond that is unlikely in the short term since the stock is tightly held. SA Christmas sales will be below those of 1989 and SAB-controlled OK has yet to prove a sustained turnaround in its fortunes.

Under these circumstances, bottom-line improvements will depend largely on good management, says Mathison & Hollidge retail analyst Aloma Jonker.

"Retailers have not been squeezed as much as manufacturers up to now, but consumer spending is declining as shoppers show increasing signs of price resistance. And the petrol price hikes will also take their toll," she says.

"That means retailers will be forced to eat into their margins."

Jonker says she welcomes OK's 12.7% earnings growth, but she remains cautious as to whether it represents a turnaround because it is off a low base.

"OK is likely to report 10% growth in full-year earnings, but investors should hold back until it has proved it can sustain good profit growth."

Another analyst, who did not wish to be named, says the shares could recover to R14 or R15 in the short term, mainly because speculation of halfway losses has led to their past weakness.

"The shares are not expensive, but investors who buy them now would still be doing so on a speculative basis," she says.

"Fundamentally, there's still no evidence management can produce decent profits on a sustained basis, so the price is unlikely to go beyond that."

OK should find it easier to sustain earnings growth of "at least" 12.7% in the second half because it was off a low base.

The shares, at a high of 2.150c on February 6, fell to a fresh low of 1.300c on Tuesday, but a positive response on the market to the interim figures saw them firm 10c to 1.310c yesterday.
Activities: Invests in retail related businesses including a restaurant chain and handbag chain.

Control: Lewis family.

Chairman: S Lewis.

Capital structure: 5.4m ords. Market capitalisation: £107.8m.

Share market: Price: 2.000c. Yields: 1.9% on dividend; 2.9% on earnings; p/e ratio, 34.8; cover, 1.5. 12-month high, 2.000c; low, 1.700c. Trading volume last quarter, 5,000 shares.

<table>
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<th>Year to March 31</th>
<th>'87</th>
<th>'88</th>
<th>'89</th>
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<td>ST debt (£m)</td>
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<td>Net worth (p)</td>
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<td>245</td>
<td>249</td>
<td>253</td>
</tr>
</tbody>
</table>

portfolio, did better and "gave rise to a satisfactory increase in group profits."

Another 41% (28%) of the portfolio was in cash and 36% (22%) selected equities. No fixed income securities were held (41%).

An initial 25% interest in Gioma in February 1989 was lifted to 50% that October. Two new restaurants were opened in The Netherlands and two more are under construction. This year refurbishment will continue. A pilot outlet will be opened in the UK — a market Lewis says will be "fully tested before further expansion is undertaken."

In June the group acquired 28.9% of Handbags International, a 158-store Australian chain retailing handbags and travel goods. Lewis sees considerable medium-term growth potential but warns that the depressed economy will limit benefits this year. At an "appropriate" time a listing will be sought on the Australian stock exchange.

Other investment opportunities are being investigated and, ancillary investment in property will also be considered, but liquidity will be kept high.

Lewis says the interest in Handbags International will skew earnings towards the latter half of the year but results for 1991 will be favourable. They will need to be, to justify the premium rating, though there are rand hedge attractions.

OCEANA

COURSE CHANGE

A mid-year change in controlling shareholder changed Oceana from a UK-based investment trust to a direct investor in international retail-related businesses. The listing has been switched to industrial holdings.

The group raised pre-tax profit by 62.4% but there was dilution at the earnings level. Chairman Stanley Lewis says the Gioma restaurant chain in the Low Countries, which constituted 23% (9%) of the year-end
STILL GROWING FAST

During the half-year to end-August, strategy to increase the number of visits to the store by established customers helped generate a 23% rise in turnover for Clicks — still one of the star performers in the retail sector. At the 1989 interim stage, turnover and EPS improved by 31%, partly because of efforts surrounding the promotion of the group's 21st year. So growth in the current recession comes off a high base and is, therefore, even more praiseworthy.

Toiletries is the core business. MD Trevor Honneysett says there is no indication of a reduction in demand for these products; neither is there any evidence of a fall-off in demand for merchandise in any of the other departments. Honneysett credits this to the degree of specialisation — essentially on the promotion of quality and value in toiletries — which attracts existing customers to make more store calls and thus more purchases of other specialised merchandise.

New store openings are becoming more of a regular occurrence than a novelty in both Clicks and Diskom. During the review period, three new Clicks (total now 104) and six new Diskom (total now 39) stores were opened. Honneysett confirms that consumer acceptability of Clicks is presently such that wherever a store is opened, it enjoys almost instantaneous support.

To a lesser but growing degree, the same can be said for Diskom and he adds that "both chains are on track to meet earlier projections of having 115 Clicks and 50 Diskom stores by February 1991."

Margin at 5.9% remained much the same as last year, a satisfying aspect according to Honneysett, because of "the incredibly tight trading climate which has put enormous pressure on margins generally." As indicated in the table, the second half-year is traditionally better than the first; he is looking for this to be maintained and for margin to be at least equal to or better than last year's 7.6%.

Honneysett says that the rest of the year should produce turnover and EPS growth of at least 23%. The latest interim dividend has been increased by no less than 25% to 15c. Shareholders may be justified in expecting this ungeared group to realise growth of 25% in turnover, attributable profits and dividends for the full year.

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<table>
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<tr>
<th>STILL GROWING</th>
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<td><strong>Six months to</strong></td>
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<tr>
<td>Turnover (Rm*)</td>
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<td>Attributable (Rm)</td>
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<tr>
<td>Earnings (cap)</td>
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<td>Dividends (cap)</td>
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</table>

Gerald Wrisben
PEPKOR

BACK ON THE BOIL

PAST ERRORS OVERSHADOW AN APPROPRIATE MARKET RATING

Pepkor and its major operating subsidiary Pep Ltd (formerly Pep Stores) have still not been accorded blue-chip status by the market. Past forex ills rather than performance seem to overhang the rating. But the soundness of operations and Pepkor's ability to outwit adverse economic and trading conditions are again illustrated in the interim results to August 31 and outlook for the rest of the year, which should move them closer to achieving this.

Pepkor appears to be in the right market — cash retailing of clothing and food — and has the right formula to withstand falling disposable incomes and heightened competition. It increased turnover 26% and operating profit 34%, compared to 1989's interim, indicating an improved operating margin.

Pep, the "pile 'em high, sell 'em cheap" nationwide clothing chain which accounts for almost 90% of group profits, boosted sales 29% and operating profits 32%. Pep caters for the lower end of the market, provides basic clothing and is geographically widely spread — and this seems to help it in a downturn. J D Anderson analyst Helen van den Berg says the clothing market has been characterised by customers downgrading as their incomes are squeezed, but rural dwellers are not suffering as much as urban dwellers. Both factors would benefit Pep relative to more upmarket and city-based stores.

Pep MD Tony Haughton says last year's restructuring — separating Pep and Ackermans into two operating entities — focused the businesses and contributed to the above-average growth. Adding 30 new stores in the six months helped, too. He ascribes part of the increase in operating margin from 10,0% to 10,2% to efficiency gains resulting from restructuring, as well as other cost controls and productivity improvements. He expects these factors to continue helping operating margin for the full year.

Unsettled conditions in black and coloured residential areas did affect trading results of Pep's associated companies. Their contribution fell 17% to R600,000 but Haughton points out that last year's base was "very high." These associates include the joint ventures which Pep has established with black businessmen. Haughton is satisfied with the philosophy and structure of joint ventures and Pep is "actively expanding" this concept. About six new joint ventures have been established so far this year.

Pepkor's other operating arm, Shoprite, successfully pursed its policy of aggressive expansion and gaining market share. It also raised turnover 29%, to R270m — sales of existing stores grew by about 21% — but at the expense of operating margin. MD Whitney Basson says high shrinkage as well as competitive pricing pushed this down from 2,8% to 2,5%: operating profit rose only 16%.

In its western Cape stronghold, Shoprite appears to have gained market share, even at the expense of Pick 'n Pay, say analysts. With August's R50m acquisition of 27 Grand supermarkets from Score, mostly in the Transvaal, it could become a formidable force there as well. There's no contribution from Grand in the interim; Basson says these stores' tradability has improved but additional cost controls are necessary. Shoprite bought only the stores so does not carry the debt burden associated with Grand.

The deal brought access to some excellent sites and took out a competitor. Basson says one Grand store was closed but the others were effectively operating as Shoprite branches a week after acquisition. He expects to close four stores where a Shoprite and Grand branch overlap, and reduce the trading area of others. He says the stores are responding positively to the change and is optimistic their performance has turned.

The acquisition depleted Shoprite's cash resources but Shoprite is still cash-flush. Rumours of acquisitions remain rife despite the collapse of takeover talks with Tradegro. Chairman Christo Wiese, who has kept up the pace since he took over from the group's founder, Renier van Rooyen, confirms that a number of possible retail acquisitions are being looked at, locally as well as in Europe.
and elsewhere in Africa — but none are “major.” If Tradeegro is broken up, parts may be looked at again.

Year-end cash resources are expected to be higher than February 1990’s R100m but management emphasizes that organic growth will absorb a lot of surplus funds: there is no pressure to make an acquisition.

The group added 104 stores last year.

Pep’s sparkling operating performance was somewhat tarnished by a higher tax rate and interest costs. But interest costs should be seen against interest earned on cash balances, which are not revealed at the interim stage. Depletion of assessed losses is pushing up the effective tax rate and no relief is expected this year. Interest paid rose 79% to R2.2m because of restructuring, whereby Pep acquired the in-house printing company Printkor. This is a one-off situation and Haughton expects interest costs to fall back in the second half.

Shoprite had R21m in bank at August 31 and was debt-free. The Grand acquisition, financed out of own and borrowed funds, will result in substantial interest costs and impact on the bottom line. But Basson emphasizes that rises in debt and interest should be seen in relation to the expected contribution from the additional branches.

Interest costs are related to stock-turn and Pepkor’s appears to be low: 3.6 times last year, compared to Woolworth’s 10.4 and Foschini’s 5.2. Wiese explains that this relates to the nature of the business: bulk purchasing for price advantage; 10% of stock being in transit to the geographically spread 900 stores; inclusion of Pep’s manufacturing arm and its stock in transit; and low gross profit margins relative to other stores. He says the choice is to understand and lose a sale forever, or overstock and suffer obsolescence and carrying costs.

Because Pep stocks basic goods, obsolescence is not a factor and overstocking is the preferred policy. Stock-turn has improved in the past few years and Wiese expects to boost it by a further 25%.

An escalating tax burden is one reason

Wiese cites for Pepkor’s high four times dividend cover. The other is the pending conversion of convertible debentures and preference share capital. He says the aim is to move cover slowly towards about 2.5 times, which he sees as reasonable considering its cash-based nature.

Wiese is “cautiously optimistic” about prospects for the year. He believes the economy is now in the trough and conditions appear to have stabilised, but cautions that Christmas remains the critical period. Trading remains volatile and Wiese is loath to give a forecast for the year.

Though full-year results should be out by February, the JSE seems to underrate both Pep and Pepkor.

Pepkor trades on a 7.6 earnings multiple and 4.2% dividend yield. This compares to Foschini’s 11.5 and 3.8%; Edgars’ 12.8 and 3.0%, Davis Borkum Hare analyst Lindsay

Lurie says this may relate to large forex losses in the mid-Eighties — a common misfortune at the time — for which the market seems unforgiving.

Shoprite offers a p/e of 9.5 and yield of 4.6%. Any uprating will depend on successful integration of Grand’s stores, which caused so many problems for Score.

Pan Backnd

TOP SPEAKERS AT ‘INVESTMENT 1991’

Even before the explosive Gulf crisis complicated the economic and investment outlook, the major Western economies — and SA — were heading towards lower growth, complex structural problems and the uncertain impact of new international trade blocs.

The reasons for this situation, its duration and eventual outcome will be examined in depth by experts, several of whom are leading personalities in their fields from abroad, at the FM’s annual Investment Conference in Johannesburg next week.

Chicago economist David Hale, from Kemper Financial Services, will examine world financial market trends. Don McCricket, chief executive of the large UK banking group TSB and an internationally known speaker on banking, will talk on strategies for financial services in a deregulated global market.

And Prudential-Bache senior vice-president Kees Schager, who knows this country well and has spoken at previous FM conferences, will deal with the globalised equity market outlook. He was formerly a Wall Street specialist in SA gold shares.

Veteran British parliamentarian and pioneer of what has come to be known as the Thatcherite economic policy, Enoch Powell, will talk about the implications for Britain of entering the European trade bloc; and RTZ group economist Jessica Jacks will examine the influence of financial derivatives on the gold price.

The outlook for the local economy will be addressed by Finance Minister Barend du Plessis, recently returned from an encouraging trip to the US with President F W de Klerk; and Reserve Bank Governor Chris Stals will deal with monetary policy and interest rates.

Stockbrokers Richard Stuart and John Rayner will forecast industrial share trends and property share trends respectively; and, as tax has become such an important matter, we have this year two speakers — Price Waterhouse’s Chris Frame on tax reform and Ernst & Young’s Ian MacKenzie on the implications of VAT.

The political environment in which business will have to operate next year will be analysed from an American and international perspective by Fortune Magazine’s managing editor Marshall Loeb; from a southern African regional viewpoint by the Mozambique Co-operation Minister Jacinto Veloso; while Thabo Mbeki will put forward the ANC’s vision of a future SA.

Business’s ideas of a new political dispensation will be examined by SA Chamber of Business director-general Raymond Parsons — and the trade unions’ emerging relationships with business will be the subject of independent mediator Charles Nupen’s address.

□ The cost per person for the conference, at Johannesburg’s Carlton Hotel on Thursday and Friday next week, is R1 100 (R980 for every person thereafter from the same company). Bookings can be made by calling conference manager Brigitte Petty on (011) 497-2134 or 497-2135; (fax) 834-1686; or telex 4-88921.
The reorganisation of Hyperette Stores, formerly Millys, seems to be paying off. From a stated capital base of R3,4m in 1989 and with an accumulated loss of R14,2m, controlling shareholder Unidev organised a refunding by issuing preference shares. Capital now amounts to R17,6m.

Comparison of the 12-month financial year ended July 31 1990 with the previous 13 months is thus spurious. But to have brought turnover from R7,2m then to R55m is commendable. Even more laudable is the turnaround of operating profit, where a loss last year of R4,6m has been converted into a R1,8m profit.

But this represents a fine trading margin of just 3%. Clearly, it is in this area that management will have to focus if shareholders are to receive a respectable return on investment. For while the interest charge was a reduced R479 000, the preference dividend of R809 000 still knocks off R1,3m from operating profits. Hence the ordinary shareholder is not receiving much for his comfort at present. But, at least EPS is a positive 0,4c (±4,3c attributable loss) on the increased number of shares in issue of 136,4m (6,9m).

The new-look group now has 31 outlets, concentrating on providing the upper-income consumer with delicatessen, convenience foods, specialised bread products and quality meat products. Like Millys, the group undoubtedly suffered the consequences of a poor image following the damage done by the old regime. But under its new guise it is enjoying better acceptance under the motivated direction of MD Hein Ehlers.

Provided Ehlers can maintain the momentum of turnover growth and match it with keener margins, it looks as if the operation has a good chance to show meaningful returns. During the review year there were undoubtedly many one-off costs and realistic write-offs.

According to Ehlers, turnover for the first two months of this year is well up. So interim results due early in 1991 will give a better indication of real profitability. Meanwhile, half a loaf is better than none.

Gerald Horshon
**STILL SPRINGING**

Mail-order and direct sales group Mas Holdings managed to increase attributable earnings by 30% in the interim period to August, despite the tough economic climate. CE Marco van Embden ascribes the performance to the non-cyclical nature of the business and its broad market base.

Van Embden expects the mail-order business to follow the US trend, where it grew at some 15% over the past 10 years opposed to a 7% retail growth. The good prospects are underscored by Edgars' recent entry into the market with its Home Decisions division.

**Stronger balance sheet**

The latest results maintain the record of 27% compound EPS growth over the past five years. The group also managed to strengthen its balance sheet, reducing short-term interest bearing debt by R5m to R22m.

Van Embden ascribes this to stringent asset management. Trading stock was cut to R34m from R37m. As there is no physical customer interface pilferage is non-existent.

A feature of the six months was increased exports, as changing political circumstances opened new markets.

Mas hold's mail order goods are all sent by post and paid for COD. The market is where there is a post office, says Van Embden.

The acquisition of Tablecraft and Charles Velkes Mail Order proved successful, as management has turned them around. Van Embden expects them to show dramatic growth in the next financial year.

Mas hold seems slightly under-priced at 255c.

Gerard Stebler
BOYMANS  FIM 26/10/90  30

STICK TO THE SUITS

Convert a 17% increase in turnover into a 9% increase in operating profit, add a 67% higher interest bill, and you're left with a recipe for earnings collapse. That's what happened to Boymans (trading as Levisons, Deans and John Orr's, among others) in the six months to August 31, amply fulfilling the forecast in the annual report that 1990 earnings would be "difficult to match."

The group clearly bought sales to hold

<table>
<thead>
<tr>
<th>TRIMMING MARGINS</th>
<th>Aug 89</th>
<th>Aug 90</th>
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<tbody>
<tr>
<td>Turnover (Rm)</td>
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<td>Pre-tax profit (Rm)</td>
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<td>Attributable (Rm)</td>
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<td>Earnings (c)</td>
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<td>9.3</td>
</tr>
<tr>
<td>Dividends (c)</td>
<td>6.5</td>
<td>—</td>
</tr>
</tbody>
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FINANCIAL MAIL • OCTOBER 26 • 1990 • 106

market share and cut stocks — a mixed blessing, as it meant that a higher debtors' book had to be financed. To conserve finances, the interim dividend is passed, following last year's final into limbo. A number of unprofitable branches were closed, which should help second-half results: the directors hope these should exceed last year's.

They do not say what these were and as the last "year" had 14 months, the figure can't be calculated accurately, but would appear to be about 8e a share. That suggests the company is hoping for annual earnings of about 17.5e a share (1990: 23.1e). Whether it will manage it remains to be seen.

The market has consistently been sceptical about Boymans and the fact that the latest setback is no surprise is shown by a share price of 140c — still where it was when we reviewed the annual report in late June. With no dividend in prospect and a dicey outlook, the suits the group sells look better value than its shares.

Michael Coulson
not supermarkets — they're among the least profitable companies in the country. "SA's food retail sector is one of the most efficient, competitive and cost-conscious in the world. My group, the most profitable of the major food chains, earns only 3% on turnover before tax and 1.5% after tax. Compare this with major UK chains such as Sainsbury's, Marks & Spencer and Safeway, where the average pre-tax return is 7%-8%, and it becomes clear that cut-throat competition here doesn't allow for profiteering.

"These rebates represent about 3% of our total sales and they almost equal this year's total pre-tax profit of R131.3m. Therefore, if rebates were outlawed, we would have to raise our prices by R130m. Without the rebates, our whole business would be running at break-even. But we buy from large numbers of small suppliers, even without rebates, if the quality is good."

SUPERMARKETS Firt 26/10/90

UNDER THE SPOTLIGHT

The Competition Board has announced yet another investigation into the supermarket industry, reopening the debate on the always contentious issue of confidential rebates. If supermarkets are greeted this latest probe with a certain weariness, one can't blame them — the board looked at the same issues just nine years ago and decided no action was warranted.

Pick 'n Pay CE Raymond Ackerman says another investigation will be a "waste of time," but he'll co-operate if that's what the board wants.

As it stands now, the investigation is not targeting specific practices, such as confidential rebates, but board chairman Pierre Brooks acknowledges that rebates could come under the spotlight later in the probe.

"It is not impossible that the findings of our investigation into the general structure of the industry could lead to a more specific look at any competition-limiting practices that may be unearthed. Meanwhile, our study should enable us to react with greater insight to mergers, takeovers and complaints received on practices in this industry."

Confidential rebates — confidential between the chain and its suppliers — are rebates that suppliers pay to supermarkets to guarantee that a high enough volume of the supplier's product will be sold, making it worthwhile for the supermarket to stock the item. Rebates also are paid to obtain a prominent place for the product on the shelf.

While no specific complaints initiated the investigation, Brooks says black retailers, whose turnovers are too small to demand rebates, are concerned that practices used by the major chains limit competition.

Rebates are also under fire from small producers who complain they are squeezed off the shelves of major chains because they can't afford rebates. Then there is the emotion surrounding food prices in a country where most people struggle to make ends meet. With the rise in food prices outstripping inflation, supermarkets naturally become a scapegoat for the woes of consumers.

But, says Ackerman, if someone is making exorbitant profits out of food, it's certainly

Mervyn Kraitzcik, OK Bazaars director of food marketing, says: "The US, admittedly, outwits any discretionary (rebates) — the same (rebates) must apply to all suppliers. But US laws are also freely circumvented. The same practices used in SA are also in vogue in the UK and in Europe."

Kraitzcik says major food chains "have problems with suppliers of 'me-too' products who demand shelf space without anything different to offer and which they expect chains to support; if these small guys come up with new, original products, obviously we will give them a chance."

Checkers acting MD Francois Rossouw says the rebates are part of the free market system. "Shelf exposure for a suppliers' products with any major retailer equals valuable consumer awareness — and we are entitled to charge for that."

And, says Spar group MD Mike Dobson, while the top four supermarket giants dominate the sector, the top 20 suppliers distribute 70% of the goods sold by supermarkets, following a spate of takeovers. "This means that the clout on their side balances that of the retail food chains. It is not a one-way street."
Waltons cuts debt

By JULIE WALKER

WALTONS, the diversified stationary group, reduced its gearing by almost half from 19.1% a year ago to 12% at the interim stage to August 1990.

Reporting for the six months in which most companies struggled to improve profits, Waltons turnover grew by 8% to R105-million and improved margins boosted operating income by 17% to R37.2-million.

But a 30% higher tax bill to the top company rate and an increase in the number of shares in issue held earnings a share at 21.5c — 0.3c higher.

An unchanged dividend of 7c has been declared.

Chairman Frank Roberta says the results are satisfactory considering the economic climate. Good results came from subsidiaries Omadi and Helios Minolta, and Reggelo looks in better shape. The toy dealer will benefit from Christmas sales.

Financial director Mark Davis affirms analysis' concern about high gearing. He says the staff has done a fantastic job in managing working capital more effectively. Efforts will be maintained to reduce gearing, which is already acceptable.

Waltons has had mixed fortunes. It was No 1 Business Times company over the five years to 1986 and 1987, but has slipped sharply. The share price of 37c is 30c higher than the low reached in August 1989, but 15c below the year's high of 55c in January. It reached a high of 50c in April 1989.

The directors say that notwithstanding the recessionary climate and the prospect of difficult conditions, management and staff are dedicated to maximizing group performance.

The rand's world value

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<th>One foreign unit equals R1</th>
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<td>US $</td>
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<td>UK $</td>
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Domestic interest rates

MONEY MARKET

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<td>12/10/89</td>
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<td>Three-year RSA stock</td>
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<td>Prime overdraft rate</td>
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<td>All-in yield of finest acceptance credits</td>
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CAPITAL MARKET

SECONDARY MARKET

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Best sections this week

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<th></th>
<th>Av</th>
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<tbody>
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<td>5/11/89</td>
<td>15/11/89</td>
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<td>4.8</td>
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<tr>
<td>Other</td>
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<td>11.1</td>
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<td>Bevi, Hanes, Leda</td>
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<td>5.6</td>
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<tr>
<td>Transportation</td>
<td>4.25</td>
<td>5.8</td>
<td>23.1</td>
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Overall market turnover
Little is much for OK

IT IS unfair to compare OK Bazaars with close rivals in the supermarket sector Pick 'n Pay and Checkers.

Traditionally it is ranged up against the cut-throat competitors in food where margins are shaved in a bitter battle for turnover.

But a fractional move in total turnover from food into housewares and appliances has led to an improvement in margins, boosting the bottom line.

Managing director Gordon Hood says a 1% improvement in margins doubles profits.

A rise in margins from 1.44% at the interim last year to 1.7% in the six months to September 30 led to a 13% jump in attributable earnings to R13.2-million.

Earnings a share increased from 8c to 71c and the dividend has been lifted 12.1% from 3c to 37c.

Diverse

The group's margin stood at 1.62% at the end of the last financial year, but this makes allowance for higher mark-ups on Christmas trade.

Mr Hood says that nowhere in the world is there a group which covers such a diverse market as OK does.

Its diversity in food, housewares, clothing and furniture and appliances provides some protection from the problems of today's markets.

The improved results were achieved on the back of a bare 2% switch from food to general merchandise. But Mr Hood says the movement is not part of group policy.

"Food is the main traffic generator for our group and we hope it will always remain so."

However, food sales are badly affected by social unrest and boycotts.

Sales of the big-ticket items in furniture and appliances improved in line with the general upturn in this market since last August.

"We haven't deliberately moved out of the food sector it has been the effect of market pressures," says Mr Hood.

Christmas is particularly good for turnover and margins.

The OK is RSA's biggest toy retailer with about 25% of the market.

The move to higher sales in furniture and appliances has not been achieved by buying credit sales at any cost.

"Our bad-debt ratios have been kept at good levels," says Mr Hood.

The group's increased total debt — from R262.4-million to R314.2-million — is largely explained by a policy to open between six and eight stores a year.
Black groups go non-racial

By PATRICK MAFADO

TWO major black business organisations, Naftoc and the Black Management Forum (BMF), have opened their doors to white members.

According to Naftoc executive director Mofasi Lekota, this is in line with the trend towards non-racialism in the country.

"But our acceptance of white members is not without qualification. "White members wishing to join Naftoc will only be those who subscribe to our business charter principles," he said.

One of the principles is that business should address past wrongs created by apartheid through tangible action.

"This should help black business and its employees to reach their full potential and empower themselves," he said.

The BMF will be announcing its new name at its annual general meeting at the Wild Coast Sun this weekend.
Klerksdorp boycott

By DAN DHLAMINI

FROM tomorrow, residents of Jouberton will boycott stores in nearby Klerksdorp until policemen—who they allege are involved in violence in the township—are suspended or arrested.

At least three people have died in five weeks of unrest.

The boycott—announced by the Mass Democratic Movement (MDM) this week—follows a press conference last week when alleged police brutality was discussed.

The MDM called for an independent judicial commission of inquiry into police activities in the township.

Two victims of alleged police brutality, Alfred Mbolweni and William Mshakamini, were buried yesterday.

Police in Pretoria said Mbolweni was fatally wounded on October 13 after he and several youths allegedly petrol-bombed security personnel who were guarding a burning vehicle.

The police said Mshakamini was shot dead on October 14 when he was part of a mob which allegedly attacked the home of a policeman.

Police, however, deny they shot dead Raymond Morapedi on September 23.

They claim a taxi with false registration plates dumped Morapedi's body in front of a police Casspir and sped away.
Waltons goes shopping in bid to cut gearing

CHARLOTTE MATHEWS

STATIONERY company Waltons is shopping for acquisitions, MD Frank Roberts said at the weekend.

He would not be drawn on the companies at which the group was looking, but did say he had been engaged in negotiations in Johannesburg last week.

This follows management's efforts in the past year to reduce the much-criticised gearing level. In the six months to August the ratio of debt to equity fell to 60% from 115% in the same period in 1989. Roberts said he hoped to reduce gearing to 50% by the end of the year.

"We have brought stock levels down and 'watched debtors carefully,'" he said.

Dividend

As a result, the group's interest bill on the income statement has fallen to R11m in 1990 from R14m in 1989. This contributed to the 17% rise in pre-tax profits to R37m.

But a higher tax bill and an increase in the number of shares in issue caused earnings to rise only 1% to 21,5c a share on attributable earnings of R16,7m (R13,8m).

The dividend was maintained at 7c.

The heart of Waltons' business is stationery but it has also acquired printing company Lithosaver, drawing office materials company Ozalid and toy and babywear manufacturer and retailer Redgewoods (Reggies).

In the previous reporting period these acquisitions generally performed poorly, but Roberts said some changes had been made in Ozalid and Reggies, and Ozalid's performance in the interim period had been "gratifying".

"Redgewoods Holdings figures are as expected at the interim stage and it is now well placed for the Christmas peak and will trade profitably in the coming six months," he said.

Roberts said it was difficult to forecast results for the next six months but management was determined to maximise the group's performance in spite of the prospect of difficult economic and trading conditions.

Waltons shares closed at 370c on Friday, up from a low of 350c in August. At this level they offer a historical dividend yield of 5.67% and an earnings yield of 17.18%. 
Four towns are targeted for boycotts

TWO Conservative Party-controlled Transvaal town face consumer boycotts of white-owned businesses today and more are likely to be affected by similar action early next month.

The two towns are Klerksdorp and Boksburg. Other places which have been targeted for boycotts are Brits, Bronkhorstspruit and Kwandelabele.

The protest action is against "high electricity tariffs which lead to the suspension of power supply to a number of black residential areas".

Jouberton residents, however, said they would boycott stores in nearby Klerksdorp until policemen - allegedly involved in violence in the township - are arrested or suspended.

The boycott follows claims by local Mass Democratic Movement's of alleged police brutality.

At least three people have died in five weeks of unrest.

On the East Rand, the Vosloorus Civic Association has called for a three-week boycott of Boksburg businesses and local enterprises owned by township councillors from today.

The call was made at a community meeting yesterday following a deadlock between the Vosloorus Town Council, TPA and the Vosloorus Civic Association (VCA) over the payment of electricity and service charges in the township.

The meeting, addressed by spokesman from Cosatu and the Vosloorus Civic Association, resolved to continue the non-payment of rent and service charges until the council and the TPA and the council conceded to the R50 flat rate demanded by residents.

The Vosloorus Town Council is standing firm on a flat rate of R70 for electrified households.

Cosatu's spokesman, Mr. Sydney Ndaweni, warned that civic organizations and Cosatu had planned for a mass stayway on November 19 if the TPA and the council fail to meet township residents' demands.

Ndaweni lashed out at certain councillors whom, he claimed, were sowing confusion in the township.

He said several councillors calling themselves "concerned residents" asked residents to pay R60.
Staff Reporter

Top politicians and business leaders are to attend the three-day annual convention of the South African Chamber of Business (Sacob), starting in Johannesburg today.

A key aspect of the convention will be discussions on constitutional matters following the release of a report on South Africa's constitutional options by a Government-appointed committee.

Other motions include constitutional reform, local government, education, security, agriculture and urbanisation.

President de Klerk is to address a banquet tomorrow night. In the afternoon a discussion on the role of big business in the future South Africa will take place.

Wednesday's programme centres on economics. Speakers will include ANC foreign affairs director Thabo Mbeki, Development Bank of Southern Africa chief executive officer Simon Brand and Reserve Bank senior deputy governor Jan Lombard.
Mission to US was an eye-opener: delegates

By JOSHUA RABOROKO

The 65 black business people, who went on an "observation mission" to the United States, were not used as sanction-busters, the executive director of WR Consultants, Mr Willie Ramoshaba, said when the group arrived back in Johannesburg.

Addressing a Press conference at Jan Smuts Airport, Ramoshaba, who was a coordinator of the mission, said there were many black Americans who were interested in pumping money towards the economic development of South Africa entrepreneurs but were hamstrung by the sanctions lobby in their country.

He said that the American community was sympathetic towards the plight of blacks and had indicated that they would only invest in the country once apartheid was dismantled.

The International Finance Corporation and the African Development Bank were prepared to help black businessmen develop, especially in the fields of manufacturing, agriculture, import and export trade.

The group, consisting of black entrepreneurs from South Africa, Botswana, Malawi, Lesotho, Swaziland and Zimbabwe, visited Los Angeles, Chicago, Washington and New York, where they exchanged views with their counterparts.

Among the leading personalities on the tour were Dr Ellen Kuzwayo, second vice president of Fables; Dr Nthato Motlana, chairman of Get Ahead Foundation; Mr James Ngeya, president of Sabta, and Mr Philemon Makhele, chairman of the Greater Soweto Chamber of Commerce.

There was disappointment from some of the relatives who had come to welcome their loved ones when it was announced that through a fault by travel agencies, some of the tourists were left stranded in Zambia. However, they were expected home at the weekend.

Apartheid must end

At the Press conference, Mr S Moilefe, a member of the SADCC from Botswana, said South Africa should dismantle apartheid if it was to be accepted by the international community, especially African states, as a trading partner.

The president of the National Stokvel Association of SA, Mr Khala Lukhlele, said the Americans welcomed the South African concept of stokvels. They had their own stokvels and wanted to exchange ideas with their counterparts elsewhere.

Most of the people who went on the tour said the mission was an eye-opener.

"We will be able to plough what we gained in our businesses and the community," Mrs Mary Matlase said. "Our black women have to be exposed to business."
When the buck stops outside SWATo

NEWS FOCUS

THE ANSWA.
Acquisitions and growth in sales boost profits for Focus Holdings

SPECIALITY retailer Focus Holdings showed a 24% increase in after-tax profit to R2,08m for the 17 months to end-July due to organic sales growth and a number of acquisitions, management said yesterday.

The group acquired 26 Cashworth stores and 22 Smiley Blue stores during this period, and now has a total of 169 stores. Of these, 84 are owned by the group and 25 are franchised.

The group's financial year-end was changed from end-February to end-July to coincide with its trading cycle.

This, combined with the effect of the acquisitions, resulted in turnover more than tripling to R76,8m (R21,3m previously).

However, extraordinary items comprising a goodwill write-off of R2,93m and restructuring costs of R599 000 for losses from discontinued operations relating to the acquisitions contributed to a growth in earnings of 17% to 9,93c (8,49c) a share.

A final dividend of 1c a share has been declared for the period to end-July, with the group proposing to offer bonus ordinary shares as an alternative to the cash dividend.

Ordinary shareholders will be offered 8 new fully-paid Focus ordinary shares for every 100 existing Focus shares held in lieu of the dividend.

Opening

Should shareholders not accept this offer, they would be paid the cash dividend, management said.

"... we would like to conserve our cash resources, and we are confident that most shareholders, including management, will accept the offer," a spokesman said.

Management was confident that, despite difficult trading conditions, the group would achieve earnings growth in the current financial year as the acquisitions and the opening of new stores had been fully integrated.
Wooltru Properties takes on much expanded role

CAPE TOWN — Wooltru’s property arm, Wooltru Properties, has expanded its role from the management of the group’s R400m property portfolio to the development of new retail outlets for ownership or sale.

The property portfolio represents almost 50% of Wooltru’s assets and is free of borrowings. The expansion of its expertise in property development has clearly been aimed at improving the return on group assets.

Wooltru Properties, a fully-fledged operating company, recently completed a R100m store in Germiston for Makro. Woolworths will open a new store in Gezina, Pretoria, this week in a shopping centre developed by the property subsidiary.

Yesterday, Wooltru Properties MD John Rabb opened Warwick Place, a renovated retail centre in Claremont.

A number of other significant projects were in the planning stage, he said.

Over the years, Wooltru has constructed a number of buildings, including the group’s Cape Town head office, Wooltru House.
Business Day SURVEY

The SA Non-Listed Company Awards are the only public recognition given to unlisted companies. Sponsored by Business Day, Arthur Andersen & Co and the Wits Business School, they are among the most prestigious business awards in SA. SUSAN RAMWELL reports on the 20 companies that reached the finals.

Small dealers get the best prices by banding together

MICA Plus, a voluntary trading association of 170 independent hardware stores countrywide and in Namibia, has made a habit of stirring controversy.

MD Anthony Hacker says the organisation, formed to strengthen the buying power and voice of independent outlets, "upset the industry apple cart".

"Smaller, independent retailers did not have equal bargaining power with suppliers."

"But hypers, discounters, chain stores and national groups were growing, and threatened to take bigger shares of the DIY market."

Considering that the buyer gains added value in terms of personal advice from the knowledgeable independent hardware or building material salesman, this was an important market and deserved attention.

"Without promotions, advertising, discounting, training and a strong identity, these independent companies stood little chance against large corporate retailers favoured by manufacturers because of higher volume orders."

The idea was to ensure independent retailers obtained the best prices from suppliers and at the same time gained the infrastructural, training and marketing power of a big organisation without surrendering the special owner/manager commitment to their businesses.

The association is described as a "voluntary trading association".

Some 200 suppliers have been contracted by Mica Plus.

Member stores purchase directly from these suppliers on the Mica Plus account. Mica Plus in turn charges its members.

In October 1988, the executive directors of Mica Plus bought out the entire issued share capital from previous owner F S Team.

Average member store annual turnover of R1,1m in 1988 and 1989 rose to R1,7m in 1990 — a group annual retail sales figure of R300m.

These results show sustained performance even in a period of declining consumer and construction spending.

"The DIY industry picks up in times of recession," says Hacker.

He regards growth prospects for Mica Plus as "great."
Consumer boycott in Vosloorus

THE ANC’s Vosloorus branch has pledged support for a 3-week consumer boycott launched yesterday by the Vosloorus Civic Association.

“We will insist on dismantling all apartheid structures, including city councils administered in terms of the Black Local Authorities Act,” the branch said in a statement.

The consumer boycott came after a breakdown in negotiations over the rent crisis between the civic body and the Transvaal Provincial Administration last week.

In Klerksdorp there were also reports that a boycott had started yesterday.

Spokesmen for residents in Jouberton township said the boycott was in protest against alleged police violence and would continue until guilty policemen were arrested or suspended.

Western Transvaal police liaison officer Maj Ben van Heerden was not prepared to comment on the allegations.

While spokesmen for larger chain stores claimed the boycott had had “no effect worth mentioning”, smaller businesses said they had experienced a drastic drop in trading.

A local spokesman for the National Union of Mineworkers, Howard Yawa, said an estimated 80% of Jouberton residents had responded to the call for consumer action.

He said residents would meet today to decide on how long the boycott would be observed. – Sapa.
Bloch expects

less income

from royalties

ROYALTY income for
DCM-listed Bloch is not
expected to increase un-
der present conditions
by more than 7% — to
R373 000 — in the year
to end-June 1981, chair-
man Bernard Ra-
binowitz said yesterday.

This, with interest on
cash resources, should
result in net after tax
income also growing by
7% to R657 000, he said
at the annual meeting in
Bibio.

Bloch derives most of
its income from royal-
ties paid for the use of
its trademarks by trad-
ing companies in the
Bloch Supermarket
group in the Cape.

Rabinowitz said a
small contribution to in-
come in the current
year was expected from
a new trading format to
be set up by licensees.

"The new format will
offer a reduced range
and limited service de-
partments and will cat-
tef for rural areas." The
first outlet will open in
the eastern Cape in
March.

Bloch declared a divi-
end of 4.2c (4.0).
Boycotts to start in two Transvaal towns

By Montshiwa Moroke

Vosloorus and Jouberton civic associations are to embark on consumer boycotts in Boksburg and Klerksdorp respectively this week.

A spokesman for Vosloorus Civic Association (VCA), Keith Mototsi, said the boycott of white-owned businesses in the Conservative Party-controlled town would start tomorrow.

Businesses owned by councillors in the township would also be boycotted, he said.

The boycotts have been called as a protest against the Government withdrawing services in the two townships. Jouberton residents said they would continue the boycott until police, whom they alleged were involved in violence in the township, were either arrested or suspended.

Mr Mototsi said it had “dawned on his association” that, township residents were paying more for services than whites.

“We have a feeling that we also contribute towards the profit-making of these large businesses,” he said.

“Commerce and industry derive profits out of our labour and buying power,” he said.
Klerksdorp boycott: police ‘will act’

By Montshiwa Moroke and Sapa

Klerksdorp police are to launch "special actions" to prevent intimidation of Jouberton township residents during a consumer boycott which started on Monday.

Western Transvaal police spokesman Major Ben van Heerden, said police would “definitely take action” against intimidation attempts.

Spokesmen for Checkers and Pick 'n Pay supermarkets were not happy with the prospect of experiencing another boycott.

Checkers managing director Sergio Martinengo, said he was “sick and tired” of boycotts and “everyone” was tired of them.

“They cause a lot of business to be lost and unfortunately they cause jobs to be lost too.”

Peter Bosman general manager and director of Pick 'n Pay in Klerksdorp, described the boycott as “a sorry situation”.

The boycott follows claims of police brutality during recent unrest in Jouberton. Mass Democratic Movement spokesmen said residents were demanding the removal of police from the township. The boycott would continue until the policemen, allegedly involved in the violence, were arrested or suspended.

Major van Heerden claimed that law-abiding citizens welcomed the police presence. He said the police would investigate all written statements of alleged police violence.

Afrikaanse Sakekamer chairman Jan van den Bergh, said “I do not understand why they have to punish white businesses for certain police actions”.

Vosloorus residents have decided to boycott Boksburg businesses and businesses belonging to Vosloorus town councillors from tomorrow.

This follows a deadlock in negotiations to resolve the rent and services boycott, according to Civic Association publicity secretary Keith Motsisi.
Many businessmen pessimistic about fight against inflation

By Roy Cokayne

Many businessmen believe recent attempts to slash the inflation rate will be unsuccessful.

A joint survey by the Pretoria Technikon and the Pretoria Chamber of Commerce and Industry shows expectations about the inflation rate in the short term remain negative — and that 70 percent of respondents believe attempts being taken to bring it down will be unsuccessful.

The Minister for Economic Co-ordination Dr Wim de Villiers said recently that 70 percent of the current inflation rate could be attributed to expectations of inflation.

South Africa was at the point where indexation was playing an extremely important role in these expectations and the only way to address the problem was to change them to a general belief that inflation was going to come down, he said.

In the survey, undertaken by Deon van Zyl, head of the economics department at Pretoria Technikon, more than 70 percent of respondents reported experiencing cost increases since the beginning of the year. Only five percent believed their input costs had dropped.

Mr van Zyl said the poorer economic expectations, which had been noticeable in the previous investigation, had increased in intensity.

More than half the respondents said inventories since February had dropped, while 67 percent planned to keep inventories at lower levels than at the beginning of the year.

About 50 percent reported a decline in sales (33 percent at the beginning of the year).

Sales for 42 percent of respondents still showed a positive trend.

Short-term sales expectations were also relatively negative because 51 percent of respondents expected a further decline over the next few months.

"This expectation is in stark contrast to the situation in February when the majority predicted an increase in sales," Mr van Zyl said.

Credit sales to date had remained virtually unchanged, with most respondents not foreseeing any change in the next few months.

However, problems had begun to occur with the payment of accounts and 39 percent of the respondents indicated they had tightened their credit control measures.

About 38 percent were planning to implement stricter credit control measures.

"As can be expected, there exists a clear trend of increasing bad debts that have to be written off, with 27 percent of respondents experiencing increases in non-recoverable debts," Mr van Zyl said.

"Expectations about future bad debt followed the same pattern. One out of every four respondents believed the non-payment of accounts will increase in the next few months."

The trend of declining profitability noted in February had increased during the year, with 40 percent of respondents now reporting poorer profits. Only 23 percent had reported improved profitability.

Short-term expectations about the course of the economy in Pretoria and its surrounding areas followed the same pattern, with 44 percent of the respondents expecting a further drop in business activity.

Only 22 percent had a more positive outlook and believed economic conditions would improve.
$88m US Bank loan for black business projects

JOHANNESBURG - 18/10/90

Our correspondent

Wednesday, October 31, 1990

The opposition of the first world nations and international finance to expand black businesses in Africa is under the guidance of the South African Development Corporation (SAC), a black controlled corporation in the wake of new business opportunities in the wake of new international finance to expand black businesses in Africa. SAC has a loan of $88m from the US Bank.
Slowdown making the landlords vulnerable

The slowdown in the property market offers an opportunity for tenants to take advantage of landlord vulnerability to improve their business environment and the quality of their accommodation. J H Isaacs (JHI) director of office leasing and sales division Steven Kesler says the cost to a tenant of moving and taking better quality space is lower now than in an economic upturn.

Also, the opportunity costs of a new address are minimised, while the foundation is prepared for maximum productivity when the upturn occurs.

In a weak market, some landlords will consider a weak rental structure. Institutions won't because they can afford to hold vacant space rather than being tied into lower rentals for five to 10 years.

They would rather consider rent-free periods, the overrun of installation as a 'negotiable item' or make a contribution to part of the relocation costs in order to strike a deal.

In a strong market, the tenant pays the overrun and no help is given with relocation and there are no rent-free periods.

Kesler says tenants relocated by JHI during early 1988 before the rental increases are enjoying a cost structure 50% lower than recent occupants, which they will enjoy for a further three to seven years.

As a result, they are better situated to endure the economic downturn than their competitors who may have moved in a buoyant market at a far higher rental.

Kesler says the economy will begin to strengthen during 1992. Most recent economic cycles have been two to three years.

Because the property market lags the general state of the economy by 12 to 18 months it means the property market should pick up in late 1992 or early 1993.

Interest rates will remain high until the Gulf situation is resolved because SA needs to maintain a positive balance of payments and because the gold price has not responded as expected.
Edgars Stores

earnings up 24% 

Financial Staff

The clothing, footwear, textiles and accessories retail and wholesale group Edgars Stores reported a 24% rise in earnings per share from 113.2c to 140.5c in the six months ended September 29, in spite of difficult trading conditions.

The interim dividend was increased by 22% from 27c to 33c a share.

Turnover rose from R908m to R1,14bn and pre-tax profit to R141.2m from R114.0m.

Tax increased from R56.5m to R69.3m leaving attributable earnings of R71.3m against R57.3m in the corresponding period the previous year.

The group achieved earnings for the year to last March 31 of 243c a share, and paid 93c a share in dividends.

The directors say disposable income continues to be eroded by high interest rates and the effects of a steep increase in local fuel costs in response to the rise in world oil prices.

This will dampen consumer spending in the months ahead, they say.

"Nevertheless, we are optimistic that growth in earnings for the full year will be satisfactory, albeit at a slower pace than reported for the past six months," they say.
Edgars chain helps to shore up group

SYLVIA DU PLESSIS

THE Edgars chain saved the day for the SAB-controlled Edgars group at the halfway stage, allowing it to post a 24% growth in earnings to 140.3c (112.6c) a share in the face of higher inflation and tight trading conditions.

A dividend of 33c — up 22% from 27c — has been declared for the six months to end-September.

Deputy chairman and CEO Vic Hammond and Group MD George Beeton said in an interview yesterday unrest, boycotts and stayaways had disrupted the markets in which both the two other divisions, Sales House and cash-based Jet, traded.

Sales House's business was 100% black consumer-orientated, while 55% of Jet's sales were black-generated, they said.

That meant the two were more susceptible to socio-political disruptions than the Edgars chain, which had an "in-built advantage" in that its 1.6-million active account holders provided some loyalty.

Accordingly, Sales House's and Jet's contributions to pre-tax profits were only 8% and 1% respectively, compared with the 89% the relatively upmarket Edgars chain chipped in. Manufacturing entity Celrose added the remaining 1%.

Edgars' contribution helped raise total sales by 26% to R1,14bn against a national growth rate of 17% in the clothing, footwear, textiles and accessories (CFTA) market, while an upick in margins to 14.7% (14.4%) lifted operating profit by 29% to R180,7m.

After interest of R27,5m (R17,1m) and

Edgars £103,4 m 31 | 31

Edgars taxation of R58,9m (R56,5m), attributable earnings for the blue chip performer amounted to R71,3m (R57,5m).

Hammond and Beeton said credit facilities and an advance in the group's share of the R1bn CFTA market to 16,2% at end-July from 15,2% also aided sales growth.

Lower cash sales, representing only 15% of total sales at the Edgars chain and 8% at Sales House, evidenced the economic downswing, they added.

"Cash sales always diminish in a recession, but the credit switch has never been

as dramatic. It's a national phenomenon," Hammond said.

On prospects, Beeton said disposable income would remain under pressure in the second six months due to high interest rates and the "knock-on" effect of steep increases in fuel costs.

However, sufficient stocks were in place to ensure 25% growth in Christmas sales.

The shares, under some downward pressure lately, closed unchanged at R31 yesterday from a R39 peak in February.

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World rethink of strategies in SA needed

Mr de Klerk said decline in domestic excess demand had posed a problem of maintaining a positive balance of trade. "We will be moving from trade deficits to trade surpluses," he said.

The government was determined to "dump" the inflationary policies of the past. The new government was not "periodically embellishing" predominantly free-market policies. It was determined to adopt "fiscally conservative macroeconomic policies with a strong and judicious role for the private sector," de Klerk said. He added that the new government would "not make the same mistakes as before."

"We are determined to move ..."
Business wants a say in constitution

By Michael Chester

Big business yesterday demanded seats of its own alongside political parties at negotiations on a new constitution.

Pressure on the government to allow the business world to voice its views about the shape of constitutional reform took first priority on the agenda of the first annual convention of the SA Chamber of Business when it opened in Johannesburg.

The response from the Government was positive and swift, Deputy Minister of Constitutional Affairs Roel Meyer, who attended as an observer, said business participation in negotiations would be welcomed.

The proposal was put by the Johannesburg Chamber of Commerce and Industry, which said business had a vital stake in the outcome of political negotiations.

The main objective was to ensure that the constitution that emerged inspired a new wave of business confidence and new flows of domestic and overseas investment rather than leave clouds over the economic outlook.

"Business confidence in South Africa in particular depends to a large extent on perceptions of political stability and sensible economic policies," the Johannesburg chamber said.

"It is accordingly imperative that the process of political change is handled in such a manner as to avoid creating a climate of needless uncertainty for existing businesses and potential investors."

Among the critical factors were the issues of nationalisation versus the private enterprise system and how the redistribution of wealth should best be tackled.

It was crucial that constitutional reform was underpinned by economic growth.

"Dubious and failed systems such as socialist centrally planned economies will — as has been the experience in Eastern Europe and Africa and elsewhere — lead not to wealth creation but to a destructive loss of opportunities," it said.

"South Africa must avoid opting for measures or policies which threaten the wealth-creating mechanisms of the market economy."

"This does not imply that business should not be prepared to look at ways and means in which the performance of the market economy in South Africa could be improved or restructured."

"On the other hand, however, business will have to deal with nationalisation and related arguments as vigorously and critically as it previously dealt with interventionist policies by government."
Shift in education bias gets backing

By Michael Chester

The SA Chamber of Business (Sacob) yesterday pledged full support for sweeping reform of the education system to shift the bias in schools and universities from academic courses to the development of vocational talents.

The first annual convention of Sacob — formed out of the merger of Assocem and the Federated Chamber of Industries — was told in Johannesburg that radical new thinking was vital to combat "an acute crisis".

**Fill gaps**

Delegates agreed that an education system relevant to the future needs of a new South Africa at all levels, economic, political and social, had to be devised.

Among the priorities would be a national literacy campaign to fill the gaps in education caused by apartheid policies, which had left 70 percent of black adults with less than five years of schooling.

Proposals to set new initiatives in motion were set out by the Durban Metropolitan Chamber of Commerce, which argued that closer links between education models and economic development were essential.

The potential results stemming from more concentration on vocational rather than purely academic talent had been shown by the economic miracles seen in Far East countries such as Japan, Taiwan and South Korea.

In South Africa, problems had been compounded by an over-emphasis on academic studies at higher tertiary education levels, leading to gross imbalances and distortions in the distribution of manpower.

The bias in favour of academic courses was not confined to white students alone but was spread across the spectrum of all population groups.

"A correction of these imbalances is fundamental to the achievement of healthy economic growth and progress," the Durban delegation argued.
McDonald's burger franchises coming

Black business projects to get $85m US loan

THE Import/Export Bank of America (Eximbank) is to fund black business projects in SA with a loan of $85m.

And in a further development, several US companies, including McDonald's Hamburgers and Johnson and Johnson, are expected to announce extensions of franchises to black SA business men.

The moves were confirmed yesterday by business consultant Willie Ramoshaba, who co-ordinated the 65-man Black Business Observation team's visit to the US this month.

He said the loan, which would not be underwritten by local banks, was one of the major successes of the trip.

Details of the local projects would be released in due course, he said.

Ramoshaba said several companies, including McDonald's and Johnson and Johnson, had indicated they were interested in making franchises available to black businessmen.

"The funding by Eximbank, at 10.6% interest, is exempted from sanctions legislation in terms of Congressional approval which granted the bank power to back black business ventures," Ramoshaba said.

"The agreements have to respect the prevailing sanctions laws, so all, except the Eximbank agreement, will only come into effect after sanctions have been lifted," he added.

The US Comulate's senior commercial officer Richard Jackson said Eximbank, which finances US foreign trade, had been given authority to finance black SA ventures under the original sanctions legislation in 1986.

THEO RAWANA

He had not yet had any feedback from the US on the loan and had not spoken to local business on the matter.

Ramoshaba said the mission, led by Soweto civic leader Dr Nthato Motlana, was the first to get the support of sanctions lobbyists, and it was fully backed by black organisations in SA.

He said the US-based International Finance Corporation (IFC) was also considering various schemes to finance black business ventures in SA and was expected to make an announcement soon.

"We also expect an announcement from various entrepreneurs black investors who are fine-tuning schemes to invest in SA through the African Growth Fund, which we started before we left."

The objectives of the mission were to expose black businessmen to market opportunities in a First World environment, to show them how their counterparts did business with new ideas and technology," Ramoshaba said.

The team also set out to interest black Americans in doing business with blacks in a post-apartheid SA and look at the possibility of future funding of black business projects.

The mission left SA on October 7 and returned last week.

In July, ANC deputy president Nelson Mandela wrote to US Congressman William Gray, a leading proponent of sanctions, asking him to support the SA business leaders' mission.
Boycott of CP

By SOPHIE TEMA

CONSUMER boycotts are likely to hit several Conservative Party-controlled towns in the Free State from tomorrow.

The boycotts have been called to protest against the withdrawal of services from several townships in the province.

In Maokeng near Kroonstad, residents will embark on a consumer boycott tomorrow to highlight their dissatisfaction over water and electricity cuts.

At a meeting held in the township this week, a decision was reached that blacks will boycott all white shops in the area, including Kroonstad.

Maokeng residents say they are being supplied with water for only six hours a day – from 12 noon to 6pm – while other areas in the township are not supplied at all.

This week electricity was switched off and the entire township was plunged into darkness, which resulted in residents making a resolution not to pay service charges until their demands have been addressed.

Petsana township near Reitz has had water cut off and night-soil buckets have not been removed for five days.

Town clerk Japie Piensar agreed at a meeting held with the Petsana Civic Association to have water supplied to the area daily between 6am and 4pm.

A meeting will be held by Petsana residents at 2pm today to decide on a plan of action.

An indefinite consumer boycott in Parys started at the end of September and targeted white and Indian businesses.

In Johannesburg, a plea has been made to the government to encourage town councils to negotiate with residents and address their grievances instead of cutting basic services.

Once the grievances of the people have been addressed, payment of services will be normalised.

This conclusion was reached at a meeting held between leaders of member churches of the South African Council of Churches recently.

Crisis deepens as electricity and water cuts cause chaos

The church leaders said: "For a considerable period of time, residents in a number of Reef townships have been expressing their grievances to councils about corruption in the administration of the councils and the poor quality of the service they provide.

"We are concerned about this inhumane action of depriving people of water and electricity, as this creates severe practical difficulties and is an obvious health risk, especially where people are living in cramped conditions."

"It is an affront by the South African Government that people be treated in such a disrespectful manner."

The leaders have warned that if government cannot encourage the councils to negotiate with residents, certain elements may exploit the unrest in the townships to help disrupt the negotiations process.

This week the Daveyton Town Council and Eskom reached an interim arrangement on the supply of electricity, which calls for a weekly review of service payments by residents.

The new arrangement has been motivated by a marked improvement in payments by Daveyton residents in recent weeks, said a council spokesman.

The spokesman said: "A number of interested parties, including civic associations, were engaged in a series of meetings aimed at finding long-term solutions to problems concerning the structure of local authorities plus residents' and councils' ability to afford payment of services."

Other areas where there are water and electricity cuts are Toekomsrus, Atteridgeville, Jouberton and Eldorado Park."
Nafcoc blueprint for black empowerment

CAPE TOWN — All Johannesburg Stock Exchange-listed companies must have at least 30 percent of black board members, 40 percent of shareholders must be black, 50 percent of outside purchases must come from black-owned suppliers and 60 percent of top managerial and personnel must be black, a National African Federation of Chambers of Commerce resolution states.

Nafcoc president Sam Motsepeyane told an international conference on "South Africa's economic and financial prospects" in Cape Town yesterday that this should be achieved within 10 years, if not sooner, to restructure the formal economic sector to include blacks in its ownership, management and operational activities.

This would give expression and meaning to black economic empowerment, he said.

While the business community was concerned at how a post-apartheid government would solve the problem of redressing the gross imbalances in the economy, it had a responsibility to make positive proposals as to how these could be redressed.

Other areas which required attention was black access to land and capital, labour mobility, and access to good-quality education and training.

To attend to land ownership discrepancies, the Land Acts of 1913 and 1936 had to be scrapped, as did the Group Areas Act. These steps had already been envisaged by the Government, Dr Motsepeyane said.

The farming industry had to be depacialised and both black and white farmers be given the same recognition and aid by the State. The various agricultural departments should be rationalised to ensure the optimisation of resources, and an appropriate funding structure established to help individual black farmers or syndicates to buy State or white-owned land.

The Government's setting aside of R3 billion for black education, housing and community development had to be seen as a positive move and should be emulated by the private sector, he said. — Sapa.
Video suppliers restrict competition

The Competition Board has recommended that certain actions of SA’s eight video distributors, especially Ster Kinekor Video Pty Ltd, have restricted competition and should be declared unlawful.

The board’s findings, published by Administration and Economic Co-ordination Minister Wim de Villiers in Friday’s Government Gazette, are the outcome of a yearlong investigation.

The bulk of submissions, orchestrated by the SA Video Retailers’ Association, were against Ster Kinekor and four areas of restrictive practices were identified, the report said.

The contractual provision obliging video store owners to buy videos they did not want was identified by complainants as most irksome and exploitative.

Ster Kinekor’s marketing policy presented the most problems in this respect. It entailed selling tapes in “packages” of seven, which dealers said contained films they would not usually buy. Individual films were available separately without discount only a month after their launch.

By obliging video dealers to buy films they did not want in order to acquire the one or two films they required on the launch date, Ster Kinekor was channelling funds to itself, which, if dealers had had a

Video boarded 27/11/90

free choice in the matter, would most likely have been spent on films from other distributors, the report said.

The board found Ster Kinekor’s contractual obligation restricted competition between the company and other distributors.

Many video dealers complained of Ster Kinekor’s preferential treatment of CNA. They said CNA was allowed to purchase a minimum of 300 copies of a video.

This enabled CNA to stock only the more popular titles. Video dealers contended that this gave CNA an unfair competitive advantage and restricted competition.

The board found that video distributors' application of dissimilar prices, terms and conditions in their contractual relationships with video store owners restricted competition between store owners.

Prohibitions or restrictions on the sale of videos to other retailers, which were stipulated by distributors in their contracts with dealers, also restricted competition, despite submissions from Ster Kinekor that this prevented piracy.

The unconditional prohibition by a distributor of the movement of videos between branches of a business owned by the same person should also be declared unlawful, the board recommended.
Tomorrow marks the 10th anniversary of the birth of the Small Business Development Corporation and the start of a celebration programme that will run until almost the end of next year.

It will be 10 years to the day that the late Dr Gerhard de Kock, former Governor of the S.A. Reserve Bank, turned a new page in the economic history of South Africa at the inauguration of the corporation in Johannesburg.

The occasion triggered a masterplan that had first been outlined by Dr Anton Rupert, head of the vast Rembrandt tobacco empire, at the famous Carlton Conference held a year earlier and which had promised the dawn of a new era in cooperation between the State and the business world in economic reform.

It opened an entirely new chap-

**Masterplan celebrates its 10th anniversary**

No fewer than 166 private sector companies now provide support to SBDC initiatives by shareholdings that have injected R128 million into development capital funds to assist the thousands of new small business ventures.

Their faith in the role of the SBDC was re-affirmed recently when shareholders ploughed an additional R30 million into central funds via a special rights issue.

Key dates taken from the 1991 calendar as the 10th birthday celebrations run into next year:

- **February 3** — Incorporation of the SBDC as a public company.
- **March 19** — First meeting of the SBDC Board of Directors.
- **July 1** — Dr Ben Vosloo appointed managing director.
- **October 19** — A special meeting of directors sanctions a new structure for the corporation.
- **December 1** — Implementation of new management structure and the incorporation of the Coloured Development Corporation, the Indian Industrial Development Corporation and the Economic Development Corporation’s assets into the SBDC.

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**Hive of activity ... A landmark development in Guguletu, outside Cape Town, attracts a myriad of shoppers to its wide selection of shops.**
Big business wants a say

Michael Chester notes a feeling that SA's future is too important to leave to politicians.
Vanderbijlpark shops boycott may resume

By Melody McDougall
Vereeniging Bureau

Indications are that the suspended consumer boycott in Vanderbijlpark will be reinstated following the management committee's decision not to allow a protest march in the town on Saturday.

This was confirmed yesterday by Zwelinzima Vavi, regional secretary of Cosatu's western Transvaal branch.

The decision to turn down an application for the peaceful protest march was taken after the CP-controlled Vanderbijlpark Town Council's management committee met a Cosatu delegation on Monday.

Management committee chairman Gerhard Smith yesterday said they had reasonable grounds to believe a march of 11,000 people would "probably obstruct traffic or impair the amenities of life and facilities of the public in general".

He said the closing of streets in the central business district, especially on a Saturday, would seriously restrict the freedom of movement of shoppers.

This could lead to hostile feelings between the different race groups, Mr Smith said.

If violence were triggered by any incident, it would inevitably result in public disorder.

"Therefore, the management committee had no choice but to refuse permission for the march."

Mr Vavi said that according to a standing decision taken earlier by the boycott committee, the boycott would be reactivated on November 30 if the town council failed to co-operate in the matter.

An alternative suggestion by the council, to stage a picket, was not acceptable.

Saying reasons for refusing the march were "a lot of rubbish", Mr Vavi said the issue was a political matter.

He said a meeting would be held soon to decide on which date the boycott would be reinstated in the town.
Youths ‘destroyed goods’

By Mckeed Kotolo
Pretoria Bureau

Atteridgeville residents have complained about intimidation by local youths who stopped vehicles entering the township and destroyed goods to enforce the consumer boycott which started on Monday.

Residents said youths stopped and searched vehicles for goods bought in town.

Groceries and other items found during roadblocks along the main taxi routes of Seeiso and Maunde Streets were confiscated and destroyed.

Some residents claimed to have bought groceries from Indian shops because they thought Indians businesses were exempt from the boycott.

Taxi commuters said the youths claimed they were acting on instructions of the local civic body, the Atteridgeville-Saulsville Residents’ Organisation.

Several incidents of damage to property have been reported since the weekend violence in the area.

Latest reports said two buses belonging to the SA Defence Force were gutted on Tuesday afternoon.

Police said they had arrested 21 people during yesterday’s pre-dawn raids.
Mandela phones Winnie, urges intensified struggle

African National Congress deputy president Nelson Mandela has called for an intensification of the struggle on all fronts, his wife, Winnie Mandela, told an Actstop civic organisation meeting in Johannesburg last night.

Mrs Mandela said her husband had telephoned her yesterday morning from the United Kingdom and had asked her to convey the message to the meeting.

He had said the last stage in the struggle, against apartheid, would be the most difficult one.

Mrs Mandela called for an intensification of mass action, including protest marches, stayaways and consumer boycotts.

The suspension of armed action did not mean the suspension of mass action.

The call for intensified unified mass action was echoed by various other speakers, including SA Communist Party central committee member Essop Pahad; president of the Civic Associations of the Southern Transvaal, Moses Mayekiso; and Actstop President Sandle Ngidiela. — Sapa.
Bid to end
Northern TVL
shop boycott

By Dirk Nel
and Sapa

LOUIS TRICHARDT — The
crippling consumer boycott of
white- and Indian-owned shops
in Louis Trichardt continued
yesterday amid new develop-
ments which could cut the dura-
tion of the protest action.

Moves were afoot to convince
the boycott organisers that
some of their demands were re-
cieving attention.

Last year Dr Gerri Viljoen,
Minister of Constitutional De-
velopment, promised that Tok-
ota township would be upgrad-
ed — but this would not happen
overnight, a local attorney said.

A demand that workers be
allowed to join the trade union
of their choice could not be en-
forced locally, he said. The pos-
sible opening of the CBD was
also receiving attention at Gov-
ernment level, he said.

Yesterday there were fears
that tenants in the central busi-
ess area would be unable to
pay rent if their income dwin-
dled over the Christmas period.

Retrenchments have also
caused alarm among workers.

● It is reported from Kroon-
stad that business has dropped
by 70 percent because of the
consumer boycott of white busi-
nesses by Maokeng residents.

It was also reported yester-
day that Maokeng was facing
“militant action” following the
arrest of 10 youth activists.

A Kroonstad police spokes-
man said 10 youths were being
questioned in connection with
cases of public violence.

● In a bid to open their town,
the National Party-controlled
Pietersburg Town Council de-
cided this week to recommend
that the central business dis-
triet be opened to all races.
Reasons for boycott

The continuous harassment and "mishandling" of blacks by some whites in Louis Trichardt was one of the reasons for the consumer boycott due to start on Wednesday this week, a meeting of the Far Northern Transvaal Business Congress was told at a meeting at the weekend.
Strategic business planning survey launched

Political Staff

A strategic business planning document, meant to help businessmen "survive the most dynamic transition period in the history of South Africa", was launched in Johannesburg this week.

The Political Environment Survey (PES) is an overview of the implications and strategic considerations of the socio-political developments in South Africa during the next five years, said co-author Michael Olivier.

Mr Olivier, president of the Five Freedoms Forum (FFF), said the PES would provide essential input to strategic planning for business growth and survival.

Co-authors were Institute for a Democratic Alternative for South Africa executive director Dr Frederik van Zyl Slabbert, Business Performance Strategies managing director Michael Charnas and FFF press officer Gael Neke.
Public asked to help with survey

A survey to obtain information on spending patterns for the compilation of the consumer price index (CPI) and South Africa's inflation rate has run into an unexpected problem. People do not want to complete the questionnaire. The survey is being conducted by the Centre for Statistics of the Human Science Research Council (HSRC), which has now appealed for cooperation from the public so reliable information can be obtained and the CPI and inflation rate can be calculated.

The fact that the general public does not realise the importance of this kind of survey makes people hesitant to provide information, the HSRC says.

With the questionnaire, it can be determined how much households spend on food, housing, transport, clothes, recreation, etc. The extent to which the price of such a 'basket' of goods and services changes is used to determine the inflation rate.

ROY COKAYNE

The composition of this 'basket' is regarded as the spending pattern.

"This changes continuously and must be determined every five years," information obtained from the questionnaires is also to be used to calculate the average cost of food consumed, average housing cost and other economic and social indicators.

The CPI and the inflation rate have an influence on government policy with regard to such things as interest rates and prices.

The survey is being done in 23 areas - Pretoria, Cape Town, Port Elizabeth and Uitenhage, East London, Kimberley, Durban, Pietermaritzburg, Bloemfontein, Free State goldfields, Klerksdorp, Vaal triangle, Johannesburg and the rest of the Witwatersrand.

The HSRC says revision of the index on which the CPI is based requires scientific calculations based on 16 000 questionnaires.
Fostering an export culture
Store chain gets 'green' centres

Pick 'n Pay has launched special centres to provide information on environmental issues.

Stebledale Hypermarket GM Alan Malakau said the "enviro-centres" had been introduced in all the group's stores and provided pamphlets covering 20 environmental topics, which would be regularly updated.

The pamphlets, which had been written by experts, gave references and contact numbers for additional information.

The centres also screened videos on environmental issues.

Malakau said the group committed itself to 14 environmental issues two years ago, including recycling, environment-friendly products and school programmes.

Last month the group launched a nationwide "Enviro-Can" project for the recycling of tin waste.

"Lucky Can" machines - based on one-armed bandits - had been placed at the entrance to Pick 'n Pay stores, he said.

When a sold drink or beer can was disposed of, a fortune wheel turned and prizes were issued on certain commodities.

Malakau said the project had been phenomenally successful.
Furniture sales miss mini-rally

RELAXATION of credit restrictions on consumer goods in March resulted in exceptional sales growth of household appliances, TV and audio equipment — but furniture business is dull.

Sales of appliances for the year to August 30 jumped by 40.8%, audio equipment by 57.2% and TV sets by 55.5%. But furniture sales rose by only 22.1%.

Frans Jordaan, executive director of the Furniture Traders Association (FTA) says, however, that the increases were off the low base of August last year when credit restrictions depressed sales.

The figures also include finance charges on sales which now stretch over two years compared with one year last August and are based in 1990 money terms, thus taking inflation into account.

But there is cautious optimism in the trade. After several difficult years, it is hoped that sales from September to the end of the year will climb again.

Mr Jordaan rejects a proposal by Trade and Industry Minister Kent Durr for greater regulation of the retail furniture industry.

By DON ROBERTSON

The proposals include a code of conduct to "strengthen and clarify" consumer law.

Mr Jordaan says: "Members of the FTA already subscribe to a stringent code of conduct. It embodies a great deal of consumer protection. More than 90% of furniture stores, including all the big groups, are FTA members."

Mr Durr says several laws apply to furniture retailers.

Variance

Mr Jordaan says: "We do not need any more. We believe the proposals are at variance with the Government's intention to deregulate the economy."

Mr Jordaan says the reason for higher sales of appliances, TV sets and audio equipment is pent-up demand.

Winston Smith, executive director of the Furniture Manufacturers Association (FMA), says manufacturers are not as busy now as they were last year.

In June, 703 workers in a total of 27 factories were working short time and the situation is about the same now.
Tomorrow marks the 10th anniversary of the birth of the Small Business Development Corporation and the start of a celebration programme that will run until almost the end of next year.

It will be 10 years to the day that the late Dr Gerhard de Kock, former Governor of the SA Reserve Bank, turned a new page in the economic history of South Africa at the inauguration of the corporation in Johannesburg.

The occasion triggered a masterplan that had first been outlined by Dr Anton Rupert, head of the vast Rembrandt tobacco empire, at the famous Carlton Conference held a year earlier and which had promised the dawn of a new era in cooperation between the State and the business world in economic reform.

It opened an entirely new chapter for our private sector companies now provide support to SBDC initiatives by shareholdings that have injected R129 million into development capital funds to assist the thousands of new small business ventures.

Their faith in the role of the SBDC was reaffirmed recently when shareholders ploughed an additional R30 million into central funds via a special rights issue.

Key dates taken from the 1991 calendar as the 10th birthday celebrations run into next year:

- **February 9** — Incorporation of the SBDC as a public company.
- **March 19** — First meeting of the SBDC Board of Directors.
- **July 1** — Dr Ben Venicci appointed managing director.
- **October 19** — A special meeting of directors sanctions a new structure for the corporation.
- **December 1** — Implementation of the new management structure and the incorporation of the Coloured Development Corporation, the Indian Industrial Development Corporation and the Economic Development Corporation's assets into the SBDC.

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Hive of activity... A landmark development in Guguletu, outside Cape Town, attracts a myriad of shoppers to its wide selection of shops.
A more resourceful future

In fact, our whole experience is based on this principle. Whether it's the South Africa that we're working towards or the one that we're going to build, I believe that a different world is within our grasp. We can make it happen.
Black boycott grips Louis Trichardt

LOUIS TRICHARDT — A full consumer boycott of white and Indian-owned businesses in Louis Trichardt began yesterday, despite urgent talks between the Soutpansberg Sakekamer and the central boycott committee.

Boycott organisers are demanding the immediate upgrading of the nearby Thohokukgela township, the creation of a free settlement area and the opening of the central business district to all traders. They insist that the demands are non-negotiable.

The boycott is planned to last the entire festive season.

Buses to Louis Trichardt were half empty yesterday as large numbers of Venda shoppers stayed at home. Workers arriving by taxi gave shops a wide berth.

Soutpansberg Sakekamer chairman Brink Schlesinger said cafes, take-away shops, supermarkets and clothing stores would be worst hit. But he expressed optimism that the dispute would be resolved soon.

He claimed that the assault by a white vigilante group on black Sunday school children in the town on Saturday “did not represent the attitude of most whites here”.

- The Indian community yesterday deplored Saturday’s incident, saying it had disrupted the town’s tranquility.

The Reverend George Mohali, the Apostolic Faith Mission minister who was in charge of the Sunday school children, said he wished to lay the matter to rest now that a police investigation was under way.

- **Durr’s now past ‘outpouring of a tragedy’**
- **Axe murder**
'Black Christmas' looms as masses push for protest

By Shaun Johnson

It is virtually certain that a "Black Christmas" will be declared in the townships this year, despite the fact that political organisations — and ANC deputy president Nelson Mandela — are free for the first time in nearly three decades.

ANC publicity chief Dr Pallo Jordan told The Star the organisation was under intense pressure from members and supporters to declare a Black Christmas.

**Massacres**

"It's an issue we can't ignore," he said, "it's not we who are calling for it but ordinary people in the streets, in view of what has happened here in the PWV region in the last few months, the massacres that took place here."

Dr Jordan said officials in the Congress of South African Trade Unions and the United Democratic Front "are getting the same sort of feedback."

"This is another form of mass action," he said. "It was different from the marches and rallies which have led to the current impasse with the Government, 'but it is still people acting together to make a point'."

ANC representative Gill Marcus said the Black Christmas would, as in the past, involve consumer boycotts, although these would be declared on a localised basis. "For example, a boycott is starting in Louis Trichardt today in protest against the right-wing attacks on schoolchildren. It was not declared from the top."

The main thrust of the Black Christmas campaign, however, would be "non-celebration" in the townships over the festive season. "There is also a very literal sense in which it will be a Black Christmas," she added, "in that power is being cut off in so many townships."

Ms Marcus added: "It is tragic and totally contradictory that the Black Christmas is necessary, because this is the first Christmas of an unbanned ANC, and of a free Mandela."

"There should be enormous celebrations; it ought to be a time when people are feeling the benefits (of the changes which have taken place). (The situation) is in total contradiction to what we would have hoped."

The Black Christmas will also mark the fact that many political prisoners have not been released, and the bulk of exiles have not been enabled to return, she said.

The ANC head office was under "very strong pressure" from ANC branches, civic associations "and even whole communities", Ms Marcus added.

It was possible that the ANC national executive committee would be called upon to take a formal decision on the matter, "but the feeling is that this shouldn't be something that is imposed from the top, by the NEC. There were officials within the organisation who felt a public stand was necessary, however. The ANC would try to use the Black Christmas "positively, to push for unity.""

**Dragging**

Dr Jordan said the development should not be viewed as a negative initiative by the ANC.

"We don't want the process of transition to be delayed," he said.

"We feel that the South African Government is dragging its feet in bringing about the changes to allow us to arrive at a situation where we have normal political activity.

"So these are some of the issues that mass action (including the Black Christmas) is going to have to address."
'Black Christmas'
loom as masses
push for protest

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"So these are some of the issues that mass action (including the Black Christmas) is going to have to address."
Mixed reaction to boycott

Staff Reporter

In Boksburg, the Voorskloofs Civic Association (VCA) called for a boycott after it failed to reach agreement with the local council. The VCA is demanding that residents pay a flat rate of R50 and the council is demanding R60.

The council has retaliated by switching off electricity at intervals for the past two weeks. A Checkers spokesman said business in Boksburg had definitely been affected by the boycott, while in Kroonstad it was still too early to assess the situation.

A spokesman for a Pick n Pay in Kroonstad also said it was too early to comment.

Spokesmen for businesses in Boksburg and Kroonstad have expressed mixed reaction to the ongoing consumer boycotts in the towns.

The ANC-aligned Maokeng Democratic Crisis Committee is demanding the resignation of the entire Maokeng Town Council before it is prepared to discuss lifting the boycott.

According to Kroonstad municipality, Maokeng residents owe more than R1 million in arrears for services, and last Wednesday it went ahead with a threat to cut off the township’s electricity and water.
Boycott will be last straw, say retailers

By Louise Burgers

A festive season consumer boycott would have a devastating effect on retailers and could lead to the closure of some small businesses, The Star found in a snap survey of small stores and large retailers in Johannesburg.

Small retailers said the economic recession had already affected sales before the Christmas rush had even begun. A consumer boycott would be the last straw for some of them.

ANC publicity chief Dr Pallo Jordan told The Star earlier this week that the organisation was under intense pressure from members and supporters to declare a "black Christmas" in the townships.

Backlash

As in the past, this would involve consumer boycotts.

Some retailers interviewed wished to remain anonymous for fear of a backlash if their shops were identified.

A children's clothing store owner said: "We have not had such bad business since the 1985 Christmas boycott. A consumer boycott now would be disastrous. I would be forced to close shop in January."

Pick 'n Pay southern Transvaal general manager Mike van de Merwe believes the group's inland stores could benefit from the poor tourist season expected in coastal areas, leading to a positive Christmas for the group. This would change drastically in the face of a consumer boycott.

"A consumer boycott would have a devastating effect on our business as black consumer spending power is becoming greater every day."

Mr van de Merwe said Pick 'n Pay experienced a 10 percent decline in sales during the 1985 Christmas consumer boycott.

A sign of hard times, one trader said, was the lack of lavish Christmas decorations in store windows this year.

"The manager of a men's clothing store said his group would be hard hit by a consumer boycott and that "we would feel it desperately."

Another trader said a boycott similar to the one in 1985 would be very harsh for shopkeepers.

OK Bazaars managing director Gordon Hood said his prognosis for Christmas business was reasonable, as the economy was not positioned for a great season. He said it was dangerous to speculate on the effects of a possible consumer boycott.

Three weeks ago the SA Chamber of Business (Sacob) predicted in a survey on Christmas sales that South Africans would spend a record R15 billion during Christmas this year but that sales on most goods would be down. The cash squeeze caused by the recession would also result in gifts being smaller.

Sacob senior economist Bill Lacey said the chamber's predictions would change for the worse if a consumer boycott were implemented.

Mr Lacey said respondents to Sacob's earlier survey were concerned about the effects of a boycott on Christmas sales, especially in the Free State, where there was much racial conflict. Similar types of conflict were emerging in Louis Trichardt, now in the grip of a full consumer boycott.
Petrol price cut widely hailed

THE 15c a litre drop in the petrol price, due to come into force on Monday, has been widely hailed.

The SA Chamber of Business yesterday welcomed the reduction, saying it would bring much-needed relief to the man in the street.

However, it added that the frequency of fuel price changes should be dictated by a medium-term assessment of the global situation, rather than by volatile day-to-day fluctuations.

Jan Cronje, director of the SA Co-ordinating Consumer Council, welcomed the price cut, but noted that fuel prices still were very high and should still be used economically.

The Automobile Association has also welcomed the announcement. The AA's assistant general manager of public affairs, Robin Scholtz, said it was gratifying to note that the Minister of Energy Affairs, Dr Dawie de Villiers, had kept his word by passing on any reduction to motorists.

Appeal

He appealed to commerce and industry to review any prices they might have introduced as a result of the recent fuel price rise and to pass on any savings to the consumer.

The Southern African Bus Operators Association (Saboa) also expressed its appreciation at the decision to cut the fuel price.

A Saboa spokesman said he was concerned that the price might again be increased because of the crisis in the Middle East.

Fuel price changes were a costly exercise because new commuter tickets had to be printed after every adjustment.

The Democratic Party urged producers and distributors to pass the benefit on to consumers.

The DP's mineral and energy spokesman, Geoff Engel, said "numerous short-term price fluctuations will be extremely disruptive to the economy".

In Windhoek, Namibia's permanent secretary for mines and energy, Dr Leslie Hangula, told Sapa the threat of war in the Gulf was still preventing the Namibian government from cutting the price of petrol.
End of consumer boycott

THE six-week-old black consumer boycott in Bloemfontein ended yesterday morning after an agreement was signed and a forum established on Wednesday night to negotiate on further problems of mutual concern.

Terms of the agreement are that the Bloemfontein City Council will supply water at the squatter areas in Manguang and will test electricity meters that are said to be faulty.

Problems

A technical committee will be formed to investigate the problems with water and electricity and will advise on the fairness of the electricity tariff of R10 fixed charge and 8.3c a kilowatt hour - the standard charge for electricity supplied by the council.

Bloemfontein Mayor Mr Henri Lerm said yesterday what had been achieved was that through negotiations problems had been ironed out.

"If we want a better Bloemfontein we will have to work for it. The new South Africa will need a lot of goodwill and understanding.

"We have made friends. When you start talking and negotiating you come to the understanding and realisation of the needs of other peoples and sectors," he said. - Sapa.
Cosatu deals blow to plan for a boycott

By Monk Nkomo

THE call to boycott white-owned businesses in Pretoria from Monday received a blow yesterday when the nearly 200,000-strong membership of Cosatu's northern Transvaal region distanced themselves from the move.

Cosatu regional secretary Mr Donsie Khumalo said they, the UDF and the Anti-Bophuthatswana Co-ordinating Committee had only called for a one-day stayaway from work on Monday to demand, among other things, the lifting of the state of emergency in Bophuthatswana and the repeal of the homeland's Labour Relations Act.

Meetings

The call to embark on an indefinite consumer boycott of white businesses was made at church meetings organised by the Atteridgeville/Saulsville Residents Organisation on Tuesday night.

Khumalo said yesterday Asro was affiliated to the UDF and could not override its motherbody and issue statements on its behalf.

"Most of our more than 150,000 workers only know about the one-day stayaway on Monday. We know nothing about the indefinite consumer boycott," said Khumalo.
Cosatu not party to Pretoria boycott

CONTROVERSY surrounds the start today of an indefinite consumer boycott of white businesses in Pretoria after the 200,000-strong local branch of Cosatu said they were not party to the action.

Mr Donsie Khumalo, Cosatu's Northern Transvaal regional secretary, said their members only knew of and had given a mandate for a one-day stayaway from work today.

The stayaway has been called in protest against the Bophuthatswana government's refusal to allow the federation to operate in the homeland.

The stayaway has been organised by Cosatu, UDP and the Anti-Bophuthatswana Coordinating Committee. Cosatu's demands included the lifting of the state of emergency and the repeal of the homeland's Labour Relations Act.

"We never called for a consumer boycott," said Khumalo. Cosatu members interviewed at the weekend also indicated that they were not in favour of the consumer boycott.

Meetings

The boycott of white businesses and today's stayaway from work were announced in Atteridgeville last Tuesday at church meetings organised by Asro.

Pamphlets making a similar call were distributed in the township at the weekend by the "Mass Action Committee and the Anti-Bop Coordinating Committee".

Areas affected also include Mamelodi, Soshanguve, Brits and Kwa-Ndebele.

Students, teachers, journalists and nurses are not affected by the stayaway.

The demands include a single tax-base for Pretoria, dismantling of the black local authorities and the restoration of electricity in Atteridgeville and Zithundeni.
Support for Trichardt boycott

The call for a consumer boycott of Louis Trichardt town has received unanimous support following the weekend incident in which Neo Nazis molested black Sunday school children.

The beatings were condemned by several organisations who called on the police to apprehend the culprits.

A team of investigators under the district CID Chief, Major AT Prinsloo, is expecting to make arrests within the next two days.

A meeting between the Consumer Boycott Committee, ANC, Conservative Party town councillors, security police and the Chamber of Commerce on Monday afternoon ended in deadlock.

Deadlock

ANC regional coordinator, Mr Thabo Makunyane said deadlock meant all plans were going ahead including the consumer boycott.

"Saturday's incident changed the matter altogether", he said.

ANC spokesman, the Rev M Malindi, said people should unite and show their feelings "by sacrificing" the niceties of life that can only be found in white-owned shops.

Terrorism

Azapo regional chairman, Mr Don Nkadimeng said black people should all "rally around the call for overt substantive action against white-owned businesses to show our complete abhorrence of the terrorism that was meted out to our children".

Venda's Brigadier
Shopkeepers try to end boycott in Kroonstad

KROONSTAD: Shop owners have been taking the legal route in ending the boycott launched by the Democratic All-Central Christian Council of the nearby Mafikeng Consolation and Luthuli townships after electricity rates and water tariffs were increased last month.

shopkeepers and the local action group, the Kroonstad Town council, had met last night and agreed on a resolution to stop the boycott.

The boycott was initiated by residents of the nearby townships of Mafikeng and Luthuli, who said they had been affected by high electricity and water tariffs.

The shopkeepers have also been in contact with the council and have promised to support the town council in its efforts to restore peace.

The council has also promised to work with the shopkeepers to ensure that the boycott is lifted and that the affected areas are provided with adequate electricity and water supplies.
Activities of Tradegro: Subsidaries in retailing, wholesaling and property. **Fi** 1 1/11/90

**Control** Sankorp.

**Chairman** M H Daling; MD: D Masson.

**Capital structure** 85.7m ords. Market capitalisation: R58m.

**Share market** Price: 120c. Yields: 9.2%; dividend: 18.4%; on earnings; p/e ratio, 2.21; cover, 2.0; 12-month high, 195c; low, 120c. Trading volume last quarter: 495,000 shares.

**Year to June 30**

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* Fully diluted.

Activities of Tradegro: Investment holding company with 55% holding in Tradegro.

**Control** Sankorp.

**Chairman** M H Daling.

**Capital structure** 40.8m ords. Market capitalisation: R52.8m.

**Share market** Price: 80c. Yields: 6.25%; dividend: 6.0%; on earnings; p/e ratio, 10.22; cover, 1.5; 12-month high, 110c; low, 60c. Trading volume last quarter, 6,66m shares.

**Year to June 30**

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</tr>
<tr>
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Tradegro, was about to go on a sustainable growth path. This time around, performance by its two major earnings contri- butors, Checkers and Metro, was worsened by boycotts, social unrest, strikes and other factors. Turnover was up but margins narrowed.

In a major restructuring in December, Frasers, Frascon and Interhold were delisted. The Rusk family furniture chain was sold.

**COMPAANIES**

**Fitt 2 1/11/90**

**Chairman** D Masson.

**Capital structure** 67m ords. Market capitalisation: R214m.

**Share market** Price: 320c. Yields: 6.6%; dividend: 12.8%; on earnings; p/e ratio, 7.8; cover, 2.0; 12-month high, 560c; low, 300c. Trading volume last quarter: 4,958,000 shares.

**Year to June 30**

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**Year to June 25.**

**Fitt 2 1/11/90**

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**Year to June 25.**

Sankorps’s Daling... committed to retailing...

departure was by Metro MD Tony McDaniel; Masson assumed control in his place.

Tradegro has identified three major areas for improvement - service, delivery, and effective use of installed technology (including distribution). Management hopes that this will improve operations and management functions. A major problem is that Checkers is held back by older stores among its 170 outlets. Locked in by property leases, it is not easy to close down an unprofitable branch. The pending closure of the massive warehouse store in South Hills, Johannesburg, now that the lease has expired, should boost earnings.

Many analysts maintain that retail trading requires a definite hands-on approach: Sankorp went the other way with its strategic investment approach.

When Sankorp was recently engaged in merger/takeover talks with Pepkor, it was hoped that Pepkor chairman Christo Wiese could “save” Tradegro. Sankorp CEO Marinus Daling maintains a Pepkor-Tradegro merger made sense, because Sankorp has an 18% stake in Pepkor and Wiese’s Cape-based group is active in a market segment where Tradegro has virtually no exposure. Pepkor’s main attraction for Sankorp was probably its cash-generating abilities and Wiese’s management expertise.

After more than five years’ involvement Sankorp must realise some time what retailing is all about. Cash is probably Sankorp’s biggest problem with Tradegro - it cannot go on injecting cash, especially in view of the poor market rating. Daling reckons the market rates Tradegro some 50% below net worth, implying massive asset dilution in the event of a rights issue. A similar poor market rating at Federale Kolkabezegings prompted Sankorp to delist the group and concentrate on developing its subsidiaries.

Now that talks between Sankorp and Pepkor have broken down, Daling says “it is back to square one.” He’s adamant that Sankorp wants to stay invested in the retail sector. Not being a seller and with no obvious merger-acquisition possibilities available, it seems the most sensible choice is to break up Tradegro to unlock the value of the different entities.

Sankorp could sell management in the subsidiaries a bigger share, take profitable unlisted companies to the JSE and retain control even with less than 50% of the shareholding. This would not only let the retailers run leaner and meaner companies, but save Sankorp from future expensive rights issues. But whatever course is taken, management faces big challenges.

Gerhard Sibbing
Waltons' bottom line in a full year — about 6.5% of current attributable income. Lack of any contribution from Reggies probably cost Waltons less than 1c in interim EPS so did not hurt the overall picture materially.

That said, the fact remains that for the time being, Waltons is in a bit of a rut. Sales for the six months gained only 8% by value, indicating a probable decline in volume. This put margins under further pressure and though pretax profit showed a 17% advance, this was largely due to lower interest charges as degearing continues.

Benefits in this regard, however, were wiped out by a higher tax rate (expected in the annual report), while EPS were additionally affected by the higher number of shares outstanding and were virtually unchanged at 21.5c (21.2c). The policy of distributing one-third of earnings has been maintained, so the interim dividend is pegged at 7c.

Gearing (by the company's calculation, which does not adjust shareholders' funds for intangibles or market value of investments), dropped to 0.60 at end-August from 0.79 at the February financial year-end and 11.9 last August. Interest cover is again above four based on interim results, which is quite good, considering that March-August is the slowest part of the year.

Both Waltons and pyramid Walhold (whose results are substantially the same as Waltons') are close to the 12-month lows and unchanged 21c dividends for the full year would in each case give prospective yields of 5.7%. This probably offers value, but prospective buyers may want to await year-end results.

Brian Thompson

DIGESTIVE PHASE

It is clear from results for the six months to end-August that resumption of meaningful earnings growth is still some way off. Put simply, Waltons is still in a digestive phase after its string of acquisitions. Until this is complete, further major expansion — the dominant source of past earnings growth — is out of the question.

A point easily overlooked is that though earnings have not kept pace with inflation over the past 18 months, Waltons remains extremely profitable. Gross return on total assets in the full 1990 financial year was a record 30.5%, while a calculation suggests that for the 12 months to August, this moved up to a shade over 31%. Similarly, ROE is still hovering around 40% after peaking at 61% in 1989 — a level only a supreme optimist would consider sustainable.

So the central problem boils down to the fact that expansion left the balance sheet over-gearied. Until this is corrected, the group simply does not have the capacity to expand its earnings base. At the same time, the high returns still being generated indicate that scope for improvement through eliminating weak spots is limited.

Take 60%-owned Reggies, for example. It turned in a six-month loss of R103 000 against a year-ago profit of R98 000. It is clearly there is room for improvement. But even if Reggies was restored to an ROE of 25%, it would add little more than R2m to
Edgars stores' sales growth came in the second quarter after the first quarter was affected by widespread violence. Second-quarter sales increased 31% on last year, taking six-month growth to 29%—so even the first quarter must have brought some real growth. Market share in the clothing, footwear, household textiles and accessories (CFTA) industry rose by one percentage point.

Sales House and Jet were hit by boycotts, unrest and stock shortages, which CE Vic Hammond says resulted in lower profitability. Their combined contribution to attributable profit was just 11%. Sales House's turnover rose 21%, thanks partly to a new store programme, while Jet's sales increased just 17%. The little-known Express chain, aimed at the lower end of the market, did not feature. Hammond says group strengths do not lie in this sector.

One might think that to achieve profits like this in recessionary times, margins would come under pressure. But the group managed to widen its operating margin to 14.7% from 14.4% in the same period last year. Group MD George Becton says bad times were anticipated and greater efficiencies were planned into the business.

Though bad debts as a percentage of sales increased by 0.3%, surprisingly this has not affected gearing. Interest-bearing debt actually fell to 0.50 of shareholders' funds from 0.51 last September and 0.64 at March 31.

Financial director Mark Bower says this was possible because of strong cash flows from trading activity, amounting to R146.6m (September 1989: R83m). Interest-bearing debt was consequently cut by R20.4m since March 31, to R219m. Higher interest rates and increased borrowings pushed interest payments 61% higher than in the same period last year, to R27.5m.

Debtors, which increased by 31.3% to R659m, reflect higher sales as well as an increase in credit sales, which Hammond says rose 33%. Though people are still buying, they are using more credit than cash.

The group plans to continue with store refurbishment and new store developments. Hammond says refurbishments generally boost sales by 25%-50%. Space will be increased by 23,000m² in the 1991 financial year—already sales per square metre have increased from R3 455 in September 1989 to R4 138 in September 1990. Hammond says planned expansion will be self-funded "but maybe somewhere down the road the group might sell part of its debentures' book."

He says prospects for Christmas are "reasonable" and "growth in earnings for the full year will be satisfactory, though at a slower pace than for the past six months." In my view, Christmas sales will surpass this caution. Edgars' superior rating will probably improve with further rises in its R31 share price.

Heather Fornby
CNA in move to prepare for new South Africa

BUSINESS REPORTER

The Central News Agency, the country’s largest book-selling chain, is subscribing to a changing South Africa by broadening the range of titles available in their stores all over South Africa.

They will have on the shelves of 80-selected outlets nationwide—from Pietersburg to Parow and Windhoek to Nelspruit—some 30 titles covering a wide range of subjects pertinent to the new South African image, by authors as diverse as Athol Fugard, Oliver Tambo, Albie Sachs, Breyten Breytenbach and the late Steve Biko.

Lively

In addition to the more serious subjects covered, there will be a lively selection of entertainment in the form of novels, plays and thrillers.

It is felt there is a potential market for such books in city centres and provincial areas with high population densities where the large potential is not currently being served.

All the books are published by members of the Independent Publishers Association of South Africa (IPASA), a group of nearly 40 representatives of new South African publishers.

IPASA and CNA aim to promote an awareness and understanding of current events, philosophies and people’s history at a time of momentous change.

For further information contact Pamela Wood (011) 678-0790.
Higher costs will hit Christmas sales

VARIOUS factors, including the fuel price increase, violence and the consumer boycott, will have an adverse effect on retail sales during the forthcoming Christmas period.

According to a survey conducted among members of the South African Chamber of Business and released this week, the effect of the fuel price increase can be detrimental to consumer spending in the Festive season.

The survey took place at a period of pronounced recession and in many cases against the backdrop of violence and threatened consumer boycotts towards the retail trade.

At a Press conference in Johannesburg, Saccob’s senior economist Mr W V

Lacey said understandably the respondents overwhelmingly anticipated retail sales over the Christmas period to be adversely affected by the current economic downturn.

He said the following factors were expected to affect sales:

* The recent fuel price increase could affect the Transvaal holiday migration to coastal resorts;
* Consumer boycotts threats on the Reef, in Pretoria and the Orange Free State;
* Violence and lawlessness in Natal;
* Possible unruly behaviour in certain coastal resorts;
* High interest rates and their effect on consumer spending;
* Strike in Lebowa and their effect on spending power;
* Industrial action, which coupled with the seasonal closure of factories, could restrict stocks of furniture, video and audio equipment;
* The high level of unemployment; and,
* Depressed agricultural conditions in the Orange Free State.

Lacey said a positive element was mentioned in the form of the effect of Sunday trading and extended shopping hours.

He said that both Cape Town and Durban anticipated better sales expectations than national average, particularly in food, footwear, clothing and furniture.
Shield shows its steel in warding off the recession

MARCIA KLEIN

franchising and tight rein on operating costs contributed to the group's 31.9% increase in operating income to R8.3m (R6.3m) and a 35.4% rise in pre-tax income to R7.7m (R3.7m).

He said group turnover should reach the R600m mark at the February 1991 year-end after breaking the R500m level in February 1990.

Total combined group turnover had reached the R2.5bn figure.

A dividend was not declared as the group's policy is to declare one in May of each year. A dividend of 4.5c was declared for financial 1990, in which earnings grew by 79% — off a low base.

Shield had no borrowings and had a policy of paying "hefty rebates" — which franchisees use at store level to finance further expansion. Rebates payable to franchisees — the group's 380 franchisees trade under their own names as members of the Shield group — increased to R4.5m from R3.5m.

According to Moller, the group's "galloping profits" had put its overall performance up front with its major competitors, despite coming off a lower base than other top performers in the retail sector.

Shield's upward trend showed no sign of abating, and the black market — from which a high percentage of the group's turnover was obtained — offered enormous growth potential.

The group was "accessing" markets other retailers were not, he said.

Provisional figures for the two months since August showed the group was "outperforming its August prediction of a 33%-plus growth boom" for financial 1991, Moller said, and he was looking forward to an excellent year-end.

Shield shares closed on Friday at 60c. The shares traded at a yearly low of 50c last month and a high of 115c this time last year.
ELLERINE 23/11/90

DURABLES HOLDING UP

Activities: Retail furniture and household appliances.

Controls: Mabab 60.9%

Chairman and MD: E Ellerine.

Capital structure: 7.2mords. Market capitalisation: R2.5bm.

Share market: Price: 3.600c. Yields: 6.3% on dividend; 19.9% on earnings; pre-ratio, 8.2; cover, 3. 12-month high, 3.660c; low, 1.260c.

Trading volume last quarter: 48 700 shares.

Year to August 31 87 88 89 90

ST debt (Rm) 48.4 23.5 nil nil

LT debt (Rm) nil nil nil nil

Debt ratio 0.38 0.17

Shareholders’ interest: 0.44 0.49 6.4 0.64

Int & leasing cover 9.34 19.8

Return on cap (%) 10.6 14.0 21 25.6

Turnover (Rm) 392 206 388 483

Pre-int profit (Rm) 30.2 25.4 69 87

Earnings id 241 203 447 669

Dividends id 60 50 166 221

*8 month period.

After Ellerine’s sparkling results for the 1990 year, which lift the compound growth in earnings for the past five years to 30%, the share stands on a pre of only 5.2. That contrasts with the 18.2 pps accorded Pick ’n Pay, which has achieved compound growth of 19.8% over the same period.

Why the sharp difference in ratings? Both groups are perceived to do the right thing in their respective markets. Ellerine sells only furniture and appliances on terms, with no apparent debtor problems. Since the mid-Sixties, the group has bought its inventory for cash and has improved its competitive-ness as a result. It is not involved in warehousing as a result. That has helped Ellerine to operate on an 86% mark-up on cost of merchandise sold and expenses, excluding labour, financing costs and net depreciation.

Ellerine’s Ellerine ... expects a better Christmas

Chairman and MD Eric Ellerine runs a tight ship, as shown by the healthy balance sheet. It is debt free, with R2.1m cash on hand at year-end. It is planned to add 16 stores to the existing 307 this year, which will be financed out of trading cash flow.

However, blue-chip status is not earned overnight. Since 1970 Pick ’n Pay has seen compound earnings growth of 32%, compared to Ellerine’s 20.6% growth over the period. Tradability of the share is also im-

COMPANIES

Elliott

important. Mabab holds 59.48% of Ellerine’s 7,18m issued shares.

And, perhaps most important, the durable goods market is more volatile than the food market. Though Ellerine says “people always buy furniture,” sales generally fluctuate with the economy. In the current downturn, though, the furniture market is holding up well — Ellerine says business is better than a year ago.

For the near-term, Ellerine is confident. He expects a better Christmas than last year. With five weeks to go there is no sign of demand abating. This confidence may have led to a fall-out with supplier Afco, after a disagreement relating to a 1.5% petrol price surcharge; Ellerine cancelled all large orders with Afco. He says he is not doing any business with the group now and does not expect to do so soon. The group’s stores are fully stocked, says Ellerine, after orders were placed elsewhere.

The share trades 35% above net worth. Last year’s performance has already been rewarded with a 112% climb in the share price to R3.5. However, it’s likely the earnings multiple partly reflects investor caution that sales of durables may soon resume the volatile pattern often seen in past recessions.

Gerhard Stibler
**Govt ‘preparing for violation of civil rights’**

There were signs that President F W de Klerk and his government were attempting to prepare public opinion for the violation of civil rights, ANC deputy leader Nelson Mandela said last night.

Mandela, addressing the Foreign Correspondents Association in Johannesburg, said it was universally accepted that various means of political expression, including public meetings, rallies and non-violent resistance, were aspects of freedom of speech.

While the media’s freedom of speech was recognised, the same could not be said of the people’s right to assemble, hold meetings and processions, and stage mass demonstrations.

He said a regime accustomed to authoritarian behaviour needed time to grow accustomed to democratic practice.

He said it had been accepted that the interface of extra-parliamentary and parliamentary activities was essential for the unfolding of democratic politics.

Mandela said it would be foolhardy for anyone to align themselves with government’s attempts to curtail these rights.

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**CROOKES BROTHERS LIMITED (CBL)**

Co No 02/0220/06

Directors: J F O Gin (Chairman), D J Crookes (Managing), P L Campbell, A C Crookes, B V Crookes, J F C Palmer

**INTERIM REPORT 1990/91**

An sugar cane, citrus and grains are seasonal crops and dividends from investments are not received at regular intervals. The figures shown are half those estimated for the current year and the comparative figures are for the first half of last year.

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**Shopkeepers attempt to end boycott**

Kroonsstad shopkeepers are taking the lead in attempting to resolve a consumer boycott.

Residents of Mookeng township started the boycott after the Kroonsstad Town Council cut electricity and water supplies.

Mookeng residents have been boycotting service charge payments.

Kroonsstad store owner Greg Papapanos said yesterday that the week-and-a-half old boycott had hit shopkeepers hard.

He said 50 traders had signed a petition calling for the dispute to be settled.

Papapanos said he had met the boycott organisers, the Mookeng Democratic Crisis Committee, on Wednesday and they had agreed to try and find a way of ending the boycott.

A meeting between shopkeepers and the Kroonsstad Town Council was due to be held last night.

Papapanos said he hoped that progress towards a compromise would be made. — Sapa.
Clothing chain produces some really Smart results

RETAIL clothing chain Smart Centre produced a 36% growth in turnover and a 25% rise in net profit in the five months since year-end, and expects "excellent results" for the six months to December, says MD Charles Fox.

In an interview yesterday he said the recently listed group would post results "well above market expectations, despite directors' initial concern about this year's trading."

In its first year since the Tradeqro restructuring in which Smart became a 48%-owned Tradeqro subsidiary, Smart posted a 23% increase in sales to R121.9m and a 30% rise in attributable earnings to R7.8m.

Fox said he was surprised at how buoyant sales had been since year-end, and the group expected a good December — a critical period for Smart as Christmas sales made up 20% of its turnover.

"Although things will slow up a bit in the second half, we expect our profits to exceed 20% growth at year-end."

According to Fox, the group's only concern in terms of the recession is lay-offs on the mines — mine stores contribute 10% to the group's business. However, Smart had a wide spread and was far less exposed to the mines than five years ago.

Flexibility

The group operates in SA, Lesotho, Swaziland and Botswana, and its strategy is to move even further abroad.

Smart was negotiating to acquire Kappa wholesale — it acquired international designer brand Kappa Retail in July for R5m — and an announcement could be expected at the beginning of 1991.

"This (the acquisition) will increase the flexibility of Smart and improve margins. However, it will remain a small part of the business."

Smart intended to increase Kappa's existing 15 stores to 35 over the next three years.

Patrick Daniel men's clothing was also started recently. Both Kappa and Patrick Daniel were cash chains, which would complement Smart's credit business.

Fox said about 85% of Smart's sales were on credit and with high interest rates it was difficult to carry the burden of creditors for six months.
Shops in Louis Trichardt hit by boycott

THEO RAWANA

POLITICAL groups in Venda have thrown their weight behind the boycott of white businesses in Louis Trichardt, amid reports of new attacks on blacks at taxi ranks in the area.

The all-out consumer boycott of white-owned businesses in Louis Trichardt started yesterday after about 40 members of right-wing Blanke Bevydingburg (BBB) attacked 300 black children on an outing in a park in the town on Saturday.

The children were beaten with sjambok, knobkerries and car fanbelts.

African National Youth Organisation spokesman Moses Mamalia said yesterday that a meeting convened by the Thohoyandou branch of the SA Democratic Teachers' Union had endorsed the boycott call of the Louis Trichardt Consumer Committee.

Mamalia said delegates from Louis Trichardt reported several youths had been injured in Louis Trichardt yesterday when whites assaulted people at taxi ranks.

Police comment could not be obtained on the latest attacks.

Sapa reports businesses in the town said the boycott was 100% effective yesterday.

Chain store manager Pierre Croom said many businesses would be ruined if the boycott persisted.

The boycott has been planned to last the whole of the festive season. Organisers have said the aim is to force the CPF council into abandoning alleged racist attitudes.

But the campaign has been given added impetus by the attack on the Sunday school children.

Meanwhile, the region's police commissioner, Maj-Gen Gerrit Viljoen, told Sapa that police would not take action against the BBB.

"The organisation was not illegal," as long as they kept within the boundaries of the law, he said. It was not the actions of the organisation, but those of individuals belonging to it, that police would act against.

Viljoen hoped police would make arrests in connection with Saturday's incident "before the end of the week."
ELLERINE SETS A FAST PACE

MARCIA KLEIN

Trading by furniture giant Ellerine Holdings (Ellerine) has continued "at a fast pace" in the first quarter of financial 1991, chairman Eric Ellerine said at the group's AGM yesterday.

"We confirmed our statement made at year-end that Ellerine expected a further improvement in profitability in the coming year.

He said favourable factors - including continued expansion over the balance of the current year and the introduction of a new R12m computer system - "are likely to more than balance likely weaknesses developing in the economy"."
ACHMED KARLEM

THE deprecating rand against sterling had created tough conditions for booksellers compared with last year, Literary Group marketing director Stephen Johnson said yesterday.

Booksellers were not optimistic about the prospects for academic sales in the light of the new increase in university fees.

The pound gained 20.5% against the rand this year.

Johnson, whose CNA Gallo-owned company imports 75% of its books, said the exchange rate had pushed prices to "worrying" proportions and they were having to work harder to achieve sales. His group had budgeted for increased Christmas sales.
JOHNNY Dladla, 28, the youngest managing director of the National Black Consumer Union (NBCU), is thrilled by the challenge of fighting for consumer rights now that blacks are emerging as the driving force in the South African economy.

"Black buying power has undoubtedly moved into the driving seat of the economy, but what is tragic is that our people are abused by marketers and continue to allow themselves to be exploited," said Dladla.

The first inkling one gets on meeting him, is that most of his peers are still engaged in job-hopping.

But after four years working in the industry, Dladla has assumed the role of crusader for thousands of black consumers in the country who do not know their rights.

Dladla – whose NBCU boasts an estimated 632,000 members – said lack of education, combined with ignorance of what one is entitled to, has resulted in this abuse.

"We believe the most effective means to protect the interests of the consumer is through education," he said.

The Bureau for Market Research at Unisa has estimated blacks would enlarge their market share in clothing, furniture, household equipment, food and alcoholic beverages.

Johnny Dladla ... fighting for the rights of black consumers.

"But this is not accompanied by knowledge of what they are entitled to – and complete understanding of what signing things like hire purchase agreements mean."

Black consumers had a tendency to continue paying their instalments even from the grave.

"This is because offspring generally do not know that when the person who signed the contract with a furniture shop is dead, the contract finishes.

"But we have had many cases of people who continued to pay for the deceased, or have had their belongings repossessed by unscrupulous businessmen," said Dladla.

His organisation's mission is to fight for the rights and dignity of the black consumer. It wants to bring together all consumers, irrespective of social standing and mobilise them into a strong voice.

The highlight of NBCU's work was the banning of skin-lightening cream by of Health and Population Development Minister Dr Rina Venter earlier this year.

Dladla said his organisation was concerned about the use of consumer power to achieve political ends.

The NBCU has never been consulted on the strategy of consumer boycotts, and this has caused his organisation serious problems.

However, consultation with consumer boycott committees is in the pipeline and Dladla said the NBCU aims to help formulate more effective boycott strategies.

The NBCU is establishing advisory offices in all major metropolitan areas where trained consultants are available to check contracts and other consumer-related issues.
strongly at the FM conference that the ANC’s policy on sanctions was likely to be changed at the organisation’s conference on December 16.

The chamber’s director-general, Raymond Parsons, estimated that a programme to level out apartheid’s inequalities would cost at least R50bn over 10 years and he suggested that one should start immediately.

He warned, however, not to exaggerate the consensus between business and the ANC, adding that you can’t spend a weekend with the Pope and expect to turn him into a Protestant.

“No amount of dialogue can provide the assurance that politicians will not revert to their original positions if and when they achieve power. The ANC has to attempt to address the needs of the poor, the expectations of redistribution and the ambitions of organised labour.

“Dialogue can result in policies becoming increasingly subtle, qualified and hedged.”

This was often apparent in Mbeki’s talks. For example, he called for “affirmative action,” discriminating in favour of the poor for housing and, particularly, housing finance, and on business credit. But he was vague about whether this affirmative action would be legislated or just recommended.

Several chamber delegates were receptive to the idea of a new financing mechanism for black housing. But, however, opposed being forced by law to give preferential treatment to blacks.

In the floor debates it was significant that the delegates weren’t too concerned with constitution-making or even the ANC’s economic policy, but with nitty-gritty issues such as oil and tax.

Business pleaded for the use of SA’s oil reserves to alleviate the recession. Chamber president Les Boyd maintained that the time for secrecy on oil issues was over, adding that business would find it easier to co-operate with government on energy policy if it knew the whole picture.

Delegates recognised that with the need for more social spending, it was all the more pressing that government should reduce public expenditure in other ways, by reduced spending on such areas as defence and by cutting out the duplication of apartheid services.

There was particular distaste for the subsidies the taxpayer is expected to fork out for the decentralisation of industry. The conference was relieved to hear Development Bank chairman Simon Brand repudiate the decentralisation policy. But then, if it took 42 years to convert the National Party, business can’t expect an overnight conversion of the ANC.

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**CHAMBER OF BUSINESS**

**LISTENING TO THE ANC**

**Just six months ago, the gap between business and the ANC seemed unbridgeable. Most business leaders considered ANC economic policy to be about as relevant as the belief that the earth is flat.**

But last week, at the SA Chamber of Commerce annual conference, and later at the FM Investment Conference, the two sides seemed to draw closer to a working relationship.

Thabo Mbeki is the ANC’s international affairs head, but he isn’t spending much time overseas; he seems to have been given the brief of pacifying business. With his omnipresent pipe and urbane manner, he is increasingly seen as the acceptable face of the ANC in business circles. He strengthened that image last week in his addresses to the chamber and the FM conference.

The word **nationalisation** has long been excised from Mbeki’s vocabulary. He had a much more moderate message to the chamber, pleading for the need “to divert much larger resources towards black upliftment than has been the case so far.” This is in line with the chamber’s view in its document, **Economic Options for SA**, that housing, education and other social needs should receive the highest priority in future State budgets.

The chamber argues that “business is not, in advocating a market system, attempting to avoid the need to address the masses’ needs.”

Consensus also appeared closer on the issue of privatisation. Mbeki did not say it was a bad thing, but merely that it should be put off until a truly democratic government was elected. The chamber itself is opposed to the privatisation of Eskom and is soft-pedaling on other flotations.

Much to the delight of the audience, Mbeki hinted...
Jo’burg may be target for boycott

MASS-protest action coupled with Johannesburg businesses becoming the target of a consumer boycott was on the agenda of the ANC-backed Civic Associations of the Southern Transvaal (Cast), a spokesman for the organisation said yesterday.

This followed the bloody outbreak of violence on Saturday when two people died and 15 were injured in pitched battles between flat dwellers, protest marchers and police in Johannesburg.

ActiStop, an affiliate of Cast, yesterday called for an independent commission of inquiry into the incident.

Cast spokesman, Cas Coovadia, accused the police of acting in a “high-handed” manner and said a meeting would be held later to discuss an organised response to Saturday’s events.

He said the meeting was to discuss protest action. The possibility of a consumer boycott in Johannesburg was not being ruled out.

ActiStop spokesman, Mohammed Dangor said his organisation was also discussing a separate programme of action in response to the events on Saturday.

Details of the programme would be released later this week.

Mohammed said ActiStop was disturbed by the events on Saturday and called for an inquiry into the incident.

ActiStop will be holding a memorial service for one of its members who died on Saturday. The service will take place tomorrow at the Central Methodist Church at 7pm.
Businesses hard-hit by power cuts

KATLEHONG entrepreneurs are suffering heavy financial losses running into several thousands of rands following electricity cuts in the township since last Tuesday.

A butchery owner in the township, Mrs M Mahoa, claimed she had suffered losses estimated at more than R8 000 as a result of the erratic power supply.

Meat

"Meat is rotting in our butcheries at Ramokonopi and Mnisi sections. We sent a delegation to talk to the town council about our plight," Mahoa said.

"It was said the power would probably be restored by Friday. We are really running our businesses at a loss," Mahoa said.

A spaza shop owner at Mngadi Section said: "I have since stopped selling cold drinks. This is affecting my business. I must have lost about R300 so far. And this happens after we have resumed paying rent."

The town clerk of Katlehong, Mr SH Mare, said in a statement that it was not known when electricity would be restored to the affected areas as the council had "financial constraints".

The council apologises for the inconvenience caused by the power failure and will do everything within its power to repair the damage as soon as funds become available.

The affected sections are Mngadi, Radebe, Zuma and Hlongwane and two hostels, KwaMazibuko and Buyafuhi.

Panels

Sections which are partly affected are Goba, Moseleki, Monisi, Sali, Ndlazi, Ncala, Ramokonopi and Mokoena.

Mare explained that the power cuts were as a result of electric panels which blew up at main sub-station B on October 23.

"The mayor, Mr GT Molotsi, said the panels blew up as a result of a lack of maintenance," Mare said.
NO HANDOUTS NEEDED

Willie Ramoshaba and the 65 other members of the Black Business Observation Mission arrived in the US last month with the element of surprise on their side. Many of the Americans they met had no idea that South Africa had a viable black business community.

"We had the upper hand," says Ramoshaba, whose W R Consultants organised the 18-day trip to New York, Chicago, Washington, Los Angeles and Atlanta. "We had conceived the trip, spearheaded it and got them involved. They were shocked."

Americans were surprised to discover that some black South Africans think economics is just as important as politics. "They thought blacks were only interested in politics. We showed them we are not Third World and we don't need handouts."

Though most of the trip involved laying the groundwork for post-sanctions business deals, one immediate result was a working agreement with the Import-Export Bank in Washington. Previously, the bank's loans had to be guaranteed by a local bank.

"The mission managed to change that. If you're in business and black and have a good idea, then they are prepared to do deals and loans. And it doesn't depend on sanctions (which never applied to doing business with blacks). They will do deals of $5 000 and upwards, though they prefer to start at $200 000. We feel that we have brought something to the folks back home."

Ramoshaba says the two issues that came up in each of the five states visited were violence and nationalisation. They answered the inquiries by asking for help with the obvious problems.

"We need them more during these times. They shouldn't stand on the fence. We need their input now, not later. They have got the experience we can draw from."

In the next year, he expects about 200 Americans whom they met during the tour to come to SA. But he and the other mission members cannot handle those numbers. "We need help from companies and individuals with the expertise and resources to properly and professionally manage the visitors or else they will go home with the totally wrong impression of this country. We need to give them the same kind of reception they gave us."

Plans for another mission next October are already in the talking stages. The Far East and Europe are the top candidates.

One regret? "We should have had President Bush on our schedule."
est costs, though high, were less than expected. MD Gordon Hood thinks the factors working in OK's favour will continue for the rest of the year.

Turnover was up 12.7%, less than at Pick 'n Pay (18.7%), Checkers (16%), Score-Clicks (18.6%) or Shoprite (29.2%). Hood says sales, particularly of food, were affected by continuing boycotts and stayaways. And OK tends to suffer more than its major competitors because of its customer profile and store location, but the Hyperamas, which "did well," offset this to some extent.

The product mix swung towards non-food. This boosted the operating margin which rose from 1.5% at the 1990 interim to 1.7%. With turnover in excess of R2bn, small changes in operating margin make a big difference to the bottom line.

The ratio of food to non-food changed from 60:40 in financial 1990 to 58:62. Hood says the easing of credit restrictions last year and successful marketing campaigns seem to have boosted furniture and appliance sales. Most of these are on credit and financed by associate company Oefin, but growth in the debtors' book is reflected by a 47% hike to R42.6m in investments and loans.

Growth in food sales is not given but can be calculated from the change in product mix. Neil Ross of Perry & Associates says non-food sales (mainly furniture, appliances and clothing) grew 18% but food sales only 9%. This is low compared to other retailers, and could indicate loss of market share.

Hood contends that OK's overall market share remained constant.

A centralised distribution system, shelf allocation and scanning system for groceries and health and beauty products now operate through one warehouse covering 60 stores. It will be installed in two more warehouses covering the remaining stores by financial year-end. There have been initial teething problems and Hood says benefits in terms of stockholdings and stock-turn will only be seen in financial 1992 — stockholdings will be cut and the interest bill reduced. Interim stocks rose 12.5%, in line with turnover and there was no improvement in stock-turn.

The interest bill jumped more than 50% to R18.8m. Last year, R33.4m interest was paid, R21.2m in the second half when interest-bearing debt was lower than the R316m at September 30. Hood expects year-end debt will be down on last year's a lower interest bill should benefit earnings.

Given a reasonably stable trading environment, Hood expects earnings for the full year to exceed financial 1990's. But the market remains cautious. OK's share price fell R13 on negative sentiment before the results and has not recovered.
In the far northern town of Louis Trichardt frontiers are shifting

HEN Louis Trichardt's old location of Tshikotora was flattened, the only church left standing was the Dutch Reformed Church. Every other church was chopped down. Just the NGK in Afrika, with its spire sticking up in the air, remained.

The Sotho were also left behind, stranded between the jungle and the jarumbe trees.

The Shona men were paraded off to Gazankulu and the Vendas to Venda, and their homes, including the klein huises at the back, were smashed to pieces. The workers were too far away, so the Sotho, a minority in the location, stayed on. But for that concession, apartheid had won the day.

No one can say for sure when things started to change. Youths came from the south with stories of rebellion. And with revolution in their hearts they started to organise "structures." Opposition to the homeland government in Venda and the release of Nelson Mandela further radicalised the communities in the Sophonsberge, one of South Africa's furthest frontiers.

In March the black community around Louis Trichardt organised a march into town but permission was refused by the magistrate so a three-month consumer boycott was called instead. It was, the first real display of black muscle and white business was shaken.

The chamber of commerce called an emergency session. It was time to talk. Even the Conservative Party mayor, Louis Hartzeng, was on in the first discussions at the Venda Sun hotel on May 28 where the boycott committee furthers their aims and objectives.

They wanted Tshikotora re-established, the business district opened to all races, separate amenities scrapped and something done about the "reckless approach of the Afrikaner Weerstandswegende and police brutality." At the first meeting they got assurances that the chamber would look into their grievances.

At the second meeting — on September 16 — at a local hotel owned by the head of the chamber of commerce, Brink Schlesinger, they achieved a significant victory. Members of the chamber and the black community were there and the air was pregnant with promises. It went something like this:

Sure, the government has agreed to upgrade Tshikotora, separate amenities are going. Sure, we're going to open the central business district to all. Just one condition: don't tell the white folk. This is a community thing. The chamber could rely on the loyal weekly newspaper, The Sophonsberg, to keep its mouth shut. Its editor and a member of the chamber — Du Plessis, knew that "this town lives on black buying power," and "we can't chase these people away."

Had the meeting taken place before July there would have been nothing for the chamber to worry about and the whites would have been none the wiser. But in July Honnie Theron had launched the Berg-Banner in opposition to The Sophonsberg.

Theron, the headmaster of an agricultural school in Venda, believed that Soweto should be divided into five independent city states, whites should not be forced to share power with people who urinate in the streets and President FW de Klerk and the Louis Trichardt chamber were undemocratic.

A former journalist for Die Burger for 10 years, Theron also believed in the news "publish and be damned." He ran the story under the headline: "Black township to re-open." He sent a reporter to take pictures of what was left of the township where he pointed out in the article, was separated from the white residential areas by "only one street." The story sent shivers through the white community.

Publishing the truth cost Theron advertising and business support and there was mudslinging — including pompous front page editorials — between the two papers. "My opposition with all respect is playing for the gallery," says Theron. "He's softening up the advertisers. He's not doing journalism much credit."

But for all the furor among whites, blacks were still waiting for the promises to materialise. Edward Rambane, a lawyer and leader of the boycott committee, said his eyes were getting bloodshot from scanning the papers for news of announcements.

Trust does not come easy in Louis Trichardt. It is not a town that has been noted for being nice to black people. Rambane defends blacks who get sent to jail for not stopping at a stop street.

In Louis Trichardt, he says, domestic workers get fired at the end of the month so their employers don't have to pay them.

With none of the promises materialising, the boycott leaders are making new plans. That the campaign has been expanded to include demands for a living wage and the establishment of a non-racial town council is a measure of how much the balance of power has swung in the town. They are also threatening a new consumer boycott.

A pamphlet distributed by the boycott committee warns: "If the Conservatives disagree to agree we ensnare for them in our package a black X-MASS."

Some people, says Rambane, never learn.
Hints of legal action to fight consumer boycott

SOME Louis Trichardt businessmen were suggesting legal action against the local Consumer Boycott Committee as the boycott gripping the town entered its second day, local Afrikaanse Sakekamer chairman Brink Schlesinger said yesterday.

But Schlesinger said the chamber was in constant negotiations with the committee and was hoping for a resolution soon.

The boycott committee initiated the mass action on Monday after members of the right-wing Blaauwepraal Bloemfontein (BBB) attacked black Sunday school children in the town on Saturday.

The boycott is planned for the whole of the festive season.

Schlesinger said they could not say to what extent the boycott had affected people.

"Some business people have suggested taking legal action against the boycott committee, but we don't want to comment on that. We hope to get a positive solution sooner than the stipulated time," Boycott committee spokesman Maphumula Maphumula said yesterday the committee and the chamber held a meeting last Friday and would meet next week.

The boycott was in protest against the actions of the BBB and the "racist" policies of the CP-controlled town, he said.

Among the demands were that the CBD and the town's amenities be opened to all races. Tshikota township, which was closed down and whose residents were resettled in Gazankulu, should be declared a free settlement area.

Streets were reportedly almost deserted yesterday, writes Sapa. Some businesses reported sales had slumped by up to 80%.

Schlesinger said black consumers provided at least 70% of the town's business, and added the town would not be able to survive without its black customers.

A forum was to be established between all parties involved, including the Sakekamer, the boycott committee, the Louis Trichardt town council, the local ANC and the security police. The parties would meet soon.

Schlesinger said demands presented by the boycott committee had already been raised during a boycott at the town in April and forwarded to relevant state departments.

CP MP for Soutpansberg Thomas Langa has dismissed as "utter nonsense" news reports that the boycott was in reaction to Saturday's attack on a black Sunday school outing.

"The consumer boycott has been in the pipeline for weeks," he said in a statement.

all the way to the bank

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HILE the rest of the
South African ecomony
reels from a deepening
recession, executives in
the music industry are
dancing all the way to the
bank as music sales continue to soar.
According to Association of South
African Music Industries chairman
Brian Ellis this year’s turnover in the
music industry will be R250-million
— about the same as last year’s.
This boom comes in the midst of a
drive into foreign markets by local
artists and on the eve of the opening of the
country’s first compact disc factory.
Compact disc sales are on the in-
crease, but recorded tapes continue to
be the most favoured medium. Tapes
account for 70 per-
cent of the turnover. Records and
CDs account for 20 and 10 percent
respectively. Record
sales are falling.
Like the rest of the
economy the music
industry is heavily
conzentrcated. Three
companies dominate,
between them sharing about 80 per-
cent of the market.
Though EMI and Ang
go American Gallo
Africa were unwilling
to reveal their market share and an-
nual turnover, Tusk MD Mike Oldfield
says his company accounted for 30
percent of all record sales with a turn-
over of R70-million. He believes Gal-
lo’s slice is 30 percent while EMI and
the smaller firms make up the rest.
Recording companies are already antici-
\ant the lifting of the cultural boycott
with its opening of international
markets. Gallo has established an
overseas marketing arm, Shibas Inter-
national which “looks at important acts
which we can promote international-
ly”, says Gallo chairman of marketing
Ivor Harburger.
“Foreign audiences, and the Japanese
in particular, are really loving our mu-
sic. What we’ve been unable to do is to
come up with a hit to catch the imagina-
tion of overseas listeners. Once we are
able to exploit foreign markets our in-
dustry will experience an unprecedent-
ed boom,” he says.
This view is echoed by Ellis, who
says: “When the cultural boycott goes
our music will have a great impact on
the overseas airwaves.”
OK Bazaars and CNA Gallo dominate
in retailing. The OK, the biggest music
retailer, handles 250,000 tapes, records
and CDs a year. The CNA fol-
\ows close behind.
This is not to say smaller record out-
lets are insignificant, according to
record companies. Oldfield says many
Increasing sales of records, tapes
and compact discs are sweet
music to the ears of local industry
executives. And the opening of a
CD factory in Midrand next year
bodes well for local music, reports
Mondli Makhanya.

sales to blacks, who comprise 70 per-
cent of the company’s clientele, are
through small outlets.
“These outlets are the lifeblood of our
business and we place a very great em-
phasis on them,” says Harburger.
Although there still exist relatively de-
dined black and white markets in South
Africa, Ellis emphasises the two bal-
ance themselves fairly adequately, with
both markets accoun-
ting for about 50
percent of total sales.
However, there is a
marked diinction
between black and
white buyers.
The three giants, Gallo, Tusk and EMI
have momentarily suspended their ri-
valry and pooled their
resources towards the
construction of a
CD plant in Midrand.
Due to be completed
in February 1991 the
plant’s final cost has
not yet been determined because not all
the equipment has yet been bought.
Oldfield does not believe that the local
manufaeture of CDs will lead to a re-
duction in prices. “The price will either
stay the same or come down very
slightly. In South Africa the market is
still very small so the production runs
will be kept to about 300 an album,” he

The industry is not without its pro-
blems. The recession, in a minor way,
affected the music-buying habits of South
Africans earlier in the year but
this seems to be over.

“With the Christmas season ap-
proaching things are bound to improve
remarkably,” Ellis says.
OK music marketing manager Chan-
tal Liebenberg says the first six months
of 1990 saw a slight decline in re-
sale sales, but she says this could not be
directly attributed to the recession.
“If a product is good then people will
go out and buy it and for this reason we
haven’t really experienced any signifi-
cant drop in sales,” she says.

Another “enormous” problem facing
the industry is piracy and homemaing.
Ellis says there are organised individ-
uals who record original music onto
about 5,000 blank tapes and sell them
for half the price of the original. These
do most of their business at taxi ranks.
Recording companies are cracking
down on these dealers and 22 of them
have been arrested this year, he says.

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Tusk MD Mike Oldfield
Fake pamphlet calls for boycott.

By CHARLES LEONARD

ONE spelling mistake on a pamphlet calling for a boycott of Indian-owned shops in Pretoria blew the cover of a dirty tricks campaign this week.

A bogus pamphlet issued under the name of the African Council of Hawkers and Informal Business (Achib) was distributed in downtown Pretoria last week calling for a boycott of Indian-owned shops from October 27 to November 17.

The pamphleteers, claiming that members of the African National Congress supported the boycott, gave themselves away with the spelling of the abbreviation of October, by using the Afrikaans version, “Okt”.

Outraged Achib treasurer Beauty Nkosi slated the “dirty tricks department” who distributed the racist pamphlet in their name. “What makes it worse is that this pamphlet is the second one that is being distributed under our name,” she said. “A similar pamphlet also calling for a boycott of Indian shops has been distributed in Bloemfontein.”

ANC Pretoria spokesman Moss Chukwenu said it was “complete rubbish” that the ANC had been consulted about the boycott.

The pamphlet claims that hawkers in Brits have been arrested by the police because “Indian traders reported them as illegal traders who are stealing their customers”.

Nkosi said that they had heard nothing of any such arrests.
THE consumer boycott of white-owned businesses in Pretoria has been postponed while steps to end the deadlock between the Atteridgeville/Saulsville Residents’ Association (Asro) and the government gain momentum.

The UDF suspended the boycott on Friday to enable the residents’ association and the government to resolve the crisis.

The boycott was called by the UDF last week after electricity in Atteridgeville was cut off.

The blackout sparked violence between residents and police which claimed three lives, including that of a nine-year-old pupil.

Asro has arranged a meeting for tomorrow with Transvaal Provincial Administration representatives to seek a “speedy” and peaceful solution to the problem.

Asro will meet Law and Order Minister Adriaan Viljoen on Tuesday to discuss the proclamation of Atteridgeville as an unrest area.
Businessmen 'do not have to pay'

The Greater Soweto Accord, which was signed in September by the three councils, the TPA and the Soweto People's Delegation (SPD), provided for the writing off of the R18m rental debt incurred up to the end of August, and effectively brought the five-year rent boycott to an end.

Makgetha said the three councils — Dobsonville, Soweto and Dieprmeadow — were calling individual businessmen to council offices to sign undertakings that they would pay the arrears.

But he said yesterday: "There are between 2,500 and 3,000 businessmen in Soweto and they are part of the community..."

"The SPD, which was a signatory to the accord, has told us we are covered and do not have to pay any arrears."
Christmas jewellery prices cut

JEWELLERY prices this Christmas will be cheaper than they have been for 20 years — discounting inflation — following the abolition of the 20% ad valorem tax in March, Arthur Kaplan Holdings chairman Arthur Kaplan said at the weekend.

Some of these items could be 35% cheaper as the tax was effective at source and not on the end-product, he said. Jewellery in SA was not viewed as a luxury, but as a "sociological necessity," and did not reflect economic downswings. While buyers included black and white consumers, black consumers were generally better off than middle-class whites in terms of buying power and constituted a large section of the buying force.

"Christmas is an emotional highpoint for most people, and jewellery is seen as an emotive present." The industry was also spending a vast amount of money on advertising to create an awareness among consumers of jewellery as a viable gift. The fall in the price of silver over the past few months would have no impact on gold jewellery sales as silver was a "fashion trend" metal. But the gold price had also fallen from its highs over the past few months. The price of gold and silver jewellery products could not be linked to the price of these metals; other factors such as labour and other costs had an effect on the final product price, Kaplan said.

Sterns MD Maurice Harishorne said Sterns had been building up stocks and were stocking a larger range of silver products. Sterns had reduced the price of all stock by 20% since the abolition of the ad valorem tax and offered quality goods at a lower price this Christmas.

Jewellery Council of SA executive director Mike Goch said the outlook for the jewellery industry for the next year was "most promising". In 1989 two tons of gold was processed into jewellery, while up to October this year more than four tons had been processed.

PETER GALLI
Five Middelburg activists jailed after boycott call

By BHEKI NKOSI

PolicE have arrested five leading activists in Middelburg. This follows the launch of a consumer boycott on Monday after a march by ANC women was tear-gassed by the SAP.

After the march, the Middelburg Council and an SAP delegation walked out of a meeting with Mhluzi township representatives. The Middelburg Residents' Organisation (MRO) said one of the group threatened to bring Inkatha to the township “to sort residents out”.

The five, who were detained on Friday, are Jabu Nishane of the Congress of South African Students; James Mateu of the National Education, Health and Allied Workers' Union; Godfrey Maseko and Abe Mathibela of the MRO, and Joey Mathibela.

According to police, they were arrested on suspicion of public violence. MRO leader Isaac Kgale said by Friday afternoon the five had been denied access to their lawyers, family members and doctors.

ANC Women's League activist Granny Maseko said leaders were addressing the marchers on the dispersal order when teargas was fired. But police said the march was illegal and the women had been given about an hour to disperse. Seven women were allowed to proceed to the police station, he said.
LET THERE BE LIGHT

By ELIAS MALULEKE

ATTERIDGEVILLE residents yesterday relaunched "operation switch-on" in the township following the collapse of the council on Friday.

Defiant youths openly carried pliers and stepladders and reconnected wires in the street poles while others kept watch for police and SADF patrols.

The curfew imposed by the police has also been ignored since Sunday and life is going on as usual in the township.

However, ill-disciplined youths have been harassing residents and stopping taxis to enforce the consumer boycott which was called by Asro and the UDF to force the authorities to reconnect lights and enter into negotiations with the civic organisation.

The consumer boycott, which is showing signs of being a success, started on Monday in conjunction with a massive work stayaway in Pretoria, Roslyn and GaRankuwa.

The boycott is also in force in Mamelodi, Soshanguve and Mabopane.

Although residents applauded the resignation of the Atteridgeville council this week, TPA local director JJ van der Walt said the councillors have been forced to resign by a concerted campaign of intimidation and terror.

He said 25 petrol bombs were thrown at the house of one councillor in one night.

Asro publicity secretary John Ramatsulwa hailed as a victory the resignation of councillors, who include mayor V Mathabane and his deputy J Tshungu.

Sapa reports the ANC's Atteridgeville branch invited the resigned councillors to join extra-parliamentary bodies.

Asked whether the TPA would now appoint an administrator to run Atteridgeville, the TPA's director of public relations, Piet Wilken, said: "That is what we normally do... but wait for a full statement."
Hicor listed today in JSE's retail and wholesale sector

HICOR, a holding company with investments in the clothing sector through subsidiaries retailer Harties Stores and listed manufacturer Allwear, is to be listed in the retail and wholesale sector of the JSE today.

A prelisting statement published today says Harties is a retail chain with 206 outlets while Allwear has two divisions, Allwear and Sherleys which manufacture children wear, schoolwear and menswear.

Operating income increased by 24% to R12,018m in the period to end-February 1990 (R3,35m), with earnings a share rising 42% to 9,1c (6,4c).

The operating margin improved to 9,26% (5,76%), with attributable earnings increasing by 57% to R3,51m (R1,474m).

The balance sheet was recently strengthened by a capital injection of R9,36m following a rights issue earlier this year, which brought the gearing ratio down to 73,6% (126,5%).

A report issued by sponsoring broker Senegal, Mouton & Kitchell's industrial analyst Wynand van Niekerk said the group was well diversified and had a solid asset backing. It was also well placed to benefit from the emergent spending power of the lower income groups.

van Niekerk said Harties Stores was set to gain from greater profitability and working capital management, and it would primarily be responsible for the growth of the company.

The expansion programme of Harties Stores resulted in higher financing costs, which was responsible for the disparity between growth in operating and attributable income, Van Niekerk said.

Notwithstanding difficult trading conditions, management expects a slight increase in operating income in 1991.

Earnings a share of 8,5c are forecast for 1991 based on a weighted average number of shares in issue of 41,56-million shares. Hicor presently has 54-million shares in issue.

A dividend of 4c a share is also expected for 1991. The tangible net asset value a share is given as 49,2c, with a market price of 50c a share expected.
SBDC seeks more capital for projects

THE Small Business Development Corporation (SBDC) is investigating new ways to put its properties into the hands of its black tenants as part of its business development programme.

So far the SBDC has sold 85 projects worth R90.4m to tenants, but it is now trying to harness outside capital to enable blacks to acquire property.

Senior GM promotions Dawie Crous says most blacks have been excluded from owning property for historical reasons. This is now changing.

By selling its properties to its tenants, the SBDC will provide black businessmen with collateral and make more money available to invest in other developments.

Crous says the scheme will be possible only if funding comes from outside the SBDC, which has R240m invested in completed properties with a total lettable area of close on 800 000m². It has about 3 000 tenants employing nearly 30 000 people.

Its property holdings include industrial hives, general commercial facilities and industrial parks. Industrial hives are usually factory buildings which are refurbished and divided into a number of units.

The hive concept, which is central to SBDC policy, developed out of a disinvestment by a major company, which left factory premises vacant.

The SBDC was able to provide space and a range of support services for local entrepreneurs.

Support services include information, advice, training and marketing assistance.

It has industrial hives at Pennyville to the north of Soweto, with 600 occupants, and Chatsworth in Durban, accommodatinglabour-intensive textile industries.

There are also hives in Witbank, Phoenix, Blackheath, Silverton, Maritzburg, Worcester, Paarl and Wadeville.

The SBDC’s latest completed industrial park is the R34m Arcadia Business Park in East London, which was officially opened last week.

It is on the site of the old Transnet mechanical workshops, which were leased to the SBDC for a nominal R500 a year.

Crous says the SBDC tries to achieve a net return of about 6% on its properties in spite of the fact that rents could be as low as R4/m² in some hives. He says the SBDC can do this because it generally uses shareholders’ funds instead of loan funding.

“Ours have been opened to all races and include both big established businesses and small entrepreneurs as tenants, because there is synergy between the different businesses.”

“In many cases the people in the hives were unemployed but had specific skills. We found we could make those skills useful to the market by giving assistance with marketing.”

Projects under way include Hennops Park, a light industrial development, and another hive, Ekisens Ford.

To date the SBDC has granted R915m in loans. It has played a major role in deregulating the economy.
Black spending seen as a booster for retail groups

Marcia Klein

BLACK consumer spending has contributed significantly to the resilience of retail groups in the economic downturn, say industry analysts.

September sales of furniture were up by 23.5% on the same period last year, TVs by 38% and appliances and audio by more than 50%, according to the latest Furniture Traders' Association (FTA) statistics.

FTA executive director Frans Jordaan said yesterday while there were no separate statistics for black spending, he would estimate it at about 60% of retail sales.

He said black consumer spending was "carrying the day", and as salaries had increased so had disposable income.

With the easing of restrictions, blacks were more able to meet credit requirements. Electrification of the townships had also been a contributing factor.

Furniture retailers which posted growth in earnings recently included Ellerine (54%), Mokels (48%), Rasfur (84.3%) and J D Group (32.8%).

Retailers included Woolworths (35%), Pick 'n Pay (19%), Edgars (24%), Speciality Stores (27%) and Shoprite (18%).

Industry sources said while black consumer spending was a major contributor, effective and strategic management had also been a significant contributing factor.

Ferry & Associates partner Neil Ross said companies which had proved to be resilient — such as Pick 'n Pay, Woolworths, Shoprite and Makro — had approached the situation from a strategic point of view.

Those who dealt with the black market, such as Shield Trading, had also done particularly well, while companies whose growth had come out of white-oriented markets had not.

Ross said the furniture sector had been particularly resilient and groups such as Ellerines — which dealt with the black market and which were buying durables — had done very well.

The black end of the market was far more buoyant, and Shield and Makro were indicative of good black performance, he said.

Industry observers said this may be why Checkers was battling and although the OK group did deal with the black consumer, its results were affected by strikes.

Although Woolworths operated predominantly in a white market, it had identified opportunities from a strategic point of view, they said.

Mathison and Hollidge analyst Aloma Jonker said retailers had been resilient due to their sound financial structures, and many retailers — such as Edgars — had the benefit of selling on credit.

While the black market had been buoyant, Jonker said there was likely to be a slackening off.
MMG steps up its service capability

By William Wells and Jack Lindstrom

Western Cape-based multi-service motor organisation Market Motor Group (MMG) has stepped up its marketing thrust in the strong growing service and parts division, chairman Barney Sank says in his latest annual report.

Its stockholding of parts has been increased, its range has widened and all branches of subsidiary Market Toyota now carry spare parts, he says.

In the group's Market Toyota division, corporate sales contributed the bulk of turnover, which increased 16% to R184.7m (R159m), while fleet sales remained high.

Sank says in spite of the decline in the used car market, MMG subsidiary Market-
MMG steps up its service capability

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Sank says in spite of the decline in the used car market, MMG subsidiary Market-

Cars remains a vital division.

Toyota's intention to further strengthen its position in the Western Cape will have a positive impact on Market Toyota.

However, the erosion of consumer spending power, coupled with high interest rates and stringent hire purchase controls, have resulted in a falling off in demand.

Group earnings declined 11% to R5.5m (R6.1m) or 24c (27c) for the financial year ended June 1990. "We are therefore rationalising operations wherever possible and have recently merged our Bellville and Parow outlets," says Sank.

By William Wells and Jack Lindstrom
Plan to beef up Cape economy

CAPE TOWN — The Development Bank of Southern Africa (DBSA) is backing a major research project which could result in significant economic development in the western Cape.

The R500 000 project, launched on Friday by Wesgro, is being funded by the DBSA, local authorities and chambers of business. It aims to define areas of economic growth in the region.

DBSA executive director Simon Brand said the bank had identified areas of economic need as a result of rapid urbanisation in the western Cape.

It was possible that the initial R28 000 grant the bank had provided would be followed up with more investment in infrastructure services once the research project was completed.

The project would enable the region to identify its strengths and draw up a comprehensive development plan, he said.

Wesgro executive director David Bridgeman said the initiative had been discussed with local authorities, community groups and the business community and would be guided by a steering committee consisting of representatives of three regional development associations, the DBSA and the regional development advisory council.

While it would cover the western Cape from Saldanha Bay to Swellendam, the emphasis of its proposals would be on Cape Town.
Trimmer Sanic now aiming for the black

SANIC Hardware Holdings should return to profitability in the current year, chairman Nathan Mowszowski says in his annual review.

Sanic, in which the Ecentre group has a 43% stake, was established over the past 20 months after businesses involved in security products, electrical accessories for the DIY market, tools and hardware were merged with it.

However, it experienced teething troubles, incurring a net loss after extraordinary items of R6.5m in the year to end-June.

Borrowings

This is attributed to unexpected losses in the safe factory, the brass foundry and the key factory. Sanic’s performance was further aggravated by the costs of absorbing acquired businesses, notably F5 Consumer.

Although inventories were reduced, borrowings remained unacceptably high and finance costs increased substantially.

However, major rationalisation, including the disposal of major loss-makers, and consolidation has resulted in the group’s operating expenses being reduced significantly.

The group now focuses all its efforts on distribution of its core products and remains firmly entrenched as the market leader in these sectors, he says.

Attention is also being given to asset management and a rights issue is being considered to achieve a meaningful improvement in Sanic’s finances. Mowszowski believes these steps will restore profitability to Sanic in the current year and says the board is hopeful that dividend payments will be resumed in the short term.
Amrel slowed by higher tax rate

SPECIALIST retailer Amalgamated Retail (Amrel) posted a modest 4% increase in earnings to 96c (81c) a share for the six months to September.

While results are not strictly comparable, the furniture, footwear and clothing retailer’s turnover was lifted 22% to R470.6m (R390.1m), and pre-tax profit rose 20% to R15.9m from R12.3m, despite higher financing costs.

However, a higher effective tax rate — with full provision for deferred tax — and lower profits in an associated company saw attributable earnings increase marginally from R7.4m to R7.7m.

“Under prevailing circumstances this was a sound performance”, Amrel MD Stan Berger said yesterday.

He said the results were not strictly comparable to the corresponding six months last year because since the March year-end results of foreign subsidiaries were no longer represented on an equity accounted basis and were fully consolidated with the group’s overall results.

He said that turnover grew in comparable terms by about 17% — allowing for the change in accounting practices.

An interim dividend of 28c (27c) was declared with the three-times cover maintained.

The relaxation of hire purchase restrictions in March benefited the sales of furniture and appliances, whose contribution to turnover rose from 60% to 65% and to attributable profit from 60% to 69%.

Berger said while the furniture division did so well, the footwear side suffered in comparison — contribution by the footwear and apparel division decreased from 29% to 24%, and in the service division from 11% to 9%.

Gearing — at 72% — was in line with the March 1995 year-end, and Berger said it “reflects the success of a well-controlled level of investment in working capital and a fixed asset growth which has been limited to only 9%”.

He said the group would continue providing for tax while the future remained uncertain, and “will take a better view when we know what is happening”.

The group was starting to open one or two stores on the furniture side, but was still very careful, he said, and “unless a bargain comes along, I am happy to keep improving the business”. 
Boycott of white shops begins in Barkley East

GRAHAMSTOWN: Barkley East this week became the latest town in the Eastern Cape to embark on a consumer boycott to pressure local authorities to concede to their demands.

The boycott was launched on Monday, two months after the community was promised action by the municipality on a number of demands — which include the resignation of all community councillors, more houses and the upgrading of streets.

A Barkley East advice office worker, Maggie Thetho, said the community had decided that the boycott would be indefinite. “We are prepared to struggle if they do not meet our demands,” she said.

Meanwhile, Fort Bonifort residents continue to observe a rent and consumer boycott, which began on October 3.

According to Zanuxolo Zwane, a representative of the consumer boycott committee, the group has been meeting regularly with the municipality to discuss community demands. However, the local Bhokolo town council has responded by cutting services like water, electricity, sanitation and refuse removal.

And in Bedford, a consumer boycott started in early August was suspended, pending the outcome of a meeting between residents and municipal officials. — ara
Elverings has high hopes after most exciting year.
Turnover boost helps Cnagalo lift earnings

SYLVIA DU PLESSIS

REAL growth in turnover in the face of restricted consumer spending, coupled with a focus on containing costs, enabled retail and entertainment giant CNA Gallo (Cnagalo) to boost earnings by 19% in the six months ended September.

Earnings for the group, which sells books, magazines and stationery and manufactures and distributes records, compact discs (CDs) and videos, totalled R33,5c (32,5c) a share, from which a 2,9 times-covered dividend of 13c (11c) was declared.

MD Doug Band yesterday attributed an 18% improvement in turnover to R357,6m to healthy performances by the group’s entertainment and retail divisions. In addition, all subsidiary firms had reported good growth and associate company earnings had matched budget expectations.

On the entertainment front, where sales accounted for 26% of total turnover and 89% of operating profit, music sales had been relatively buoyant on the back of a continued boom in CDs, he said. That trend was expected to continue.

Retail sales had performed “exceptionally” well with growth spread across all products, producing 69% of total sales and 32% of profit at the operating level, he added. Retail’s profit contribution is traditionally marginal in the first half.

Improved operating margins during the six months generated a 30% hike in trading income to R15,5m. After interest paid of R1,7m (R1,6m received), taxation of R6,8m (R6,9m) and the group’s share of retained earnings of associates of R6m (R4,5m), bottom-line earnings were 29% up at R12,5m.

Comparative 1989 figures have been restated to include equity-accounted earnings from Waibold, in which a 4,4% stake was taken last year.

Strategic plans for the future included absorbing and bedding down recent acquisitions and the new R15m CD manufacturing plant the group was establishing with music majors Tusk and EMI, he said.

The shares, up from a low of 950c a year ago to a peak of 1 580c on September 13, closed untraded yesterday at 1 550c.
Gloomy retail outlook over the festive season

MOST shopkeepers are steeling themselves for lower sales, in real terms, than those of 1989, according to an SA Chamber of Business (Sacob) survey.

Its latest annual survey of festive season sales expectations in the retail trade indicates November-December turnover will amount to R15bn at current prices.

That represents growth of 13.6% over the R13.2bn reported in 1989 — an inflation-adjusted reduction of 6.7%. Sales last year rose a nominal 19.1% over those of the 1988 Christmas period.

The survey was conducted among chamber members countrywide.

Sacob senior economist Bill Lacey said at a media conference yesterday that sectors expected to produce real growth were beverages (5.2%), toys (0.7%), furniture (0.3%) and food (0.3%).

"All other sectors show a decline in real terms, the more seriously affected being jewellery, footwear and clothing," he said. These traders expected real declines of about 2.5%.

Lacey said statistics on stockholdings showed that 48% of respondents expected to be holding a higher level of stocks than last year on a value basis, while 20% would be holding the same level and 23% a lower level.

"A slightly higher than average level of stockholding will be held by the beverage, video and audio sectors — a reflection of the higher value of stocks," he said.

Factors threatening to dampen sales included the effect of the fuel price increase on Transvaal "coastal migration", consumer boycotts on the Reef, in Pretoria and the Free State, and violence and lawlessness in Natal, respondents said.

Retail sales in November and December accounted for about 23% of annual sales in the sector.
Hammond to stay on as SAB retail guru

EDGARs group deputy chairman and CEO Vic Hammond would act as a retail consultant on merchandising for all SA Breweries (SAB) retail interests after retiring in December, SAB chairman Meyer Kahn confirmed yesterday.

Hammond, at the Edgars helm for about seven years, would take up his appointment in mid-January.

"We've created the job for him because he's a merchant prince and we're trying to keep his skills in the group," said Kahn.

"What he's forgotten about software a lot of people in the industry haven't learnt yet, so he will also be training the younger people in the group."

Edgars, 65%-held by SAB, announced the appointment of former Edgars chain MD George Bexton, as group MD in March.
Morkels' profits leap 46%

Morkels' attributable profits jumped 46% after sales in the six months to September were boosted by the release of pent-up demand for electrical goods following the easing of credit restrictions.

The furniture and retail sports goods group is well on the way to delivering its promise made in the 1991 annual report to raise after-tax profits by 40% by the March 1991 financial year end.

Under the new partnership between Morkels executive management under MD Carl Jansen and West Germany's Austria Cie AG majority shareholder Daum et Cie AG, attributable profits are R5.9m (R2.7m) or 8.7c (6.6c) a share.

The interim dividend is an unchanged 3c a share and Morkels' intention is to maintain a dividend cover of at least 2.5 times.

In expectation of an active Christmas quarter and a more muted trading period to March, the business is well on the way to delivering well-rounded results in the rest of the financial year, he says.

The achievement of the 1991 growth targets was partly driven by expansion in the group, which would see the group have 113 stores at the year-end from 100 operating at March 1990.

Investor perceptions should be considerably enhanced after the upturn in trading for the year to March 1990. Furthermore, given that the remaining performance standards are attainable, these results will once more serve to position the company with the market leaders in the retail and furniture industry in terms of profit and productivity advancements," Jansen says.

Morkels, previously lagging behind competitors, crept 1% ahead of retail furniture growth in the financial period under review with sales of R100m.

Morkels turnover improved 27% to R120m and operating profits jumped 41% to R10m.

Group subsidiary Totalsports continued to perform strongly with its turnover of R14.6m showing a growth of 57%. Jansen says this compares well with the 22% growth in the retail market.

Morkels' gearing ratio fell only marginally to 53% (53% at the March year-end).
COMPANIES

Musica Holdings records a bravura performance

TAPES and accessories retailer Musica Holdings has recorded a 58% hike in earnings to R11.96c (7.5c) a share in the six months to September.

Musica — which was launched in the Cape 37 years ago — transferred from the DCM to the retail and wholesale sector of the JSE's main board in September.

Turnover increased by 35.7% to R11.3m (R8.3m) and pre-tax profit rose 90% to R367 000 (R200 000).

Musica MD Derek Goosen said that while sales to end-July were lagging behind expectations, there had been a great improvement in August and September with further improvement expected in the next few months.

Despite a 121.5% hike in the interest bill to R270 000 and a 107.8% rise in taxation to R43 000, profit after tax was up by 60.5% to R374 000 (R233 000).

Goosen said the hike in earnings was pleasing considering the higher effective tax rate.

In line with its policy to open new stores, Musica is to open two outlets in Johannesburg — at Southgate and the Carlton Centre — and one near Cape Town.

Four more stores are planned to open soon in Knysna, Constantia, Claremont and Cape Town Gardens, bringing the group's stores to 46 by year-end.

Goosen said the group — spurred by its massive sales offensive through Musicard which entitles shoppers to special discounts — "hids fair to achieve a turnover of nearly R30m for the year to March 1991".

He said the only sales-inhibiting factors were local politics, international economics and "war talk".

However, Musica's directors did not share the pessimism of many others regarding the future.

Musica recently announced a capitalisation issue of five new capitalisation shares for each ordinary share held.

Goosen said this would hopefully lead to a little more activity on the JSE as Musica's shares were so tightly held and the stock exchange was "pretty dead" at the moment.

The share closed yesterday at a year's high of 140c, having reached a low of 55c only three months ago.

Goosen said rumours of possible takeovers should be discounted. More than 60% of the shares were held by directors.
Union Chamber in move to end violence

Staff Reporter

The Chamber of Mines and the National Union of Mineworkers made a joint commitment at a meeting last week to do everything in their power to stop mine violence.

Following recent incidents of inter-group violence on mines in northern Natal, the Chamber and the NUM held a meeting where the parties unconditionally rejected violence on the mines and agreed to take steps to prevent it.

Earlier this year, after inter-racial violence erupted in Welkom, the Chamber and employee organisations established a forum to look into the causes of the violence and possible ways of eradicating it.

The Chamber and the National Union of Mine Workers agreed on:

- The absolute and unconditional rejection of such violence, whatever its source or motivation on mine property.
- To do everything in their power to prevent the recurrence of violence.
- To identify the perpetrators of such violence, remove these persons from mine property and impose a penalty for their actions in terms of company disciplinary procedures as well as the law of the land.
- The prohibition on employees having or bringing weapons of any kind into the workplace, including hostels.
- The appropriate utilisation of all existing channels to enable employees to inform management effectively of impending violence or their fear thereof.
- To learn from the experience of the violence so that a repetition may be avoided.
- To establish a conflict monitoring group that will monitor violence on mines.
- To approach other parties to become involved in resolving the violent conflict.
- To make every effort to encourage people to show tolerance for the views of others.
A long unwinding film of success.

The gritters, inverted locally, now seen on film, sets across the world.
Boksburg traders face 3-week boycott

By Helen Grange

Boksburg traders — ravaged by almost two years of poor business — are bracing yet again for what could be another disastrous Christmas.

Although trade was "fairly normal" in the town yesterday, a consumer boycott called by the Vosloorus Civic Association because of the rent boycott crisis in the township threatens to strangulate Christmas trade from today.

The boycott, set to last three weeks, has been called in protest against the withdrawal of services from Vosloorus. Businessmen in Boksburg have unceremoniously resigned themselves to the possibility of another "white Christmas" like the one in 1988, which saw the closure of several small traders in the town centre.

The 1988 consumer boycott, called in protest against the new Conservative Party-led town council, lasted a year.

Cut back

The fact that East Rand Proprietary Mines has cut back heavily on its workforce in the area has meant that traders are at present doing only half their usual business.

"Now, when we've just stocked up for Christmas, this boycott has to happen. How are we going to sell these goods?" an Indian trader, who wished to remain unnamed, complained yesterday.

Some traders have cancelled their Christmas stock orders on hearing of the boycott, and are hoping to survive by selling old stock. However, others were more optimistic.

"With the petrol price as high as it is, I doubt families will travel to the next suburbs to shop," one trader said.

"In any case, the mi"
Boom towns surface out of the recession

THE recession has not stopped South Africa from having its boom towns. Nelspruit is one and Rustenburg another.

DEREK TOMMEE

Central Statistical Services figures show that retail sales in Nelspruit in the first seven months of this year were running 70 percent ahead of last year's corresponding figures.

The increase was from a small base — from R155.3 million to R265.1 million. Nonetheless, retailers in Nelspruit and surrounding areas should have no cause to complain at the increase in business.

Officials in Nelspruit have confirmed that the town has been experiencing good business.

They said the upturn was the result of many factors. One was the huge growth in tourism in the area which has led to a major investment in tourist facilities. A chalet-type hotel providing accommodation for up to 1,000 people is under construction.

Homeland

Another factor was the closeness to Nelspruit of the Kangwane homeland in which black business was developing rapidly. The homeland also provided labour to expanding industries outside its border.

Another important factor was the export boom in sub-tropical fruit, especially avocados, which provided jobs for many unskilled people. There was an increasing amount of business done by the town with Mozambique, Nelspruit being the closest major town to the Mozambique border.

The area had also benefited from a number of new mining projects, though the future of Rand Mines' Barbrook gold mines is being reassessed in the light of the poor results in the September quarter.

Another boom town, the figures show, is Rustenburg where retail sales in the first seven months of this year rose 49.3 percent. Rustenburg is the centre of the platinum mining industry which has many expansion projects under way.

However, even the growth in sales in these two areas did not compare with the 168 percent rise in retail sales on the North and South Coasts of Natal, again from a small base.

Durban

Businessmen in Durban point out that the paper industry has been engaged in major expansion and coal terminal Richards Bay is doing record business.

Figures for the other areas in the country show that the major manufacturing centres, with the exception of Durban, showed reasonable retail sales growth in the first seven months of the year.

Sales were 24 percent higher in Johannesburg, 20.4 percent in the Cape Peninsula and 19.8 percent higher in Port Elizabeth. However, East London was a feature, with sales rising 24.6 percent.

In sharp contrast retail sales in the country districts have slipped, especially in the West Rand where several mines have been laying off substantial numbers of workers.

Retail sales in Kimberley, where South Africa's industrial development began, dropped two percent in the first seven months of this year — indicating a considerable recession in the area.
White shops boycott in Atteridgeville called off

By Mickeed Kotiolo
Pretoria Bureau

The controversial consumer boycott of white-owned businesses in Pretoria and Bophuthatswana has been called off.

The boycott, which started on November 12 amid contradictory statements by the organisations involved, was enforced in Atteridgeville only.

Pamphlets distributed in Atteridgeville by the Atteridgeville/Saulsville Residents' Organisation (Asro) said the UDP had suspended the boycott and the Mamelodi branch of the ANC had called it off.

People in other areas including Bophuthatswana continued to shop at white-owned shops as usual.

The chairman of the Mamelodi ANC branch, Moses Chikane, said the boycott was called off in the area because the decision was not properly taken.

Mr Chikane said it should have come from the people and that the decision should have been taken at a meeting after it was thoroughly debated.

He said the decision to call off the boycott was taken at an ANC meeting in Mamelodi yesterday.

"People should not be harassed or coerced into participating in the boycott action. They should be properly informed," he said.

A spokesman for Asro confirmed the suspension.
Top businessmen call for easing of monetary policy

By Derek Tommey

Several of the country’s top businessmen have told the Minister of Finance Barend du Plessis that South Africa “is in the grip of a full-blown recession of serious proportions” with possibly five million people unemployed.

They have urged him to ease monetary policy and cut interest rates early in the New Year, arguing that the current policy is as stringent as the one six months ago when an early cut in interest rates was expected.

The businessmen, comprising a 15-man delegation from the South African Chamber of Business (Saccob) led by its president John Hall, met Mr du Plessis in Pretoria yesterday.

The delegation told Mr du Plessis that Saccob remained supportive of broad monetary policy but it hoped this would be eased and interest rates reduced.

It said that in present circumstances the recession could last well into 1991, delaying the next upturn until 1992.

The position was being aggravated by external factors such as the Gulf crisis and the downturn in the economies of SA’s main trading partners.

A number of internal factors were also affecting the economy. These included the drought and some politically inspired events which were influencing employment, labour productivity, business confidence and investments.

The delegation pointed out that unemployment was increasing and the present rate could be as high as 40 percent among blacks, which meant that more than five million people could be described as unemployed.

Unlike workers in the wealthy nations, the average South African worker did not have the reserves of previously accumulated wealth or assistance from sophisticated unemployment insurance to cushion his unemployment.

While aggregate gross domestic expenditure rose in the second and third quarters, outlays on both fixed investment and inventories showed no sign of recovery. This endorsed the impression that the recession might last well into 1991.

Monetary policy was being applied as strictly as it was six months ago when most commentators expected the downturn to end in a soft landing.

The delegation said it was doubtful whether continued real benefits could still be derived from prolonging the present level of economic control.

While a one percent cut in bank rate could have a psychological effect, it was doubtful whether consumers or investors would rush to the market place, said the delegation.

But it could reduce the need for stress borrowing, have a beneficial influence on cost structures in the private sector and reduce the interest element in government expenditure.

The Saccob delegation put forward to Mr du Plessis its views on next year’s Budget.

The delegation repeated its view that the tax base of VAT must be as broad as possible, covering all goods and services with a minimum of exemptions, exclusions and zero ratings.

It favoured the inclusion of all foodstuffs, rents paid for private dwellings and a large range of goods and services not included in the GST base.

To facilitate this broadening of the VAT tax base, the delegation emphasised the necessity for keeping the rate low — not more than 10 percent.

However, Saccob called for the exclusion of capital goods and all inputs from the tax base by allowing VAT paid on all business purchases as tax credits against output tax.

Specific matters to be addressed included the surcharge on imports, which was contributing to the high cost of capital imports, the minimum tax on companies, which penalised some companies, and the introduction of group tax for companies.
Trichardt streets deserted

From Page 1

Soutpansberg Sakekani, which has been involved in negotiations with the CBC in an effort to forestall the boycott, Mr Brink Schlessinger, was yesterday said to be away and would only be available today.

The secretary, Mr Scheepers, said he did not know what the reaction had been to the boycott call. He said he could not deny that there were no black shoppers in the town.

But CBC members said the town was deserted and that the response from black shoppers was overwhelming. The CBC is demanding the provision of infrastructure at Tshiukotj Township, the declaration of the town as a free Settlement area, the opening of the CBD and non-interference and an end to harassment of workers belonging to trade unions.
"I am very angry because I bought goods from a shop by a woman who is a black person, and a woman who is white for 120 Rand. I was informed by the police that I had to go to the police station to file a report."

"I am very angry because I bought goods from a shop by a woman who is a black person, and a woman who is white for 120 Rand. I was informed by the police that I had to go to the police station to file a report."
A POLICE delegation backed by members of the
conservative Memel
Town Council met local
civic leaders to resolve
mounting tensions be-
tween police and resi-
dents in the north-eastern
Orange Free State
township this week.

Memel residents called
for an indefinite con-
sumer boycott of
businesses in the town
town on Monday,
alleging that police were
harassing and intimidat-
ing residents.

Resident said Memel
Town was practicing
segregation, despite the
repeal of the Separate
Amenities Act by the
Government early this
year.

Memel town is the
only and nearest provider
of consumer goods to the
nearby township.

The local ANC Youth
League president, Mr
Thembel Thelei, said po-
lice had allegedly as-
saulted a number of
youths in town and
several had been charged
and fined R30 "for no ap-
parent reasons".

In the meeting Thelei
lashed out at the police
whom he said were
"serving conservatives
and were not neutral".

The allegations were
denied by the police who
said they were in the
township to maintain law
and order.

Police said youths who
were charged and fined
had thrown stones at
them.

Thelei asked for all
charges against the ar-
rested youths to be with-
drawn.

Appealing for
cooperation and mutual
understanding between
police and residents, the
head of the Bethlehem
security police, Captain
Colin Roberts, said:
"Let us forget about the
past".
Potatoes: Consumers urged ‘shop around’

THE Potato Board has called on consumers to shop around (even buying vegetables directly from fresh produce markets) in reaction to complaints that retailers were excessively marking up potato prices.

The Potato Board was approached about reports that recently introduced 10kg bags of potatoes were being sold at a much higher pro rata price than the 15kg bags. A random survey in Johannesburg recently showed that 15kg bags of medium-sized potatoes were being retailed for R7,99, compared to R8,99 for a 10kg bag - leaving a pro rata disparity of 68 percent.

According to figures supplied by the Potato Board in Pretoria, the disparity at the markets was a mere 13 percent, with 15kg bags going for R7.57 and 10kg bags R5.71.

A Potato Board spokesman said the distortion apparently appeared in the retailing sector because of the “extreme popularity” of the 10kg bags.

“They are easier to handle and for that reason the demand is higher.”

The price difference could also be ascribed to the fact that the 15kg bags contained older potatoes from the West Free State while the 10kg bags contained fresh Northern Transvaal tubers.

He said there was no control on the retail or producer price of potatoes, and that prices were wholly determined by market forces.

For this reason, he said, consumers should shop around. He said members of the public were welcome to buy directly from the markets.

Retailers would push their prices to whatever level the public was prepared to pay. This was a basic tenet of capitalism.

The spokesman said producers still had a big supply of the old 15kg bags in stock, and because of the price equity between the 10kg and 15kg bags at the markets there was no pressure on them to switch to 10kg bags. - Sapa
E Cape boycott turns screws on white town

A SEVEN-WEEK consumer boycott in Fort Beaufort in the Eastern Cape has been called off after the local municipality agreed to work towards a democratic, non-racial authority.

Local MP Tobie Meyer — who also attended the negotiations to end the consumer boycott — assured he would take demands for the resignation of the Bhofolo Town Council and the coloured management committee to the top levels of government.

The Fort Beaufort Residents' Association launched the boycott after the chief magistrate and head of the local security police failed to respond to demands made by the association in the past.

The negotiating parties agreed on various points, including: that child labour be scrapped; that patients be treated at the local hospital after hours; that workers fired during the boycott be reinstated; that workers could join unions of their choice; and that all public amenities be opened.

A statement by the Boycott Committee said "the parties concerned will now meet on a regular basis", and would continue to discuss other demands that could not be met in the short term.

"All parties agreed to work towards reconciliation with the objective of turning Fort Beaufort into a model for neighbouring towns to follow," the statement said. — ANA
Tumahole protests against switch-off

By SOPHIE TEMA

irate residents of Tumahole, Parys, renewed a consumer boycott on Friday while members of the Tumahole Civic Association (TCA) staged a sit-in at the local National Party offices to protest against water and electricity cuts.

A stayaway was also called for tomorrow.

The protesters vowed they would not budge until water and electricity had been restored to the township.

A memo was handed to the NP’s vice-chairman in Parys, JF van Pletsen, who promised to take the matter to a government minister – “once I know which Minister to talk to”.

TCA official Archie Thobela said in a statement that earlier talks with the Parys Town Council had led to the lifting of a six-year-old rent boycott.

An agreement was reached that residents pay a flat rate for services of R18.50 from September this year.

“However, on Tuesday this week the Parys Town Council decided to cut off the water supply – including the temporary supply the TCA installed in the four squatter areas,” Thobela said.

The cuts stemmed from arrears owed by a previous committee – the Tumahole Town Committee – which had since resigned.

He said the Parys Town Council demanded repayments of R23 000 a week, which was later reduced to R20 000 a week.

In the last payment the committee could only make up R13 000, which resulted in the drastic action.

Maokeng violence looms

CHANCES of a negotiated settlement to the crisis in Maokeng, Kroonstad, slipped further away on Friday when the ANC Youth League announced plans to launch a “militant” mass action campaign next week.

An extremely tense Maokeng has been without a normal water supply for the past three weeks, after the Kroonstad municipality cut off water and electricity because of a services boycott by residents.

“We are now going to take this matter up with a mass campaign,” said executive member Daniel George.

White businesses in the NP-controlled town have been hit hard by a consumer boycott, which according to local businessmen has resulted in an average 70 percent drop in business.

Next week’s planned mass action campaign could include a stayaway, George said, but refused to divulge details.

Kroonstad treasurer At Odendaal made it clear this week that his council would only switch on water and electricity after payment by the Maokeng Council.

“If we can get the people of Maokeng to pay an amount arranged with the town council of Maokeng, so that they can pay us, we will reconnect.”

But violent confrontation looms as residents are adamant they will not pay.
Consumer boycott in CP town called off

By Felicity Levine

Few people turned up at a march yesterday to mark the end of a four-month consumer boycott in a CP town.

Four thousand members of the Mass Democratic Movement had been granted permission by the Vanderbijlpark council to march outside the city centre.

But only about 800 representatives of the ANC, Cosatu and the SACCO took part.

The marchers, led by Cosatu's Western Transvaal regional secretary, Zwoza Mavundla, toyi-toyiied, ululating and singing, up DP Malan Street after handing in a petition at the police station.

Flanked by police officers and troops, and cheered by ANC marshals, the orderly march lasted under an hour.

Before dispersing, Mr Vavi expressed dissatisfaction with the small turnout, which he attributed to intimidation...
SCORE FOOD HOLDINGS

THREE of a major head-
ache when it sold languid
subsidiary Grand Bazaars
to Shoprite, paving the way
for a recovery, says man-
aging director Carlos Dos
Santos.

One of the laggard-performers
in the past five
years, Score has returned a
negative 3.5% yearly
growth in its share price. It
has dropped from R38 in 1986
to its present 48c.

The sale of Grand for
R17-million plus the cost of
stock and a reduction in in-
ventories have enabled
Score to halve its debt, leaving
it with gearing of 50%.

Mr Dos Santos says the
group barely recovered its
costs on the sale of Grand,
but a marked improvement
in operating margins can be
expected next year.

Seventeen marginally
performing Score stores
have been closed as part of
a rationalisation pro-
gramme.

Price

The group was caught on
the wrong-foot in 1988 when
the Government's austerity
drive started to bite. It was
holding huge inventories in
anticipation of a boom
Christmas. It took almost
two years to reduce inven-
tories to the present R170-
million, financed over 30 to
35 days, says Mr Dos
Santos.

The group was also ham-
strung by the share price's
poor performance since
1989 — it took efforts to
hold a rights issue, the
proceeds of which would
have been used to add
another 29 shops to Grand.

This, according to Mr
Dos Santos, would have put
the subsidiary back in the
black.

Stock is turned over 10
times a year compared
with about 12 for Pick 'n
Pay. Mr Dos Santos says
the radio can be improved
by stocking more perish-
able items with a shorter
shelf life, by more efficient
stock management and by
an improved sales mix.

Score stocks 9,000 line
items. The interest bill of
R7,6-million for the year to
February 1990 will be of a
similar size in the current
year, says Mr Dos Santos,
in spite of the reduction in
debt. Working capital in
February 1990 was R23,7-
million (R24,38-million).

Score was the darling of
the JSE retail sector when
it was listed in 1984. Turn-
over more than doubled
from R419-million to R923-
million in the salad years
between 1986 and 1988. For
earnings a share shooting
from 45c to 10c in the same
time.

Then the wheels fell off, earnings a share slipping
to 80c in 1989, as problems

Carlos Dos Santos: After a train of disasters the way ahead still looks tough — but it's promising

with Grand Bazaars — acquired in 1987 — began to manifest themselves.

Score's retail section — nothing to do with Score Liquor or Score Furnishers — comprises 54 shops.

Cash-and-carry subsidiary 4 Branches. The shares trade on a PE of 4,5 compared with 9.7 for the sector.

With Grand out of the way the prospects of recovery for Score are good in the next 18 months.
Waltons off the canvas

By IAN SMITH

The expansion of previous years left the group overgeared, but it is still an extremely profitable operation.

In the past half-year Waltons increased pre-tax operating profit by 16.8% to R37.1-million after an 8% increase in turnover to R356.6-million.

A 30% jump in tax contributed to lower growth of attributable income of 6% to R14.7-million. The greater number of shares in issue meant earnings of 21.5c each — marginally up on the previous period's 21.2c.

The reduced borrowings meant that interest payments fell from R14-million in the same time last year to R11-million. Mr Robarts says the results are not as good as those he is accustomed to, but they are gratifying given conditions in the market.

"For years everyone said we were recession-proof, but current conditions have proved that is not so," he says. His wide spread of customers gives us some protection against the worst effects of the downturn, but when a big customer endures a work stoppage running into weeks we must feel the effects.

"That happened this time," says Mr Robarts.

With costs increasing by 20% a year Waltons has to do a lot more with turnover.

"I think we can do it," says Mr Robarts.

The group's core stationery business in the Transvaal has been worst hit in the current recession, but markets at the coast have been less severely affected. Waltons has not lost market share and the group is doing well, says Mr Robarts.

The group's computer specialist supplier Multipro, established in 1988, continues to do well.

Lean

A big problem has been the 60%-owned Redgewoods toy and babywear manufacturing, wholesaling and retailing group, which could only break even in the last financial year and lost R105,000 in the latest half-year.

With the second half showing a traditional increase in turnover and profit, new managing director Tony Croudace forecasts a profit for the year.

Mr Robarts says stock in the 83-store toy and babywear chain has been reduced from R30-million to R22-million and the company is now lean and mean to benefit from the Christmas season.

Waltons management has taken a hard look at Reggies total operations with help from top player CNA, which has a 20% stake in holding company Waitold.

"The outcome is that we believe we have a wonderful company with the right product mix in the right position. I have probably had a dozen approaches to sell Reggies, but we believe we have the right operation now."

In printing operations Waltons clearly felt frustration with 30%-held Lithoasaver at the yearend and R8-million was written off the original R8.5-million cost to leave only the estimated net worth.

Danger

Since then, says Mr Robarts, management has been working more closely with the Waltons team. The operation has excellent machinery and Waltons is looking to strengthen it with one or two acquisitions.

Preliminary meetings to put together a deal have taken place, but Mr Robarts says he is well aware of the dangers of a purchase with borrowed money at 20%.

The Ozalid and Helios Minolta divisions produced "excellent results" in the half-year to August, and should contribute well to group results in the current year.

Waltons greatest strength is hands-on management and a thorough understanding of the sectors in which it operates.
SACP introduces interim leadership group

By PATRICK LAURENCE

The South African Communist party yesterday introduced its member “interim leadership group” to 45,000 party members and sympathisers at a rally in Soweto.

Among those identified publicly as members of the SACP for the first time yesterday were: Cheryl Carolus, a convenor of the ANC in the Western Cape, Chris Dlamini, a vice-president of the Congress of South African Trade Unions, and whom have been in exile until recently.

Ms Alexander, a Latvian-born trade unionist, was elected to Parliament in 1954 by black voters on the annexed.
Consumer boycotts are likely to hit the Christmas market, according to a new report. The report, published today, claims that consumer boycotts are expected to increase significantly in the run-up to Christmas, with many consumers concerned about the impact of global supply chains on the environment.

A spokesperson for the report said: "Consumer boycotts are expected to increase significantly in the run-up to Christmas, with many consumers concerned about the impact of global supply chains on the environment. This is likely to be the case for many consumer goods, but particularly for products with a high carbon footprint." The report also highlighted the growing trend of ethical consumerism, with more people choosing to support companies that operate sustainably.

The report's findings are likely to be welcomed by some consumers, who are increasingly concerned about the impact of their purchasing decisions on the environment. However, it is unclear how effective these boycotts will be in driving change, as many consumer goods are produced in countries with weak environmental regulations.

The report is the latest in a series of reports highlighting the growing concern among consumers about the impact of their purchasing decisions. A recent survey found that over 80% of consumers are concerned about the impact of their purchases on the environment, and are likely to change their purchasing habits as a result.

BY DOMINIC JONES
Retail spending spree set to end:

The surprising retail spending spree experienced this year is set to come to an end, as unemployment grows, a study by Bumentury economist, Emile van Zyl, shows.

The recession has so far failed to dampen consumer spending, but its effects on unemployment and spending will be seen in the months to come, he says.

The study finds that, the increases in overall retail spending this year have been nothing short of spectacular. Real increases of about 11% were recorded for furniture, 10% for appliances and 9% for TV sets and audio equipment in the year to August from last year. The highest increase, was for jewellery, which rose by almost 23%. Overall sales grew by 12.2% in September from a year ago, or 2.8% in inflation-adjusted terms.

Retail sectors feeling the pinch of the recession include textiles (down 7.5%), real estate and the period January-August 1999 from 1998, clothing and shoes (down 0.3%) and books and stationery (down 2%).

Apart from black spending power, another factor pushing up retail sales has been the replacement of pent-up demand from white households.

"The fact that the cash-to-credit ratio of sales has remained more or less static indicates that the purchasing of certain luxury items could be postponed, no longer," People earning real interest rates would also have been in a position to buy. The effect of salary and wage hikes had probably not been significantly positive, he says.

Reserve Bank figures show the year-on-year increase in the nominal wage per worker was a relatively low 14.3% in the first quarter of 1999. This is down from the peak of 18.2% in the last quarter of 1998. However, economists say the rate of increase, for black workers has probably been higher than for whites. Unemployment, is expected to offset some of the positive effects of the recent growth in black economic power."
Retailers facing prospect of bleak Christmas season

By Duma Gqible

Retailers are facing a bleak Christmas in the wake of the sharp slowdown in economic growth that has been exacerbated by the unexpected rise in the petrol price.

Even before the oil-price shock, the Johannesburg Chamber of Commerce was forecasting retail sales over the Christmas period on the Reef of R15 billion, an increase of 13.6 percent, which is below the current inflation rate.

Now, says South African Chamber of Business (Sacob) economist Ben van Rensburg, trade has even more reason to be depressed, given the overall increase in the price of petrol and other fuels.

In October Sacob conducted its annual survey on expected retail trade among members of the Johannesburg Chamber of Commerce and Industry.

Then it was already evident that shoppers would have less money to spend than in previous years.

General impressions now indicate a further deterioration of the mood among retailers.

The expected increase of 13.3 percent compares with the increase of 19.1 percent in December last year.

On the basis of an inflation rate of 14 percent, real retail sales are expected to be 0.4 percent down on last year’s.

Mr van Rensburg says the expected decline is marked when taking into account the rate of growth of the population.

"One would expect real retail sales to show a year-on-year increase at least equal to the annual rate of population growth of about 2.5 percent," he says.

"The petrol-price increase will make substantial inroads into the disposable income of consumers," he says.

According to the survey, sectors expected to show positive growth are beverages, toys, furniture and food.

All other sectors are expected to decline, the worst affected being jewellery, clothing and footwear.

Another finding of the survey is that discounts will be offered to generate sales in all product groups except food.

The highest level of discount is expected in the jewellery trade (16 percent), followed by the furniture, video and audio sectors.
Defiant councillors face Boycotts
Dumped, People, Right Back

Alain Morris gives the background to the consumer boycott in Louis Theriault.

OPINION
R16m extra loans granted by SBDC

THEO RAWANA

THE SBDC board would allocate a further R16m to small business loans until the end of March, senior manager (development promotion) Dawie Cron said this week.

Cron said the allocation was over and above the normal allocation of R20m a month to small businesses.

"Of the amount voted, R10m will go to small builders, and R6m in mini-loans to the more informal sector."

Since its inception in 1981, the SBDC had granted loans to the value of R314m to 27 708 entrepreneurs, he said. Security requirements for the informal sector were not as stringent as in the more formal sector: the entrepreneur, his viability and a commitment to repay the loan were the important factors in granting loans "since the SBDC sees the need to promote those who are excluded from the mainstream of the economy."

He said the bad debt ratio was higher in the mini-loan section, but this was offset by increased interest in the more formal loans.

The total bad debt was 8% in value of all borrowings, he added.
New twist to Xmas shopping

SELECTED shops throughout the Cape have been targeted for an unusual protest action which will add a new twist to Christmas shopping.

Between December 17 and 21, the Western Cape Unemployed Workers' Union (Wecuwu) intends holding an "eat the bread and drink the milk" campaign in the Western and Southern Cape.

Organised groups of protesters will enter shops and help themselves to bread and milk to highlight the plight of the unemployed.

Celebrate

Wecuwu regional secretary Mr Shahid Mohammed said the campaign would include pickets outside bakeries and dairies and church services with the theme, "Nothing to celebrate".

Mohammed said Wecuwu's executive was considering declaring December 21 Unemployed Day.
Sacob casts doubt on upturn in '91

Andrew Gill and Sylvia du Plessis

Despite impending cuts in interest rates, SA faced another year of economic stagnation and contraction, the SA Chamber of Business (Sacob) said yesterday.

Presenting the chamber's economic outlook for 1991, director-general Raymond Parsons said the downswing was likely to last a total of 10 quarters, longer than the previous two economic downturns. The upturn was now expected only in early 1992.

Detailing a gloomy outlook for the year, he said zero growth in gross domestic product was expected and it should be viewed as a period of consolidation in preparation for the upturn.

The consolidation period should be utilised to exploit any opportunities which "SA's greater international acceptability affords", Parsons said.

Inflation is expected to average 13% in 1991, while prime rate may be down to 18% by year-end, implying Bank rate at 15%.

The chamber's business confidence index, measured via the movements of 16 economic indicators, inched down 0.1 points in November in the absence of major new influences. At a level of 89.9, it is at its lowest since February 1987.

Chief economist Ben van Rensburg said the expected relaxation in monetary policy might come too late to save many companies and individuals faced with high debt levels from liquidation or insolvency.

A combination of liquidity problems and

1993-100

Sacob
business
confidence
index

1990 1991 1992

NDJFMAMJJASON

Graph: FORM KRISCH Source: SACOB

Sacob

already high debt levels would reduce many firms' ability to increase short-term borrowings to tide them over until economic activity began to increase, he said.

Turning to the foreign sector, Parsons said the longer-term welfare of the economy would be determined by its ability to increase its market size. "It would therefore be desirable for the next uprising to be export-led."

The fact that positive growth was still expected in the major economies meant export volumes would increase marginally but earnings in rand terms were likely to suffer as a result of expected weak commodity prices. Import volumes should show little change in the coming year.

Sacob expected a R8.5bn current account surplus in 1990, an optimistic forecast considering Finance Minister Barend du Plessis' R8bn to R8.5bn estimate.

In 1991 it should be around R8bn but should pose no threat to reserves because of the lower debt repayments.

Employment, per capita income and gross domestic fixed investment were all expected to worsen next year, while general government consumption expenditure should show real growth of about 2.5%, despite government's aim to exercise greater control over its expenditure.
Retailers unite to fight Consol tariff application

Major retail chains such as Pick n Pay, Checkers and Caltex are part of a group of companies represented on a committee formed to fight the application submitted by Consol Glass for increased tariffs on imported table and kitchen glassware.

The committee comprises members of the retail, wholesale, direct selling and decorating and glass-cutting industries.

To date it is backed by 24 companies which will formulate a joint approach to fight Consol Glass’s application to the Board of Trade and Industry, a spokesman said.

The objective of the committee is to present a united front which will carry more weight with the Board of Trade and Industry. It is a loose alliance with no collusion between the companies.

"For years, individual companies such as Consol Glass and Continental China have won their applications and have crippled the import market. This has led to inflation and curtailed the choice of products available to the consumer. We want to formulate a system whereby we can fight monopolies such as these in a more structured manner."

It is the first time in the tableware industry that a large number of powerful companies have got together, despite healthy competitive differences, to look after the interests of the industry and consumer, the spokesman said.

"In conjunction with the committee is Andersen Consulting, which will also be submitting an objection, although of a more general nature, on behalf of the industry. Consol Glass, the only local manufacturer of specialty glass products in SA, applied for increased tariffs on imported table and kitchen glassware to stop the dumping of cheap Pacific Basin alternatives."

Consol Glass GM Derek Holmes said: "The landed cost of imports from the Far East has been below ours mainly because of high inflation and high labour costs in SA which have been eroding our margins over the last couple of years."

"Without protection Consol Glass, which employs more than 1 000 people, might have to be closed," he added.

Holmes denied that the move would have an inflationary effect on the industry, saying: "We only want to protect the local industry and our market share. With our lowest-paid employees earning between R300 and R1 000 a month we cannot compete with countries in the Pacific Basin."
Cape town feels the pinch of a 'chicory' shops boycott

By SHADLEY NASH Port Elizabeth

A HOTEL has been put up for sale in Alexandria, as the consumer boycott in the town enters its fourth week.

Peter Gordon, owner of the Heritage Lodge, said that the sale was prompted by inquiries from investors. He conceded that the boycott had been a factor, as it had adversely affected business, but said it was not the main reason.

He said one business, which traded predominantly with blacks, had closed its doors to “sit out the boycott”.

Meanwhile, the Chicory Board has written to the boycott committee to give it an assurance that local workers will gradually be selected to work on chicory plantations in the area.

The boycott began some four weeks ago because of the Chicory Board’s insistence on using Chinese contract labour rather than local workers. Five years ago, the board fired 225 workers who were local residents and began employing migrants on its plantations.

Gordon, who is chairman of the Alexandria Safekamer, said he had received a copy of the letter, but African National Congress branch executive member Mcedisi Sikepu said the committee had not yet received it.

He said the letter would be in their possession, the committee would review it and report back to the community for a further mandate.

He said the boycott, at this stage, would continue indefinitely, but certainly throughout December, in line with the national call by the ANC for mass action.

Pen
Maokeng boycott is over (30)

The consumer boycott at Maokeng near Kroonstad has ended.

The boycott, which lasted for several weeks, was started after the electricity supply to the township was cut off because of unpaid service charges.

Businesses at Kroonstad reported a sharp decline in their turnover but the chairman of the town's Afrikaans-speaking Sakestamer, Mr Johan de Lange, said no business had gone bankrupt and no employees had been dismissed.

Protracted talks between the parties involved had succeeded and indications were that business would soon be going on as usual. - Sapa.
Back to shops in Kroostad

The four-week-old consumer boycott of white-owned businesses in Kroostad was suspended on Wednesday after negotiations between the Kroostad (KTC) and Maokeng (MTC) town councils. The boycott, organized by the ANC-aligned Maokeng Democratic Crisis Committee (MDCC), was a protest against water and electricity supply cuts by the KTC since October 31. The KTC was owed about R30,000 by the MTC after a rent boycott called by the MDCC vice-chairman Alfred Lefaka said yesterday it had been decided to suspend the boycott while negotiations to restore electricity supply continued. He said the KTC had agreed to restore water supply until today, after the MTC had settled its bill.
Shrinkage losses at new high

By Jabulani Sikhakhane

Shrinkage losses in the retail sector for the November/December period are expected to increase by over 56 percent to R300 million from an estimated R200 million last year.

SA Chamber of Business legal affairs manager, K F Warren, told a press briefing yesterday that retail sales for November and December are expected to be R15 billion. This means that shrinkage losses will be equal to two percent of retail sales for the two months.

A random survey by SABC has indicated an increase in incidence of shrinkage, which is partly due to economic circumstances. Businesses must heighten their vigilance.

Mr Warren said retailers were forced to build these shrinkage losses into their pricing structures.

He added that Business Watch, which is now operating in 34 major centres throughout South Africa, has been very successful with crime rates dropping by between 60 percent and 70 percent in these areas.
WITH a depressed economy and Christmas almost a fortnight away, shoplifting is increasing at an alarming rate in Cape Town according to retailers. A Unisa study reports that most of the offenders are getting away with it. LINDEN BIRNS of Business Day in Johannesburg and MARYLIN KEEGAN of Cape Town report.

ONLY ONE in 20 shoplifters is caught and a mere 8% are actually prosecuted. In the meantime South African retailers face losses as high as R500 million a year due to this crime, an academic probe has found.

The study into shoplifting, undertaken by Beaty Naudé of Unisa's Criminology Department, found that a major cause of the high theft rate was that the public did not view it as a serious crime.

The study estimates that between R400 million and R500 million worth of merchandise is stolen from retail stores annually in South Africa.

Michael Moore, chairman of the Business Watch Committee, said that, compared with last holiday season, Cape Town had seen a marked increase in shoplifting.

"In the city centre, shoplifting is at the top of the crime list — with 65% of the police Business Watch Unit's time taken up in arresting offenders. The unit, based in the Union Castle Building in Adderley Street, consists of four policemen on the streets and one in the control room. It monitors an area bounded by Wale, Riebeek, Long and Adderley streets.

A graph, compiled by the unit, comparing the number of shoplifters arrested between September and December 1989 with 1990, shows a sharp decline in figures.

This indicates that shops registered with the unit, who therefore enjoy twice-weekly visits, regular patrolling and a guaranteed reaction time of three minutes, have a distinct advantage over retailers outside the area.

Ideally, the unit should have more members to scan a larger area. According to the SAP's Major Kevin Cook, regional head of Business Watch, the unit has been "unbelievably successful" and he predicts that by early next year it will cover all of central Cape Town.

"The trend in Cape Town has been to push for court appearance and we have prosecuted 95% of the people arrested for shoplifting. Because of the success of the centrally based Business Watch, satellite units have been set up in Sea Point, Wynberg and Bellville."

Disputes figure

Major Jan Calitz, regional liaison chief for the Western Cape, disputes Unisa's claim that only 30% of shoplifters are prosecuted.

"In Bellville last year 1,123 cases were reported and 1,061 people taken to court — that's a 90% success rate. So how this study can report only a 30% prosecution rate is a mystery."

Figures released by the SAP showed a marked increase in the number of cases in Claremont and central Cape Town for a comparable period between January and October 1989 and this year. In Claremont 234 cases were reported last year — and all went to court — and this year there were 322 cases. In central Cape Town in 1989 there were 605 cases and 660 this year.

Just who are the shoplifters in Cape Town?

Michael Moore, MD of a Cape Town security company, said shoplifters come from all walks of life. He did.

To Page 23
Thievery running rife in stores

The SAP unit believes that attitudes towards shoplifting as a crime are changing. It is now viewed as a serious crime because the long-term effect places a heavy strain on retailers and pushes up prices.

Fines — or prison terms — vary, depending on the individual circumstances or mitigating factors such as extreme youth or pregnancy.

Individual retailers in Cape Town (outside the business, watch area) are loath to comment or give statistics of shoplifting, for fear it may have a detrimental effect.

However, consensus among spokesmen for the major stores, is that shoplifting has increased drastically in the last six to eight months and they attribute it to the poor economy.

One store reports apprehending 10 shoplifters a day, mainly in the toiletry department.

The study found that no particular population group was inclined to shoplift but that females made up 52% of adult offenders and of juvenile offenders, 60% were boys. It found that although 60%-80% of all store theft was committed by employees — only 6% were prosecuted.

Of the 800 shoplifting cases surveyed, a substantial number of employees said they could justify the crime because that they were underpaid.

About 95% of offenders in court were fined about R213. Women were often fined and given a suspended sentence and males received mostly prison sentences.
Billions down the drain

SHINING THE CUP... THE CUP!

"By Sam Smith"

As shop thieves prosper...

Rubbish

The customer pays the price if proper safeguards are not taken to prevent shoplifting. The crimes ruin the good names of retailers, disturb the peace of the neighborhood, and disrupt the lives of the victims.

Shoppers are the worst offenders.

The customer's precious dollars are far too easy to obtain. Their money goes to support people who probably don't need it. The damage is not only to the shop but to all society.

"No" is the customer's best friend.

A little courtesy and politeness can go a long way towards preventing the loss of funds of an innocent shop.

Suggest instead... "I'm sorry, I can't help you with that."
Regional minister says ANC's Pargo Jenkins

No National Black Christmas - ANC

By Siphiwe Mchunu

Christmas will be hit by boycotts CP towns but certain by Siphiwe Mchunu

A NATIONAL BLACK CHRISTMAS

CITY PRESS, December 9, 1999

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20
Anbeeco, Supalek boast good results

ANBEECO Investment Holdings (Anbeeco) and subsidiary Supalek — importers and distributors of watches and audio equipment — both recorded excellent results for the six months to end October.

"We worked hard and are pleased with the performance. We expect to maintain strong growth in the second half," financial director Warren Jankelow said on Friday.

Anbeeco boosted after-tax income by 50% to R4.8m after increasing turnover 55% to R61.9m.

Management achieved a 19% increase in operating margins enabling earnings growth to outstrip the rise in turnover significantly.

Anbeeco raised earnings per share to 20.4c and an interim dividend of 6c was declared.

Supalek, in which Anbeeco raised its stake to 62.5% (46.1%), increased net after tax income by a massive 133% to R3.3m after increasing turnover by 93% to R33.9m.

Both companies continued to perform well and were expected to benefit from the festive season, Jankelow said.

Supalek was expected to continue to produce outstanding growth, he said. "Supalek recently acquired the right to distribute products for Samsung of Korea on a sole agency basis. We expect good results from the company," he said.

Anbeeco shares traded at 190c on the JSE last week. If the company fulfills its forecasts and matches interim earnings and dividends in the second half it will earn 40.8c and pay dividends of 12c for the full year.
Business down 90 pc – Louis Trichardt fears

By W. Mashau
Northern Transvaal Bureau

LOUIS TRICHARDT — Sales have dropped by as much as 90 percent since the start of a consumer boycott in Louis Trichardt last month. Businessmen fear some shops may have to close by Christmas.

Many cafes which blacks frequent are on the verge of closing.

Negotiations between the Central Boycott Committee (CBC) and the Zoutpanswberg Chamber of Commerce (ZCC) are deadlocked.

All black workers have been told by the CBC to take their own food into town. All reports at work on time and there are no absences.

Magwebaza Mthaphuli of the CBC says reports in a local English weekly newspaper that there is confusion among the organisers are "unfounded rumours".
Second Boksburg free trade area upsets CP

BLACKS will be allowed to open businesses in a second part of CP-controlled Boksburg following the declaration of a free trade area in the East Rand town — a move which has enraged CP councillors.

"Jansen Park Extension 3, situated about 7km from Boksburg's CBD, was proclaimed a free trading area in Friday's Government Gazette. Blacks could now operate businesses in the area from December 7.

The CP's chief whip in the council Andries du Toit said yesterday the party opposed any free trade areas as it took away the right of the white man to trade separately from blacks.

Boksburg's CBD, which was declared a free trade area under the formerly NP-controlled town council, had become totally black and was not safe for whites, he said.

"Admitting defeat, Du Toit said, "What can we do about it? The CP does not control central government."

He said the newly proclaimed area was not situated near any black area, so it would not have a "total influx" of blacks, but the area would eventually be swamped.

The area was also dominated by huge shopping centres and it was unlikely that black traders would be able to acquire a foothold in the area in the short term.

Du Toit said he assumed the proclamation was therefore a move to gain investors.

Boksburg's right-wingers lost their fight for petty apartheid when the Pretoria Supreme Court in March overruled the council's reservation of the Boksburg lake and the tennis courts for whites only.
Recession puts stopper on November vehicle sales

Finance Staff

The recession is hitting car retailers hard, the latest sales figures from the National Association of Automobile Manufacturers of South Africa (Naamsa) show.

New car sales in November were down 7.03 percent to 18,165 units on year-ago figures, but marginally up three percent, compared with October figures.

November is traditionally a busy month for the trade because the public buys new cars in time for the Christmas holidays.

Sales of new 'light commercial' vehicles and minibuses totalled 2,562, down 415, or 4.2 percent, from October's 2,977 units and down 917 from November 1989.

Sales in the low-volume medium and heavy truck sectors fell by 51 units (12 percent) from October and 180 units (18.7 percent) from November 1989.

Naamsa says that while trading conditions throughout the industry remain difficult, car and light commercial vehicle sales could have been higher but it was not for production losses at Mercedes' Eastern Cape plant.

Enhanced demand from the small business and corporate sectors continued to contribute to the relatively resilient performance of the light commercial vehicle and minibus segments.

Business conditions in the industry's medium and heavy commercial vehicle segments remained severely depressed.

Sales in these sectors will only show a significant improvement when the overall level of industrial activity and investment spending picks up, Naamsa says.

Given the current economic downturn, Naamsa expects little or no improvement in sales volumes. Latest industry projections are for no growth in 1991.

Expected sales of 4,000 tractors this year could be the lowest on record, says the SA Agricultural Machinery Association (Saama).

In its monthly sales report it says tractor sales in November were 285, down 96 units, or 25 percent, from October, and 50 percent below those of October 1989.

Sales for the year to date are 3,729, down 1,596, or 30 percent, from the equivalent period last year. — Sapa.
Hope over boycott

THE Transvaal Provincial Administration has approved plans to upgrade Tshikota township in Louis Trichardt, thereby boosting chances of an end to the consumer boycott of the town.

Announcing this yesterday, Zoutpansberg Chamber of Commerce chairman Mr Brink Schlesinger said he was awaiting a letter from the TPA which would be handed to the consumer boycott committee.

The upgrading of the township is one of the central demands of the boycott committee.

By MATHATHA TSEDU

Tshikota, situated about 2km from Louis Trichardt, was built in 1960 when the freehold area of Masagani was demolished.

Residentes were removed from the township in 1981 and resettled, along tribal lines, at Vleifontein and Waterval, both about 30km from the town.

Only a small community of Sotho-speaking people and hostel dwellers remain in Tshikota.

The CBC has demanded that sewerage, electricity and roads be installed so that people in the two new areas wishing to go back could do so.

Schlesinger said he had informed the CBC about the TPA decision and hoped progress could be made in the deadlocked talks over the boycott.

He said many employers had laid off staff as turnovers had fallen by up to 80 percent.

Schlesinger would not say how many workers had been laid off but cited a hardware shop that had retrenched 20 of its 24 employees.

CBC spokesman Mr Magwedza Mphaphuli said his committee was still awaiting the letter from the TPA.

The CBC was due to meet last night to discuss the boycott and decide on its next move.

Attack

The boycott started on November 28 after the attack on Sunday school children in the town four days earlier.

Other demands of the CBC include the opening of the central business district to all races, the opening of public facilities and an end to alleged harassment of trade union members by police and employers.
Switch on or face boycott, warns ANC

By Therese Anders
Highveld Bureau

The ANC has warned that a consumer boycott will begin in the Conservative Party-dominated Eastern Transvaal next week unless essential services are immediately reconnected to affected townships.

"There is a deafening call by members on the ground for a blanket regional consumer boycott and other forms of mass action," said the ANC's Eastern Transvaal publicity secretary Jackson Mthembu.

Disrupted

He said the lives of residents in most Highveld townships had been disrupted since the Transvaal Provincial Administration cut township subsidies by up to 80 percent in September.

CP-controlled town councils had cut supplies of either water, electricity or both when residents were unable to pay mounting arrears.

Bethal's eMzini township has been without electricity for a month, Carolina's Silobela township for two months and Bronkhorstspruit's Sithobeni township for four months.

Waterfall Beven's eMgwenya township has had no electricity, and water has been severely rationed, since October.

He said that part of the problem was the refusal of most CP councils to recognise and meet civic associations.

The ANC's recent Eastern Transvaal regional congress had taken decisions on how these councils should be dealt with and details would be announced next week, he said.

Mr Mthembu said ANC members were also unhappy about the TPA's intransigence.

"Seemingly the TPA wants to force people to acknowledge its authority and control over the masses. But the people are fed up.

"Unless the TPA changes its strategies and stops this nonsense of undermining the black communities, then the Government has only itself to blame for whatever mass action results."

Crippling

Mr Mthembu said the ANC wished to remind businessmen that the organisation had only suspended the crippling consumer boycott held throughout the region in August.

"We suspended the consumer boycott as a means of testing the honesty and integrity of those people who were involved in deliberations, especially the TPA. But obviously they have been found wanting in these respects, and as such our members are saying we must resume the consumer boycott and all other forms of mass action with immediate effect," he said.
Sales expected to level off over Christmas

BUOYANT sales of furniture, appliances and TVs for the year to October 1998 — averaging a 24.4% increase in year-on-year growth — were likely to level off over Christmas, Furniture Traders’ Association (FTA) executive director Frans Jordaan said yesterday.

He said there were preliminary indications of a downturn in sales of furniture, TVs and appliances for November, and reports received from a number of furniture retailers indicated December “has not started off very well either”.

Sales over December could be disappointing as there had not been as much activity as was hoped for in the first two weeks, Jordaan said.

However, sales for November and December would be measured off a high base while most of the other months this year were off a low base.

In January the FTA reported a 1.2% real growth (zero growth was forecast) in furniture, appliances and TV sales for the first nine months of 1998.

Growth in sales on a year-on-year comparison show sales in January up by 19.7% on January 1989 (at constant prices). But sales plummetted in February to 4.3% growth (negative real growth).

In March Jordaan said he expected the lifting of HP restrictions to allow positive real growth in the sector rise by 3-4%.

With the subsequent easing of hire purchase restrictions, sales went up by 17.8% on March 1999 and the upward trend continued through April and May and had moved up to a 31.4% increase by June.

When the growth in sales came down to 24.6% in July, Jordaan thought the pent-up demand was being off as expected. However sales shot up again in August and growth had increased to 36.2% by October.

Figures are slightly distorted by the volatility of appliance, audio and TV sales while year-on-year growth of furniture sales has remained fairly constant with increases between 24% and 26%.

Next year Jordaan expects interest rates to come down resulting in more disposable income.
THE unemployed workers' "Eat the Bread" campaign will go ahead in rural areas in the Cape next week but has been postponed until next year in the Peninsula.

The campaigners intend to help themselves to bread and milk in targeted stores to highlight the plight of the unemployed.

Western Cape Unemployed Workers' Union (Wecuwu) regional secretary, Mr Shahied Mohammed, said the protest would take place in Atlantis, the Boland and the Southern Cape.

Similar protests were planned to take place in the Peninsula, but Wecuwu this week decided to postpone these until the organisation was stronger in Cape Town.

When asked what would happen if protesters were arrested, Mohammed said Wecuwu would brief lawyers and hoped legal teams would be on hand when the protests took place.

He said shoppers who chose to join in the protests would be showing solidarity with the unemployed.
Let's buy black
- Phil Khumalo

By ALI MPHAKI

IMAGINE Nelson Mandela buying his groceries at one of the black-owned stores? That would be symbolic and would give credibility to black business.

This is the view espoused by director of Business Challenge, Mr Phil Khumalo, in his year-end speech and challenges facing black business in 1991.

Khumalo, speaking in an exclusive interview with Sowetan yesterday, said black businessmen always uplift their politicians but the latter seldom reciprocate.

"I think it's about time our political organisations initiated a move to support black business. Buying black would willy-nilly empower us to be economically strong.

"I think there are many commodities which could be sourced out through black hands. I yearn for the day when I would hear our leaders say on platforms that black business is imperative. Politicians must realise that the liberation of our country also depends on our economic power," he says.

MR PHIL KHUMALO

Khumalo stresses the importance of buying black and further exhorts politicians to persuade the people that black economic support is a major tool to get black business into the mainstream economy.

Khumalo warned black business that 1991 would be tough a year, what with the latest economic indicators reflecting a widespread weakness within the world's major economies, the US, Britain and France.

"While 1990 would go down as a bad year for black business mainly because of the political unrest and the ungovernable townships, there is a need for co-ordination and effective communication between business and politicians.

"It will be very foolish for us to look at our economy after independence. That would be too late."

Lambasting some members of the black business community, Khumalo said some are just out there to make a quick profit.

He called for reconciliation between business and the community "as soon as possible", suggesting that black business should offer temporary jobs for students during school holidays.

Visible

"Admittedly, we have not been very much of assistance to our communities. While there are organisations like Nafoco, Fabcos and others, we need individual business to play their role as visible as possible. Each businessman must make it his duty to employ temps during holidays."

He said he was worried about the shabby service offered at township shops, and urged each businessman to decide as policy that any staff member showing contempt to a customer should be dealt with as quickly as possible.
Boycott ends

THE consumer boycott in the Conservative Party towns of Groblersdal and Marble Hall has been called off after negotiations, according to the Consumer Boycott Committee. 

In an earlier statement, the committee had decided to re-instate the boycott because the demands they had made to the town councils were not fully met.

Out of 10 demands only two were fully met, the statement said. The demands which were met included the loading and unloading of commuters in town, and the reinstatement of workers who were dismissed earlier this year.
THREE Nafcoc-affiliated chambers of commerce in the northern Transvaal have merged to create a single chamber which will be known as Nafcoc Northern Transvaal Region.

The chambers involved are the Gazankulu Chamber of Commerce (Gazcoc), the Lebowa Chamber of Commerce (Lebcoc) and the Venda Chamber of Commerce (Vencoc).

Nafcoc vice-president Max Tlakula said the main reason for the merger was "to do away with the apparent ethnic character which had existed in the past in various chambers".

He added that this was in line with Nafcoc policy to open its doors to all persons who subscribe to the principles of the Nafcoc business charter.

The new regional chamber has elected the following management committee: Mr M K Tlakula (chairman), Mr BM Mpuru (vice-chairman), Mr S Munzhedzi (secretary), Mr L Shimati (vice-secretary), Mr N Ntsanwisi (treasurer) and other members Mr ET Joubert and Mr D Kutumela.
DURBAN — The Democratic Party has called on the Administrator of Natal, Con Botha, to reconsider his rigid stand on keeping Natal's shops closed on Sunday.

Mike Ellis, the DP's Natal coastal region leader, said he could find "no real reason in the Administrator's firm stand taken against opening shops on December 16".

"It is a date that has always been controversial. All the other provinces have let shops open on this day, so Natal's stand does not make sense," Mr Ellis said.

"It also does not make sense that Natal appears to continue to foster memories which should have been allowed to die a long time ago. Most South Africans should not place too much emphasis on December 16 being a religious holiday. It is a pity that Natal continues to do so," Mr Ellis said.

"We would call upon Mr Botha to reconsider this decision as a matter of urgency. He is doing himself and the province no favour whatsoever by sticking rigidly to a decision that makes no sense."
‘200 shops about to close’

By Willie Mashau
Northern Transvaal Bureau

LOUIS TRICHARDT — Nick Haarhof of the Labour Relations Training Centre told a meeting yesterday that 200 shops in Louis Trichardt would have to close if the consumer boycott was not lifted by next week.

The meeting, attended by whites and blacks, was called by the Louis Trichardt Anti-Boycott Committee to try to reach an agreement with the Central Boycott Committee (CBC).

"We have been punished and it is enough. (The) 13 whites who attacked Sunday school children have already been charged," the businessmen said.

Mr Haarhof said the attack on the children had been a case of mistaken identity. The attackers had thought the group was part of a mass protest which was scheduled to take place on the day.

The CBC said the boycott would continue.
Sales at Theunissen stores drop to 5 pc

By Paula Fray

Traders in Theunissen in the Free State have been hit hard by a five-week consumer boycott as sales dwindled to a mere 5 percent during the normally frantic pre-Christmas shopping period.

The boycott, sparked by recent water cuts, was called by the Masilo Civic Association (MCA) and local ANC spokesman said when the water supply was cut, a nine-man MCA delegation was sent by the community to speak to the administrator. They were arrested and held for two nights, she said.

Because of this, the harassment of residents and the fact that demands to upgrade the township had not yet been met, residents have decided to boycott.

Businessman Kobus Swanepoel said trade in rural areas was directed at blacks and the boycott had reduced sales by 95 percent.

He said there had already been 13 weeks of boycotts in the town.

"At this stage no one has closed down... but it is difficult. Obviously, if it continues some will have to close," he said.

Also battling are three Indian traders who were the targets of right-wing attacks when they were excluded from two of the three previous boycotts.

"We're in dire straits," said one, Ebrahim Patel.
SIZING UP BLACKS

Ten years after its ground-breaking survey of the black market, A Window on their World, the Bates Wells advertising agency has produced an update on black attitudes, A Window on our World.

In 1980 the black market was considered marginal, but it's now clear that blacks will soon dominate almost all retail sectors.

Over the next 10 years, blacks' share of TV sales will increase from 48% to 64%, of grocery sales from 64% to 76%, and of beer sales from 72% to 83%. Blacks will be a minority in just a few markets. Their share of car sales will rise from 22% to 36% and of microwave oven sales from 3% to 10%.

Bates Wells organised 19 discussion groups among middle-income blacks as part of the survey. The findings show that the underlying attitude of blacks towards whites is little changed in 10 years. Though whites might be more polite, they still display an undercurrent of hostility towards blacks and a desire to dominate, blacks believe. As in the 1980 survey, blacks find whites aloof - they cannot comprehend that whites may not have any desire to know their neighbours. Whites are seen as disrespectful to elders and uncaring about their families.

Many blacks feel that shopowners still treat them as potential thieves. They resent the fact that shop assistants still steer black women to the cheaper lines, even though quality and not price is their most important concern.

Good news for business is the changing attitude towards economic systems. Ten years ago communism was thought of in Utopian terms. Now respondents are wary of communism and particularly of Communist Party leader Joe Slovo.

Most respondents believe that a mixed black and white government would be preferable once a new constitution is settled. Today, as in 1980, education is the priority but the second most important thing then, removal of the pass laws, has fallen away. Job equality is as important as before but the previous desire for a greater say in politics is now for an equal say.

Certain issues rate lower with blacks than with whites. Blacks show considerably less interest in ecology, crime and the population explosion.

Respondents expect a continued disparity between black and white incomes over the next three to five years but feel that in 10 years there will be equal job opportunities and an equal distribution of resources. Certainly marketers can look forward to a more confident, aspirational black population.

Bates Wells research director Beatrice Kublaska says: "What were once distant hopes for the respondents are now definite expectations. In fact, some expected instant fulfillment of these expectations."

Bates Wells also organised six white discussion groups, which were much less optimistic. These show whites are resigned to lower living standards and a worsening economy due to stayaways and the threat of nationalisation. In short, they expect SA to become more like a Third World country, "dirty, inefficient and multitudinous." They also consider the expectations of blacks to be unrealistic.
The recessionary Scrooge is threatening to dampen Christmas. But retailers are keeping their spirits up.

"We have decided not to participate in the recession this year," says Dion CEO Janie Els. Sales are up by 22% though, admittedly, Dion's performance is exceptional. It spent heavily on promotions and advertising for its 20th anniversary in September and the momentum has continued. And unlike most years in which a few departments tend to carry the store, this year the sales increase has been across the board, he says.

With just two weeks of Christmas shopping left, many retailers, surprisingly, say they are looking at real growth. At the beginning of November a survey by the SA Chamber of Business predicted a 0.8% real decline in Christmas sales. It now looks as though real growth of at least 2% could be achieved.

The chamber predicted that purchases of jewellery, clothing, books and footwear would decline in real terms. Clothing and jewellery retailers are now resigned to lower volumes. But rather than trying to increase volumes by cutting prices, they are concentrating on higher margin merchandise that is less sensitive to price increases.

From industry to industry, store to store, the observations so far are spotty. Izak du Plooy of Stuttafords, Sandton City, says business is slow and won't match last Christmas. Dave Middleton, speciality foods manager at the Sandton Hyperama, also says business is slow but he expects the Christmas rush to start this weekend. He says people are looking for bargains more than last year; fewer electrical goods, in particular, are being sold.

Jason Kahn, gift-hunting in Sandton City this week, says he's noticed that there are fewer shoppers this year. He adds that he is not spending as much as last year and believes the festive Christmas spirit is lower than usual. "Because of the political situation; people are worried," he says.

What has saved jewellery from a substantial decline has been the removal of the 20% ad valorem duty. It is high-value diamond jewellery that is doing best.

Geoffrey Katz of Katz & Lorie, upmarket jewellers, says there has been less traffic in the store but more high-powered buyers. "The market for expensive and exclusive jewellery is holding up much better than the mass market."

Signals from the clothing industry are mixed. Edgars group MD George Beeton says the black-orientated Sales House chain will battle to achieve real growth but the Edgars chain is still growing by 25%. However, there is a marked variation in the growth patterns. Lingerie is moving particularly well and so are children's clothes, but sales of bigger ticket; women's fashions and menswear are growing at below average rates.

Celestin du Bruyn, sales manager of John Orr's Sandton, confirms that children's clothing is moving well but women's fashion is disappointing. "We are doing particularly well on higher-priced articles so we may be down in volume." But he notes the Sandton branch is performing better than the other John Orr's branches in places such as Maritzburg and Belville. Both Edgars and John Orr's say cosmetic and perfume sales are among the hot sellers.

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The Hyperama's Gerald Mannie says only that the outlook is "not bad at all," but cautioned that it could be a different story in a week's time.

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Festive fever... ups and downs

Overall, it looks as though last year's festive season growth of 19.1% will not be achieved. Pick 'n Pay, which usually beats the market by at least two or three percentage points, is expecting growth of between 18% and 20% over last Christmas. It is expecting real growth in food, toys and hardware, but big-ticket appliances are "not too brilliant."

The success story of the season is bicycles because the duty on their import was recently reduced. "Bicycles are just flying out of the stores," says Pick 'n Pay chairman Raymond Ackerman.

Books were expected to decline but targets are being met, thanks to a promotion by the Publisher's Choice, says Richard Brand of the Literary Group.

Many traders are reluctant to commit themselves because the Christmas shopping period is yet to peak.

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THE CBM IS CLOSE TO COMPROMISING FREE-MARKET PRINCIPLES

During the many years that the black liberation movements were banned, the business safaris to Lusaka and Dakar were important. There was a need for businessmen to meet organisations which would be shaping the future of their country and conditions in which they operate. The Consultative Business Movement (CBM) was formed in 1987 to facilitate these meetings.

Then it has been in the public eye on only a handful of occasions. In August 1988, 40 businessmen, including Peter Wrighton of Premerit, Cedric Savage of Tongoat, John Hall of Barlows and M C Pretorius of T&N, met representatives of Cosatu and the United Democratic Front at Groedestroom. Little was heard from them until May this year when the CBM hosted the Carlton Conference between the legalised ANC and more than 250 business men.

But the CBM has developed into something more than a dating bureau for prominent South Africans of differing colours and views. It has also become a debating forum in which the views of business, black political movements and trade unionists are expressed in search of a common agenda.

The CBM has been endeavouring to pursue what it calls "Process Consultation" which, in its words, "ensures that we are able to move beyond rhetoric and ideology in our discussions." It includes encounter weekends with organisations that are barely familiar with business men such as Azapo and MECOSA as well as the ANC and Cosatu.

While these encounters have not been particularly secretive, the fact is that they were intended to be covert. Inevitably, therefore, when some of the issues and possible policies debated were leaked into general business conversation, they gave rise to some alarm among those who were not included. Some critics fear that the CBM is an appeasement organisation, more concerned to win the approval of the ANC than to represent the legal and economic arguments.

The Free Market Foundation's Leon Louw says: "The CBM is appealing only to those who are going to be free anyway, so they can hardly be expected to take a free-market stance."

Why does he say that? Well, the CBM's literature is peppered with expressions such as "pragmatism," "common ground" and "a favourable climate for negotiations." The CBM, in its statement of principles, calls for the establishment of conditions and structures for strong economic growth and a just distribution of wealth. The terms "free market" and "free enterprise," which the movement considers to be ideologically loaded, do not appear.

"We do not believe in a simplistic free market," affirms Christo Nel, founder of the organisation, now a consultant to it. "We are engaging in real-life debate and we cannot expect a sudden conversion by the ANC to market economics."

JCI economist Ronnie Bethlehem, chairman of the CBM economic working group, says: "I would prefer to talk about a market economy rather than a free-market economy. All markets need to be free by definition. The term free-market economy, on the other hand, implies the ideological agenda of the free marketer. This includes minimal State participation and the end of all controls. We accept in the CBM that the State will have to have a major role in the reduction of poverty and inequality.

"Will it be possible to address the huge imbalances in SA without State involvement? The answer must be no. There are two things we in business cannot be neutral about. One is the need for a market economy and all that that implies regarding the institution of private property. The other is poverty and attendant inequality."

Nel says the CBM is a creative minority of businessmen who engaged in dialogue with the ANC and other black groups when it was fashionable to do so. The national chairman, former JCI chairman Murray Hofmeyr and AECI's Mike Sander, have certainly been vociferous in their criticisms of apartheid.

The CBM insists that it does not represent business or even a united business view. But among its members are some of the key men in top companies. And, given its desire (or need) for confidentiality, anxiety has arisen — especially in organised business — that its members could be adopting positions inimical to both a business interest and to a free, as well as soundly run, post-apartheid economy.

Of course, not all the CBM's members are appeasing liberals. Trudgro's Donald Masson, a pillar of the Afrikaner establishment, is on the national consulta-

tive group. He says people are still talking past one another and so the CBM's role as facilitator hasn't yet run its course. "We are not planning to come up with a solution, but we have been talking with the ANC and others long before it became popular. We want to bring people together from right across the political spectrum."

Bethlehem insists that there is nothing sinister about the organisation's secrecy. "It is not our intention to become the freemasons of the economy. The CBM does not want public attention, which would change its role from a facilitator to a participant. Executive director Theuns Eloff says the CBM does not want to take part in the match, or even to referee, but merely to provide the ball. So the CBM could be in a position to influence the agenda for negotiation.

The game has so far been cast on issues that are central to the ANC's aspirations, such as poverty, inequality and development. The funding of these social objectives has been relegated to a secondary role. The issue of privatisation will be touched on, but no more than nationalisation.

Bethlehem says: "The relative roles of the State and the private sector will have to be discussed. Privatisation is seen by the ANC and others as a possible way to shift race discrimination from the public to the private domain. Until that is addressed it precludes discussion of privatisation."

Nel says the organisation aims also to sensitise business to change. "Businessmen are extraordinary ignorant about the political ramifications of SA's inequality. They are excessively defensive when they say capitalism is the antithesis of apartheid. Many businesses did very nicely under apartheid institutions such as migrant labour."

Nel says there is a danger that once a black government is in place and the Budget, police force and civil service are democratised, business could be the last vestige of the apartheid system, with a minimal number of black faces. Nel conceives that his own views have changed because of his experience in the CBM. In 1986 he was responsible for
SA'S SUPER-RICH

Draw up a list of SA’s 15 richest families. Chances are you’ll get the first four or five right but after that you’re in for some surprises. For the full list — comprising families with holdings on the JSE worth more than R50m — read the F/next week.

The listing has been prepared exclusively for the F/ by McGregor’s On-Line Information, based on research into complex JSE holdings. It will show the number of shares held by each family and their value, calculated at the ruling price on November 29.

Some families maintain such a low profile that their names are virtually unknown to the public. Indeed, since we published this project last week, McGregor’s has discovered a new family which meets the criteria for inclusion.

We can afford. We suggested that the most realistic way in which to address poverty is through a 10-year programme.

Van Rensburg says there is room for both Sacob and the CBM, as long as it is realised that the CBM cannot speak for business. "Sacob is mandated and its policies are developed in a series of subcommittees, committees and conferences. The CBM, on the other hand, can express views without these constraints." Inevitably, because of its mandated nature, Sacob takes a more sober approach than the CBM.

The CBM’s credibility with black organisations, its supposed major strength, was addressed for us by Joe Manche, a black business consultant. He says the CBM should strengthen its links with black business. "The CBM is a white organisation at this time and it should change into a more broad-based movement with all races."

But, he says, the organisation is at least trying to speak in language which blacks can understand. "Some businessmen have reacted unfortunately to demands for a more socialist economy. They say that socialism has failed in eastern Europe, so there is nothing to discuss. This just serves to confirm that business does not want to change." The CBM at least is not slamming the door.

The Black Management Forum’s Lot Ndlouv says the CBM has been willing to confront contentious issues in a way organised business has never been prepared to do. "Whether they will support the substantive changes which society needs is another matter, but they are at least willing to talk.

Where the CBM claims notable success is in the regions. It has played a pivotal role in persuading the ANC and Inkatha to discuss violence in Natal.

If the CBM sticks to its brief, it must have a limited lifespan. When negotiations and discussions are second nature at all levels it should quietly disappear. That’s the theory. But perhaps those of its more pragmatic leaders who reason along those lines are being short-sighted. They might not have

taken adequately into account the need for a bureaucracy to perpetuate itself. The temptation to go back and write another work programme when it should be writing itself out of a job might be overwhelming.

The CBM lost a great deal of its relevance after February 2. As an icebreaker it had its use, but in its need to avoid becoming a vehicle to negotiate for business to avoid doing business with the economy of public policy, it could be talking itself out of existence. There is a danger, too, that in an effort to achieve consensus it might set unfortunate precedents or perpetuate economic myths impossible to achieve.

For instance, by accepting that wealth distribution is as important as wealth creation there is a tacit admission that there is an economic or moral ceiling to the accumulation of individual wealth or property. Private property and freedom of contract are the very crux of classical liberal values. While they inevitably give rise to markets — which are the interactions of buyers and sellers for the purposes of exchanging ownership titles — are values that are absolutely necessary to peace, prosperity and liberty. That is not a theory. It is a matter of observant fact.

Moreover, mixed economies that include substantial social security systems have persisted only because the focus was on the creation of wealth before attempting to redistribute it, as Frank Vorhees argues in another part of today’s issue (see Business).

Wherever the process has been attempted in reverse, the system has quickly failed.

If the CBM is facing these harsh economic and social realities in its face-to-face chats with the comrades, no one can argue that it is selling business out.

But if the statements of its spokesmen in this article are taken at face value, pragmatism might be in danger of becoming a euphemism for appeasement.
Confirmation that there were no plans for a Black Christmas could not be obtained from official PAC spokesmen. But reports leaked to the ANC's News of the Times regarding the PAC's Christmas party planned for December 25th were reported in the newspapers.

"Certainly there's nothing to celebrate," declared J. B. M. Hlatshwayo, Secretary-General of the ANC's News of the Times, "but the government should impose the status of an emergency on South Africa in the manner of the past."

A call was made to the media to ascertain the Government's intention to impose an emergency, as has been done in the past. If the government does not act, there is nothing left to celebrate. Such a move, according to Mr. Hlatshwayo, would enable the ANC to carry out its主题教育 of the National Festival of Black Consciousness.
THE motor industry forecasts a better-than-expected total of 210 000 car sales for the year after a modest increase in November business.

The National Association of Automobile Manufacturers of SA (Naamsa) says November sales rose by an unexpected 3% over the previous month in spite of the work stoppage at Volkswagen which reduced supply by about 2 700 vehicles.

Earlier forecasts for annual sales were between 200 000 and 205 000, but latest projections are 210 000, suggesting volumes in December of 13 800, the same as last year.

Naamsa expects car sales next year to remain static at 210 000, light commercials and minibuses at 115 600, medium commercials at 5 000 and heavy commercials at 8 800.

November passenger sales rose to 19 186 from 17 840 in October, taking the 11-month total to 196 405 against 207 457 last year — a decline of 5.3%.

The light-commercial sector has been the best performer this year with November sales at 9 562 compared with 9 977 in October. Sales to date are down by 3.1% to 106 569 compared with 109 818.

Medium commercial sales were 372 in November against 441 in October, with the 11-month total 8.5% better at 4 541 compared with 4 191.
smooth the way for the removal of the Tradegro and Tradehold pyramids by mid-1991.

The mother of the Tradegro subsidiaries Metro and Checkers is making money. New chief of the group, C. D. (Metro) Donald Masson says both groups are hoping for a buoyant Christmas to produce profits at the interim stage.

"Margins in both groups are tight although turnovers are satisfactory. We have introduced some exercises in Metro and Checkers and should see the benefits filtering through next year." 

**Rename**

Unbundling refers to the distribution of shares in a conglomerate's operating companies to shareholders in the holding company and then delisting it. Tradegro and Tradehold shareholders would receive some form of equity distribution in subsidiaries Metro, Checkers, Stuttafords-Greaterns, Smart Centre and Cashbuild. Checkers Corecorp and Stuttafords-Greaterns are wholly owned by Tradegro. Sankorp would probably retain the Tradegro listing and rename it Checkers Corecorp, falling under Checkers.

Sankorp's management, in charge of investments, says unbundling may go ahead aapt of the fact that neither Metro nor Checkers will show strong profit growth by the 1991 year-end.

**Discount**

"We do not intend to raise new capital. It will be a distribution in specie. But before we go ahead, we want to make sure we have good management in place." The merger talks between Peggro and Tradegro, called off in September this year, appear to have faltered over settlement of a price for Checkers.

By listing the supermarket chain, Cashbuild could establish a market value for the group. Given its poor financial performance, the company is unlikely to be bought for more than its cash value this year. Checkers is likely to face a frosty reception from JSE-listed companies, but Sankorp executives appear willing to brave this out.

The shares of conglomerate-generating trade at a discount to their net asset values. By removing the conglomerate, the Sankorp group has also proposed, the discount in the share prices of the underlying assets could be eliminated.

The share prices of the two operating companies in the Tradegro stable, Cashbuild and Smart Centre, have been depressed by the association with a flat-footed

**Image**

"We don't want to close stores — we want to keep our image of being "just down your street".

Serious efforts are being made to reduce stocks and increase turnover of 11 times a year (compared with about 12 for Pick n Pay).

Mr Masson concedes that shrinkage has increased dramatically in the past six months because of high unemployment. Because of the large number of shops in the Checkers group, it has high fixed costs to meet. It is a question of increasing the sales a square metre in all shops.

Warehouse stores are being "shrunk". They were intended to compete with the hypermarts and hypermarkets, but were unsuccessful. The warehouses will move from white goods but offer extended ranges (non-food items such as detergents) to
gear up.

**Gearing**

It is ironic that Checkers may be listed at a time when it is plagued by the twin ravages of mass action and an economic downturn. It would come to the market unprepared. But Mr Masson says it would increase gearing to 50% — that is, R68-million (on shareholders' funds of R108-million), because this is what is needed to put the group in order.

Shop refurbishments are a priority and technological investment is needed to attract and rationalisation of outlets. Several small stores inherited from Metro are being closed, particularly in the Eastern Cape.

Mr Masson concedes that Metro's not making a profit, but says it will be in the black at the interim after the Christmas buying spree.

Metro forecasts turnover of R4-billion in the year to June 1991. It is still battling with high borrowings, but the overdraft has been reduced.

**Checkers' listing in rights**

The removal of marketable securities (MSEs) in next year's Budget would

**Fransch which disappeared from the JSE in the past year, may also get a JSE listing.**

Corecorp has about R48-million of properties which it intends to dispose of. Once this is done and all head lease are profitable, "the company — may be sold to management," says Mr le Roux.

Unbundling would increase the tradability of the shares. For example, Tradegro would dispose of its 75% of Cashbuild in this way; as Tradehold owns 55% of Tradegro, it would retain 25% of Tradegro's 75% in Cashbuild, the balance being distributed to Tradehold shareholders.

Sankorp, which has 68% of Tradegro, would retain a proportional representation in Tradegro's underlying assets and distribute the balance to its existing shareholders.

There would be no dilution of earnings, which would be distributed directly to shareholders in the operating companies rather than through a holding company.
Eight-month rent boycott ends

AN eight-month rent boycott in Zithobeni, near Bronkhorstspruit, ended this week after an agreement between the Transvaal Provincial Administration and Zithobeni Residents' Organisation.

Among other things, the parties agreed on an interim payment of R71.38 for each household and R15 for a hostel resident for a period of nine weeks.

During this period, a joint committee will investigate the question of permanent tariffs and the method of paying arrears.

Meanwhile, legal action for the recovery of arrears by Zithobeni Town Council will be suspended.

Black business chambers merge

THREE black chambers of commerce merged this week to form the National African Federated Chamber of Commerce (Nafco) Northern Transvaal Region.

Explaining the move at a meeting in Pietersburg, Nafco vice-president Max Tshaka said the reason for the merger was "to do away with the apparent ethnic character which has existed in the region in various chambers."

This was in line with the black business chamber's policy of opening its doors to all who subscribed to the principles of the Nafco Business Charter.

The three Nafco affiliates which disbanded are the Gazankulu Chamber of Commerce, Lebowa Chamber of Commerce and Venda Chamber of Commerce.
TRICHRADT BOYCOTT MAY END THIS WEEK

By ELIAS MALULEKE

The month-long consumer boycott of Louis Trichardt may end this week, after the government intervened and overruled the CP-controlled town council by granting Tshikota township permanent status.

Tshikota residents were the prime movers of the boycott demanding, among other things, that the township be upgraded and the Louis Trichardt central business district opened to all races.

The township has opposed forced removals since 1986. Part of it had been demolished after being declared a white area. One of the major reasons residents refused to move was that they would be resettled in the homelands of Gazankulu, Lebowa and Venda.

Chairman of the Louis Trichardt Afrikaanse Sakekamer, Brink Schlesinger, said it was wise to declare Tshikota permanent. Many workers were being transported from distant areas into town and the township would be able to house workers and increase productivity.

The move to reopen Tshikota was supported by several government departments – including the Prisons Department and the SAP.

Schlesinger said 90 percent of business people and industrialists supported the move.

Chairman of Tshikota Residents' Association, Lazarus Legong, said the lifting of the boycott would be considered this week in the light of the decision to upgrade the township.

"We have achieved one victory for the people and the government is considering opening the CBD to all races. In the light of this I feel the boycott must be ended," he said.

Legong said he would meet the Central Boycott Committee tomorrow to urge them to end the boycott.
Boycott may end

The Louis Trichardt consumer-boycott may end this week after the Government's reassurance that nearby Tshikota township would be upgraded.

According to Mr. Lazarus Legong, chairman of Tshikota Residents' Association, the Central Boycott Committee and the Indian community of Louis Trichardt are in favour of lifting the boycott this week.

Although only one of these demands has been met, Legong believes this is enough of a concession to call off the month-long boycott.

Sowetan Correspondent
Boycott call adds fat
to the fire — Azapo

The Azanian Peoples Organisation was subsequently discredited by elements which used mayhem and intimidation to steamroll the oppressed into abiding by their calls: "political banditry".

Azapo's Transvaal vice-president, Dr Gomolemo Mokae, said the concept of a black Christmas originated from the Black Consciousness Movement, which in 1976 called for the "oppressed and dispossessed" to mourn the fallen following the mass upheavals that year. "However, the concept.

"Any call for a black Christmas will be akin to adding fat to the fires of violence.

The Maqwen Democratic Crisis Committee of Kroonstad yesterday distanced itself from a pamphlet which it said was distributed in Maqwen township last Tuesday calling for a consumer boycott."
Town boycott may end soon

The consumer boycott of Tshikota township may end this week after the Government's reassurance that the township would be upgraded.

Tshikota Residents' Association chairman Lazarus Legoh said the central boycott committee and the Indian community were in favour of lifting the boycott this week.

The upgrading of the township and the opening of the CBD were among the demands made.

Staff Reporter.
Consumers keep credit growing

CONSUMER demand for credit has remained strong, while there has been a dramatic fall-off in credit extension to banks' corporate clients.

Defying the recession, banks' hire purchase (HP) books grew comfortably faster than the inflation rate, notching up a 17% increase in September 1989 from the same month last year — mainly as a result of demand from individual consumers.

An analysis by Nedfin of the BA9 figures said: "This increase can be attributed mainly to consumer lending, both on rentals and HP. The banks involved in consumer lending appear to have increased their portfolios, particularly for motor vehicles."

"Building societies, now also included in instalment credit, have made inroads into this market, mainly by reducing interest rates to borrowers."

The Reserve Bank Quarterly Bulletin also notes the dual trend. The average level of banks' general and mortgage advances to companies declined by R400m between the second and third quarters of this year, according to the bulletin. Credit growth "tended to be concentrated on a growing extent on lending to individuals and households rather than to corporate clients."

The latest HP figures are further evidence that some areas of the economy have remained buoyant despite the recession. The increase in banks' HP books in the September quarter was R1.15bn — the highest quarterly increase since the fourth quarter of 1988.

Similarly, spending on durable goods was more than 3% higher in real terms in the first three quarters of this year compared with last year. Evidence of recession was limited in the third quarter to agriculture and manufacturing.

The Quarterly Bulletin noted that the annual rate of increase in credit to the private sector had slowed from a peak of more than 30% in October 1988 to 15.4% in September this year — still exceeding "both the more recent measured inflation rates and the rates of increase in the M3 money supply."

But the Bank pointed out that the inability of certain corporate customers unable to pay their debts would result in automatic credit extension through the capitalisation of interest payments.
Zambia on path to democracy

LUSAKA — President Kenneth Kaunda signed a Bill yesterday to transform Zambia into a multi-party democracy after 17 years of one party rule.

Kaunda told journalists and top ruling party officials assembled on the lawn of his state residence: "I'm doing this very happily indeed because I believe it is in the wish of the people to go multiparty again."

The president added: "I compel myself to believe that after 26 years (of independence) we consider ourselves mature enough to shoulder the responsibility of running a multiparty democracy again."

The Bill will amend the Zambian constitution to allow for the formation of political parties other than the ruling United National Independence Party (Unip) to contest general parliamentary and presidential elections to be held before September 1991.

Arthur Wina, chairman of the opposition Movement for Multiparty Democracy (MMD), said the president had signed the Bill reluctantly, bowing to mounting pressure.

The MMD executive will meet today, Wina said, to discuss the formation of its own political party in the next few days. — Daily Telegraph.

Shop shuts as boycott grips Transvaal town

ONE shop has closed down and another is set to follow as the boycott of white-owned businesses begins to bite in Louis Trichardt.

The boycott was initiated by the local Consumer Boycott Committee after about 40 Blanke Bewydings Beweging (BBB) members attacked 30 black children on an outing in a park in the town.

It was also instituted to back demands for the upgrading and opening of nearby Tekhota township, from which blacks were removed and resettled elsewhere in the early 1980s, and the opening of the town's CBD to all traders.

Jobs

Local Soutpansberger newspaper editor J du Plessis said the situation was serious and the food and clothing sector was the worst hit.

"One shop has already closed down and another is to follow soon," he said. He declined to elaborate on how many businesses could be eventually affected.

"Other businesses are pulling hard too, and the worst thing is that people are losing jobs," he said. A resolution to the boycott was not expected before the end of the year.

Consumer Boycott Committee spokesman Jerry Ndu said yesterday the TPA had accepted the demand that Tekhota township be redeveloped and opened to all.

Ndu said the parties engaged in talks to end the boycott - the TPA, the boycott committee, the town council and the local Soutpansberg Sakekamer — last met about two or three weeks ago. "They delivered a letter to inform us that Tekhota would be redeveloped."

A decision to end the boycott could not be made until a mandate was received from the area's political structures, Ndu said.

"Discussions are continuing with local structures to investigate to what extent our demands have been met. The boycott must go on until a mandate has been given to the committee by the structures," he said.

Demands and plans for the boycott had always been in place but the BBB attack on the children hastened the action, he added.

Sakekamer spokesman Brink Schlesinger was not available for comment.
Row flares over boycott

TSHIKOTA Residents Association chairman Mr Lazarus Legong has landed in trouble with the Louis Trichardt Consumer Boycott Committee over his reported statement that the boycott of white shops in the town should end this week.

The CBC yesterday issued a pamphlet stating that the boycott would continue until all demands had been met.

'Legong has 'said' because the government had agreed to provide infrastructure in the township, the boycott should end.
Proposed boycott is suspended after talks

NELSPRUIT — A proposed consumer boycott in Nelspruit was suspended following a meeting yesterday between the ANC and representatives of the Nelspruit and District Chamber of Commerce, the Nelspruit Sakekamer, and the Hazyview Chamber of Commerce.

In a statement all parties associated themselves with the call to have a non-racial democratic system of local government with wider powers and which will be representative of the people in the area.

They also called for an end to violence and condemned intimidation.

The ANC's Executive Committee decided today whether a consumer boycott is to be called in other towns in the region.

Last week the regional ANC warned the recently Conservative Party-controlled towns that a boycott would be called over Christmas if services were not reconnected.
Pick 'n' Pay clothing ‘is doing well’

MARCIA KLEIN

PICK 'n Pay's clothing division is expecting a buoyant Christmas, and its turnover has increased by 24% in the last three months:

The division is selling 12% more units, while a range of specific festive season items has already sold out, GM Johnny Rosenberg says.

The clothing division — which includes footwear and household textiles — is one of Pick 'n Pay's most profitable sectors, with a turnover of more than R200m in 1990, says Rosenberg.

With trading conditions tight this year, he says retailers have to be innovative to combat a drop in spending, and Pick 'n Pay has dropped margins slightly instead of increasing prices.

However, Rosenberg warns of a drastic slump in the retail business in the first half of 1991, and the new year "will be like hitting a brick wall".

He says retailers will have to try much harder to give customers better value in 1991.

Pick 'n Pay's pilot clothing shop, Chain Reaction in Port Elizabeth, has performed to expectations since opening in April, and more separate stores will be opened if things keep going the way they are, he says.
BURGLARY BIZ

Main Shot

Waiting for the big push

Adverse effect

Christmas sales are still strong, but some industries feel the pinch

Alcohol and tobacco businesses and retailers may feel the pinch

With only six days to Christmas, businesses are still working hard

Trish says: 'We still have a lot of work to do to get ready for Christmas.'
percent of annual figure.

"The sales expectations of the retail trade over this period have a significance beyond the business sector concerned.

"It gives analysts a further insight into the state of the economy by confirming or otherwise the effect of the current downturn on likely consumer spending," the report said.

It showed optimism to the extent that some retailers expected sales to increase by 30 percent — and pessimism by others who expected sales to contract by 10 percent.

Mr Alan Snyman, operations director of Garlicks, said business started picking up last Tuesday and since yesterday stores were generally busier.

"Our houseware, cosmetics and gift lines are doing well. The fashion lines are not doing as well as expected," he said.

The jewellery trade also expected the usual last-minute rush. A major city jeweller reported that trading over the past five to 10 years was busiest a week before Christmas.

'Going nicely'

Mr Roger Trigg, director of Trigg Jewellers, said: "Trade is going nicely, especially with the opening of Sundays. People are spending between R2 000 and R60 000."

He added that many well-known brands of watches and bigger pieces of jewellery were now being sold in spite of high prices and the sagging economy.

Mr James Viviers, Fedhass regional director of the Western Cape, said hotels were showing "fair" bookings.

"Some are not as full as expected and reports that Cape Town hotels were fully booked were untrue.

"Certain hotels still offered a discount rate up to December 20. This would not have been the case had business been excellent."

The busiest time for Cape hotels was between December 23 and January 3, Mr Viviers said.

Hire-purchase

- Business Editor Tom Hood reports that according to a bank report hire-purchase spending is sweeping the country.

Hire-purchase and rentals accounted for R1 164 million in cars, furniture and other goods in the September quarter, a report by NedRef said.

And R27 660 million was owing to banks from HP on September 30, up from R25 926 million by July 31, in spite of Reserve Bank restraints to stop banking institutions extending their lending.

"Banks appear to have increased" lending for motor vehicles and building societies into instalment credit had made inroads into this market — mainly by reducing interest rates, the report said.

Latest industry figures indicate that the furniture industry is enjoying an upswing in sales.

MONSTER MANIA: Showing the little monsters are, from left, Monte Braaz, 17, Henno Smi Pieters, 18.

Council saves 'e from fiery destroyer

By ESANIN van RENSBURG

Staff Reporter.

CHILDREN pulled the arms and legs off Teenage Mutant Ninja Turtles and hurled them into huge bonfire drums, as more than 200 people gathered for the burning of "evil" toys at Sandbaai near Hermanus.

They tore apart and shouted: "Shame on you!" and "We hate these toys!" and "The devil's toys!" and "Hate these toys!"

In the background parents shouted "Amen" and "Amen!" while their children added Turtle T-shirts and sweaters to the growing heap of toys.

"We were not going to be burned."

The Hermanus Town Council refused permission for the fire.

"She'll sin, you sinners!"

"We're taking this crushed Hotel crush picks up speed from now on

Staff Reporter

THE rush for accommodation in many of the Peninsula's hotels is expected to increase tomorrow — although many are already fully booked for the Christmas period.

St James Hotel manager Mr David Wilson said: "The main Cape Town season is from late December to early January. We are 86 percent full at the moment but the bookings will increase to about 50 percent later this month."

The hotel trade on the Atlantic coast had a better reservation list, with some hotels reporting 100 percent bookings over Christmas.

The general manager of the Bay Hotel in Camps Bay, Mr Peter Barber, said his hotel was fully booked over Christmas.

"Bookings do pick up after the middle of December, but there is no excess of people at the moment."

Further along the coast the Ambassador Hotel, Bantry Bay, reported a 97 percent occupancy rate but expected the main holiday rush about December 22, from when the hotel was fully booked.

Ex-prisoners left destitute

MATTHEW CURTIS

THOUSANDS of prisoners released by the Prisons Service since December in terms of an amnesty faced Christmas without jobs, food or shelter. The National Institute for Crime Prevention and Rehabilitation of Offenders (Nicro) Johannesburg office head Heather Regan said yesterday.

Regan welcomed the release of the prisoners, mostly petty offenders with sentences of two years or less, who had families and homes to go to for the Christmas period. But she said the Prisons Service did not release prisoners selectively and many were forced to go elsewhere to go and would be forced to resort to crime to survive.

Nicro had been beset by "a deluge of black and white prisoners" — up to 40 a day at Nicro's 13 centres nationwide — and the lack of work for prisoners meant they could not provide food for 24 hours.

A Prisons Service spokesman said yesterday that in what was "an absolute gesture", government had approved a six-month remission of sentences to all prisoners in custody on December 16 by advancing their approved dates of release by a maximum of six months.

He said the remission was not applicable to a group of prisoners released on probation before December 16, mentally ill prisoners, psychopaths and those sentenced for robbery, murder, rape, culpable homicide (with sentences of more than five years), incestuous assault, housebreaking and theft, plagiarism and drug dealing.

It would be possible to put an exact figure to the number of those released only in the new year. He said the daily average number of people in SA prisons had fallen by about 1% from 111,657 in 1998/99 to 110,194 in 1999/2000.

Christmas cheer galore for local bookstores

MARCIA KLEIN

BOOKSTORES, which usually pick up the last-minute rush for Christmas presents, are expecting a buoyant Christmas in terms of sales.

As books usually sell later than other Christmas gifts, the busy past weekend indicates a good Christmas for book sales, Bookworm manager Jill van Zyl says.

Bookstores in shopping centres are also benefiting from extended shopping hours.

Van Zyl believes that when disposable income is limited, books offer better value for money than many other presents.

The Literary Group MD Richard Brand says sales are good in the group's stores, which include Exclusive Books, Bookworm and Pilgrim's Bookshop.

He expects a large turnover in all stores in the run-up to Christmas, and says seasonal targets should be met.

This year the Literary Group introduced a Publisher's Choice Christmas promotion, in which 16 local publishers each selected two books from a wide range.

Brand says this has proved very successful.

The group says books aimed at the business community which have sold well include Goldstrike by Bill Ja-

Five De Bruyns told to pay R18.5m

PRETORIA — A Supreme Court judge yesterday ordered five members of the city's well-known De Bruyn family to pay the Standard Bank more than R18.5m.

Mr Justice van der Merwe ordered Christian de Bruyn, Frans de Bruyn, Henry de Bruyn, Andre de Bruyn and Peter, de Bruyn to pay R18 385 821 plus interest and costs.

They had signed a deed of suretyship for the payment of all amounts due by the company De Bruyn & Fumíliebeleggens.

The company had provided surety in respect of seven companies in the De Bruyn group.

Three of the group's companies were placed in final liquidation yesterday, after applications by Bankorp.

Bankorp is owed almost R31m by the three firms. — Sapa.
Retailers wait in vain for the rush

WITH less than a week before Christmas, many retailers are still waiting for the buying rush.

There was an increase in sales over the weekend, but some retailers said the start to the week had been slower than expected.

A recent survey by the SA Chamber of Business showed retail trade turnover in November and December - which accounts for 22% of annual sales in the sector - was expected to be 0.7% less than 1989's.

While real growth was expected in the sale of beverages, toys, furniture and food, negative growth was expected in jewellery, footwear and clothing.

Industry sources said cash businesses would not experience a good growth in sales, while retailers that dealt in credit sales and carried upmarket merchandise would perform well.

An industry analyst said the situation at the moment was mixed, and if one looked at the retail chains, Pick 'n Pay and Spar were selling well, whilst the OK, Metro and Chockeys were not experiencing the huge increase in sales they were hoping for.

He said the last-minute rush could come only from the lower income consumer.

A recent Markinor survey of 800 women showed that 41% waited until December to start buying for Christmas, and of these, 18% waited for the last-minute rush.
Consumer boycott hits Louis Trichardt traders

By Helen Grange

Businesses in Louis Trichardt have experienced a 70 to 90 percent loss in turnover since the start of a consumer boycott a month ago, business spokesmen said yesterday.

Negotiations between all parties involved seem to have reached a deadlock, and the Central Boycott Committee has reaffirmed its commitment to a continuation of the action.

It is the second boycott to hit the far Northern Transvaal town this year, and the town's Afrikaanse Sakekamer and Louis Trichardt Chamber of Commerce confirmed that it had had a "very negative effect" on traders.

The town's mayor, Louis Holtzhausen, said the town council had tried numerous times to bring an end to the boycott.

Magwedza Mphaphuli of the boycott committee told The Star there was "no end in sight" to the boycott, but that the situation would be reviewed frequently.

He said Indian traders had complained bitterly about being included in boycotted businesses.

"Our reason for including them is because they are paying their black workers very poorly and have discouraged workers from joining unions," Mr Mphaphuli said.

Mr Mphaphuli said the committee had not heard anything from the town council on last week's promise by the government to upgrade Thokotsa township — and that should documentation be received, the status of the boycott would be reconsidered.
Unemployed to eat bread, drink milk in living costs protest

By GLENDA DANIELS, Cape Town

UNEMPLOYED workers this week intended eating bread and drinking milk in supermarkets and holding pickets outside bakeries, dairies, manpower offices and supermarkets to highlight their plight and protest against the rising cost of living.

These actions will take place in Atlantis, Ashton, George, Plettenberg Bay, Knysna and De Aar, said secretary of the Western Cape Unemployed Workers Union (UWU) Shaheed Mohamed.

The UWU said in a statement this week that they held the government responsible for unemployment in the country.

"The unemployed have been waging a determined battle for survival against all odds. We forge links with each other as unemployed workers who in this country are always at the very bottom of the pile. We are building a national union under Cosatu."

The union said there were more than 10-million unemployed workers in the country and that every year fewer than 40,000 jobs were created. "This means for every 10 school-leavers only one stands a chance of getting a job. The UIF system is inadequate - most unemployed don't qualify. Those who do, get less than half of their previous wage for only six months."

The union feels that the government's three-week instant training courses "are a joke to employers at the expense of the unemployed, who gather certificate after certificate but no job".

The unemployed have held marches and pickets disrupted in Cape Town, Knysna, Robertson, Ashton, Plettenberg Bay, Mossel Bay, Oudtshoorn, De Aar, Beaufort West, George and Atlantis over the past year.

The union said: "The government has not responded positively to our demands, instead it cynically raises the price of bread the day after one of our meetings with them."

"While on the one hand many organisations, including the rest of Cosatu and many ANC branches have hung up their struggle boots for the festive season, on the other the government grants reductions in sentences to common criminals. There is no reprieve, however for the unemployed, political prisoners or exiles."

The demands are as follows:

- Lower the price of bread and milk.
- Scrap GST and VAT on all basic foods.
- Provide work for all at a living wage or a living unemployed benefit.
- All charges against protesters in the bread campaign should be dropped.
- End the import of labour from Eastern Europe.
- All political prisoners and exiles to be home by Christmas.
- Koeweit and the SADF to leave Khayelitsha.
Inkatha must be party to talks — Nafcoc

THE future of social stability was at risk if the wishes of Inkatha and other parties to be included in the negotiation process were ignored, a top official of the National African Federated Chamber of Commerce (Nafcoc) said yesterday.

Deputy president of the ANC-inclined organisation Archie Nkonyeni said the non-involvement of other key players in the political scene, such as the PAC, could detract from the credibility of a process of negotiation limited to only two players.

"The wishes of the parties that are demanding to be included in the process, such as the Inkatha Freedom Party, and others, can be ignored only at the risk of future social instability," he said.

Nkonyeni was delivering a Christmas message in which he appealed to the business community to play a part in "toning down the expectations of the masses" to avoid disappointment and all that went with it.

Nkonyeni said: "History abounds with evidence of social revolutions that have been hailed as quantum leaps, but have ended in gruesome bloodshed as formerly oppressed people turn against one another in the realities of the aftermath of the revolution."

There was a need for a sense of balance and expectations should be tempered with reason.
Consumers on a spending spree

By Tom Hood

CAPE TOWN — A hire-purchase spending spree is reported by the country's banks.

Consumers bought R1154 million of furniture, cars and other goods on HP and rentals in the September quarter — the highest amount since the last quarter of 1989, which included Christmas shopping.

A total of R27,000 million was owing to banks from HP on September 30, up from R25,926 million at July 31 in spite of Reserve Bank restraints to stop banking institutions extending their lending, says a report by Nedfin. Latest industry figures indicate that the furniture industry is enjoying an upswing in the volume of sales.

Most banking institutions have reported a downturn in the demand for credit facilities, but this is not reflected in the September quarterly figures.
ANC eastern Transvaal publicity secretary Jackson Mthembu warned that boycotts had either started or could begin soon where townships residents were deprived of essential services. — Highveld Bureau.
TIGER WHEELS

GULF SPILLOVER

Start-up costs of three new retail outlets, under-performance in the group's Babelegi wheel factory and economic downturn significantly slowed Tiger Wheels' performance last year. EPS grew at a compound rate of 60% over the past three years but in the 1990 year the increase was only 8%.

Profitability in the manufacturing division - an important contributor to earnings - came under pressure on several fronts. A price difference between domestic and world market prices for ingot aluminium has led to cheap imports, which have squeezed margins. Problems also arose from the two-week stayaway during March in Bophuthatswana.

Given the uncertainty caused by the Gulf crisis, Tiger's management is not confident the group will see any rise in earnings this year. With the local OE market for aluminium alloy wheels stagnant, near-term growth is likely to come from local retail activities and exports. Export performance should help compensate for a reduced domestic demand.

The R662,000 investment in an overseas wholesale tyre distribution business has not yet produced a profit since start-up in 1988. Management says that the strong turnover growth will move down to the bottom line in due course.

It is hoped that the manufacturing division will benefit from the doubling of capacity at the Babelegi factory. Financial director Dave Crichton says the expansion, due to be completed in the first quarter of next year, was the main reason why debt trebled. As the expansion is being financed by an Industrial Development Corp loan at 5%, servicing the debt is not a problem.

With the motor industry directly affected by events in the Gulf, it could force car owners to keep their vehicles longer. This could lead to higher tyre sales to the replacement market, Tiger's biggest source of income.

The earnings multiple of 4,7 on the current price is in line with the motor sector average. Price appreciation is unlikely until conditions improve.

Gerhard Stehler

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* Annualised.
Violence hits black business hard, says report

BLACK entrepreneurs reported massive losses after the political violence that swept through SA’s townships and rural areas this year, according to Job Creation SA’s (JCSA’s) year-end report.

JCSA, a consulting firm specialising in entrepreneurial development, said the economic downturn was also taking its toll and, until things settled down, the future for township entrepreneurs looked bleak.

Civic structures in townships were no longer in place, adding to the confusion and making it impossible to run businesses.

More than 500 000 businesses were suffering because suppliers refused to enter strife-torn townships, and if supplies were bought outside the townships entrepreneurs ran the risk of hold-ups.

JCSA’s Ian Hetherington said many of his clients in the townships had been victims of youths who dictated the hours when businesses should operate.

The Small Business Development Corporation reported a sharp decline in larger loans to small enterprise businesses.

However, National African Federation of Chambers of Commerce’s (Nafcoc’s) Mofasi Lekota believed that there was closer co-operation between black business and political organisations.

Five years ago the black businessman was perceived to be a sellout, working within the system.

Today, Nafcoc had forged close contacts between its local representatives and political organisations, resulting in a reduction in damage to business property during riots.

“Politicians are beginning to understand that it is when there are consumer boycotts that black business has the greatest role to play.”
Commerces paints a gloomy picture

While consumer confidence is "holding up well", the BER says, there are signs of a deterioration which would result in retail sales — buoyant up to now — declining more rapidly from early 1991 onwards.

Unlike the other commercial sectors, the volume of retail sales for the fourth quarter has outstripped those of a year ago and many retailers expect further positive growth in the first quarter of 1991.

However, they expect sales of durable goods to be down in the first quarter and are starting to cut back on the placing of orders, which would affect non-durable and durable goods. Cutbacks may have their origin in overstocking, the BER says.

It says a deterioration in conditions in the retail sector is suggested by the fact that the ratio of cash to credit sales is negative and that most retailers reported retrenchments.

While news is good on the inflation front in terms of selling prices, the BER says the outlook for lower prices is not as promising.

In the wholesale sector, fourth quarter sales volume was down.

Wholesalers placed fewer orders in the fourth quarter and fewer still will be placed in the first quarter of 1991. There were more retrenchments in the fourth quarter.

The decline in sales of new vehicles and used cars in the quarter is expected to continue in the first quarter of 1991.

Black consumers are confident about SA's short-term economic future, but there are signs of this confidence deteriorating.

The majority see the present as an inappropriate time to buy high-priced goods such as durables, the BER says.

THE commercial sectors, including consumers, retailers, wholesalers and motor retailers, paint a "gloomy" picture of consumer spending next year.

However in a survey of the commercial sector, Stellenbosch University's Bureau for Economic Research (BER) states it is neither confident nor pessimistic about consumer spending in 1991.

It says the level of consumer spending could be about 1% higher than the 1990 level, in real terms, if sales of consumer goods improve during 1991.

The services and non-durable sectors will show growth, but durables and semi-durables will not perform well during 1991, the BER says.

On the positive side, it expects wagers to grow 14% in nominal terms, which is marginally higher than the anticipated inflation rate.

Other positive factors are that monetary policy will be relaxed during 1991 and fiscal policy will be stimulatory rather than restrictive. A negative factor for consumer spending is waning confidence.

However, there could be a possible improvement in confidence from mid-1991 onwards.
Amazing Ratios

Activities: Earns royalties of 1% of turnover from 11 supermarkets and 10 butchers trading in the Cape and elsewhere under the Bloch trade marks.

Controls: Directors 42%.
Chairman: B Rabinowitz.
Capital structure: 18,7m ords. Market capitalisation: R4,1m.

Share market: Price: 22c. Yields: 19,1% on dividend; 19,6% on earnings; p/e ratio, 5.1; cover, 1.02; 12-month high, 36c; low, 20c.

Trading volume last quarter: 147,000 shares.
Year to June 30

<table>
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<th>Shareholders' interest</th>
<th>0.35</th>
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<td>Dividends (c)</td>
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<tr>
<td>Net worth (c)</td>
<td>1</td>
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</tr>
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</table>

* 16 months. † Annualised.

Given that retailing should be a good defensive sector in next year's recession, this can only reflect a total lack of either credibility or understanding on the part of investors. Of course, as it's registered in Ciskei and thus pays minimal tax, any constitutional restructuring of the homelands could be damaging, especially in view of the policy of distributing all available earnings in dividends.

Few companies are unique, but this one comes pretty close. Take the balance sheet: 95% of shareholders’ funds are represented by an intangible, the various Bloch group trademarks. After stripping these out, normal balance sheet analysis throws up some peculiar ratios. The only significant tangible asset is cash, which alone exceeds all liabilities by about R80 000.

Turning to the P&L account, expenses are less than 6% of income, so the operating ratios are also remarkable. The company does not describe itself as a franchise operation and, indeed, the P&L account reflects none of the expenses that franchisees normally fulfill in return for their slice of the action. Nor is it indicated how long the licensees are locked in. A R938 000 pre-tax profit was some 6,2% less than chairman Bernard Rabinowitz's expressed hope of R1m, but a rise in royalty income of 17% reflected turnover growth greater than that of most major supermarket chains, even though no new outlets were opened. Certainly, the short record since the listing in July 1987 is excellent, though this year could be tougher.

Rabinowitz told the AGM in Bisho that he does not expect licensees' turnover — and hence Bloch's profits — to rise by more than 7%. A minimal contribution is expected from a new trading format, which “will offer a reduced range and limited service departments and cater specifically for rural areas.” The first outlet, in Joubertina, is due to open in March.

Assuming the forecast is met, earnings and dividends should be close to 4.5c, putting the share on a prospective yield of over 20%.
status quo. This, according to Moodley, would include the ANC, PAC, SA Communist Party, New Unity Movement and Workers Organisation of South Africa.

However, homeland and other government-created structures would not be invited, which would exclude the Inkatha Freedom Party (IFP), he said.

The keynote address at the Azapo congress will be delivered by Sri Lanka-born activist Anbalavan Sivanandan, the director of the Institute for Race Relations in London and an analyst on racism, socialism and related issues.

THE ANC Youth League (ANC YL) and the Consumer Boycott Committee (CBC) in the far northern Transvaal this week distanced themselves from a pamphlet claiming that the consumer boycott in Louis Trichardt had been lifted.

The boycott in the Conservative Party-controlled town was sparked off three weeks ago following the brutal attack on young school children by a group of AWB supporters in the town's local park.

Organised by the ANC YL in the northern Transvaal and the CBC, the three-week-old boycott has crippled businesses in the area, with approximately 200 shops facing closure.

In a statement released this week, the CBC stressed that the boycott was still on.

"The consumer boycott has not yet been lifted, and will continue until the town council has met all our demands, which include the eradication of all forms of hostility in Louis Trichardt, and affirmative action be taken against right-wingers who attack people randomly, and that the business district be open to all people who wish to own businesses in the area," the statement said.

The CBC strongly rejected the pamphlet claiming the boycott was off and attributed it to "certain sectors of the business community in Louis Trichardt's business district".

The CBC also denied reports in a weekly newspaper that it may end the boycott as a result of Tshikotla township being granted permanent status. It welcomed the move, but pointed out that this was only one of the many demands of the CBC.

Meanwhile, the 12 right-wingers charged with public violence following the attack on the school children were released on bail of R1 000 each last month and are due to appear in the Pietersburg regional court early in January next year.
More cash for cars
Buyers go on a spending spree
Books being 'redistributed'”

Political Reporter

The redistribution of wealth has become a reality for unsuspecting bookshop owners: shoplifting of books on Mandela and other township legends has left a considerable dent in the profits of book sellers.

Stephen Johnson, group marketing director of the Literary Group, commented: "I’ve got a feeling that we’ve lost more to thieves than we’ve sold to customers."

The demand for books on African politics has prompted bookstores to devise alternative measures to secure their income.

Says Mr. Johnson: "Some managers are looking at buying in smaller quantities and ordering more regularly, because this way it is easier to control shoplifting."
'Sjambok town' traders plan a picnic for peace

By Helen Grange

Traders in Louis Trichardt, suffering from a black consumer boycott, are backing a committee planning a picnic for black children assaulted with sjamboks last month by rightwingers.

Jan de Bruyn, head of the committee called Forum Goodwill, said traders in support of the committee's objective to combat racial hatred were being intimidated by rightwingers.

"Most traders are very unhappy about what has been happening, but have been threatened with a consumer boycott by conservatives."

Mr de Bruyn said the town was "bleeding to death" because of division caused by fear.

Forum Goodwill was planning dramatic actions, with funds made available anonymously, to achieve reconciliation. The first was the picnic.

"We'll then embark on an awareness campaign to try to bridge the divide between the races."

The no-win boycott
The no-win

Victims ... women from Tshikotla. They must travel long distances.

The tragedy of the Louis Trichardt consumer boycott is the suffering it has caused for traders and shoppers, none of whom have the power to end it. HELENE GRANGE reports.

Nobody is the winner in the consumer boycott currently raging the Northern Transvaal town of Louis Trichardt - least of all those perpetuating it.

The irony of the situation is that the only beneficiaries are businesses in towns and centres many kilometres away from Louis Trichardt. (30)

While Louis Trichardt shopkeepers are bitter over the savage cut in sales, blacks from the nearby township, Tshikotla, are either forking out money for transport to other towns or selling their lives by sneaking good out of Louis Trichardt store.

The consumer boycott, now a month old, was called-by the Consumer Relations Committee to pressure the CP-controlled town council to upgrade Tshikotla township, creating a free-enterprise area and opening up central business district to all traders.

To date, there has been no movement to end the boycott.

The Star, visiting the picturesque country town this week, found little activity in the streets apart from faithful white shoppers and a few blacks who could look but could not have.

During what should have been the "cream month" of the year, at least four shops have closed and many are considering following suit.

The atmosphere among traders in the town is both tense and confused. Many shopkeepers were found worriedly perusing their cash registers, reporting a downturn in business of up to 80 percent.

Not knowing when the boycott will end has left them without contingency plans. Most simply hope business will improve before they have to close.

"All these years I have tried to treat them (black customers) well," said Pierre Grobler, owner of a general store.

"I have been here for 10 years and business has never been so bad, I don't even know when it will end," he said.

Simon Miller, owner of a clothing and fabric shop for 16 years, has had "a few" black customers sneak into his shop - "but I am compelled to warn them that they are taking a chance".

"I feel very sorry for them, because they are so scared to purchase anything. Any clothes bought have to be either worn on leaving the shop, or wrapped in newspaper so that the parcel looks like bread or something.

"Migrant workers from Johannesburg and Pretoria are also affected. The only time they get to repair their houses in the homelands (Garanthau and Venda) is now, and they simply can't buy their building materials here. They must pay much more as they must travel over 100 km to Pretoria," Mr. Miller said.

Most shopkeepers in the town share Mr. Miller's sentiments.

"The blacks are suffering badly. If they manage to buy something, they never know who in the town will call him out. They are always careful not to attract attention."

"I would say 90 percent of the blacks complain to the boycott are against it. We have to remain free of retribution," Mr. Miller said.

A Tshikotla resident, who wished to remain anonymous, said: "The shopkeepers are the only ones affected."

"We all stick with the boycott until we are told it is over."

"We have no word on when it is over."
no-win boycott

"I said Pierre Grebler, owner of a general store, have been here for 10 years business has never been so good, but I don't know when it is going to end," he said.

Lincoln Miller, owner of a shoe and fabric shop for 30 years, has had "a few" black customers sneak into his shop but I am compelled to warn them that they are taking a chance. I feel very sorry for them, as they are so scared to rephase anything. Any clothes they have to be either worn or thrown away, or wrapped and thrown to the result or something.

"Migrant workers from Johannesburg and Pretoria are also affected. The only time they get to repair their houses in the homes of their relatives (Gazankulu and Venda) is now, and they simply can't buy their building materials here. They must pay much more at shops in the homeland or travel over 100km to Pietermaritzburg," Mr Miller said.

"Most shopkeepers in the town share Mr Miller's sentiments. The blacks are suffering badly. If they manage to buy something, they never know what will happen to their homes and children if they defy the boycott.

"I would say 90 percent of the blacks compelled to abide by the boycott are against it," said boutique owner Annette Cook.

A Tshikotla resident, who wished to remain unnamed for fear of retribution, told The Star she had to pay a R50 return fare to the nearest town, Pietermaritzburg.

"If you have R10 in your pocket, there is not much left after you have paid for transport. Some go to homeland shops, but they are expensive.

"We all stick with the boycott until we are told it is over. They (the boycott leaders in Venda) are holding meetings, but we have had no word on when it will end," she said.

Shoppers and shopkeepers in Louis Trichardt have been the brunt of unresolved racial tension for more than one occasion this year. Traders suffered a boycott through March and April this year, but ordinary goods resumed.

An incident last month, where black schoolchildren were assaulted by a group of right-wing whites in a public park, has only served to deepen the racial divide in the town.

Also included in the action are Indian traders, apparently because of their reluctance to allow alienation of their workers.

Bobby Noffe, chairman of the Indian Chamber of Commerce in the town, there were no grounds for this accusation. "We have agreed to allowisation, but still there is no condemnation for us.

"This consumer boycott will end in catastrophe if it doesn't end. Traders cannot go on like this," he said.

However, according to Magwaa Mphahla of the Boycott Committee, there is "no end in sight" to the boycott.

"We have had no word from the council on our demands, and there appears to be a deadlock," he said.

In tragic response, the mayor, Louis Holzhanssen, has said: "The demands of the boycott committee do not fall within the council's jurisdiction."

"BRIEFING The Star Friday
The day Louis Trichardt shot itself in the foot

On November 21 when 12 black-skinned white men whipped innocent Venda Sunday school children at a Louis Trichardt school, little did they realize that they were shooting their own white people in the foot.

As a result of the act by the 12, believed to be white vigilantes, business in the Conservative Party-controlled Southprient town has suffered by about 90 percent since black people in the area withdrew their buying power.

Restored behind the consumer boycott are, among other things, the attack on the Sunday school children, a demand for the opening of municipal attention to all races, and a demand that Trichardt township, which was closed down and its residents resettled in Gomzina, should be developed.

When Saturday Star visited Louis Trichardt this week, there were black people in town — but only at hand, where they drew money before catching taxis to do their Christmas shopping either in Venda or Pietersburg, which is 60km away.

Minibus taxis, a lifeline for many filling stations around the country, drive past garages in Louis Trichardt to fill up either in Pietersburg or Venda.

(If they can afford to keep them), A number of Venda citizens have been held off since the boycott started. A popular clothing shop in the CBD has closed off all its staff because they cannot afford to pay them.

When asked how her business was doing, Mrs A van Wyk, manager of Edwards Shoe Store, replied: "What business? There is no business here, she said, pointing at the empty store.

Mrs van Wyk said her business had taken a slump of more than 90 percent. "Our budget for this month was R5500 and we have only managed to take in under R600," she said.

A manager at the town's main supermarket had previously warned that the store's stock might be depleted by Christmas.

A manager at the town's main supermarket had previously warned that the store's stock might be depleted by Christmas.

A manager at the town's main supermarket had previously warned that the store's stock might be depleted by Christmas.

Although businessmen and the National Party sympathetic farmers were trying to implement reforms, these were being rejected by the CP-dominated town council.

He said most residents reacted with "disgust" to the events in which a group of black pinchers were attacked by right-wing fanatics.

He said that there was a group of concerned people who were arranging for black children to be taught about what happened.

What do Louis Trichardt residents do black and white - their about the boycott action?

Mrs Blaine Giesberg (not her real name — she would not disclose her real identity because if she did "we house would be burnt") felt that "those who blackballed the children should be blackballed as well.

Mr John Modia of Tshakasimane in Venda felt the boycott was legitimate. "What other avenue do we have to voice our abhorrence of what happened at the park?" he asked.
Job-creation project sells direct to user

Black Business Organisation Business Challenge (BC) has invested R250 000 in a distribution venture which will take blankets directly to the market, bypassing retailers and wholesalers.

BC chief executive Phil Khumalo said at the launch of the Elite Blanket Distributors job-creation project in Soweto that the organisation’s 6000 members, acting as agents, would realise an initial turnover of R1m a month.

"There is no telling what this will increase to as more people join."

Business Challenge has taken initial stock of R250 000 in the venture, after months of preparation and expenditure amounting to R100 000.

Khumalo said with agents selling directly to the public, "a good percent-

"age will be knocked off the price tag since the transaction will bypass wholesalers and retailers."

Khumalo asked that the name of the supplying company not be divulged.

Marketing GM Sidney Maisesa said everyone benefited from the venture, since the supplier, too, was saved the inconvenience of waiting 120 days for payment, as was the case when dealing with retailers and wholesalers.

A director of the company said his company had always believed in selling through blacks. "We are saving an extra charge by this direct dealing — there are fewer people between us and the end-user."
CAPE TOWN — Shoprite's purchase of the Grand Bazaars chain was a bargain as the cost of setting up a similar spread of retail outlets from scratch would have been almost double, says Pepkor group MD Arnold Louw.

Approval was reached last week for Shoprite's purchase of Grand Bazaars for R49.4 million.

At a general meeting, Shoprite shareholders approved the transaction, involving the take-over of 27 Grand Bazaars outlets, stock and trademarks by Pepkor-controlled Shoprite.

Mr Louw said the marriage of the two chains had gone smoothly and he forecast good results for the combined operation in the year to February.

Excluding the R30.8 million of stock involved, about R15 million was paid for the stores themselves.

Mr Louw said the replacement cost of the well-deployed outlets would be millions more. Refrigeration facilities alone could be upwards of R700 000 for each outlet.

This meant the R2 million needed to convert the Grand Bazaars stores to the Shoprite identity was well within budget.

Shoprite director Barney Rogut said sales at the group's expanded chain of 77 outlets were going well.

Mr Louw said the decision to buy Grand Bazaars from Score had been made swiftly and negotiations had lasted just two weeks.

"There will be a certain amount of attrition, but I am pleased to say there have been no dismissals as a result of the take-over," Mr Louw said.

He thought it would take 24 months to have the new-look chain fully aligned, but said plans for new stores were at an advanced stage.
Thokoza residents to boycott white business

ANGRY Thokoza residents yesterday announced a total boycott of white-owned businesses in nearby Alberton.

The move followed the residents' "black" Christmas. Electricity supplies to the township were cut at the beginning of December. 

Thokoza Civic Association president Sam Ntuli said there would be a march on Alberton Town Council offices on January 1.

The East Rand township was without electricity following its failure to raise funds to settle an electricity debt with the Alberton Town Council.

Power was cut after the township's administration failed to raise R1,7m to settle the electricity debt, administrator Gert Muller said.

Ntuli told a Press conference in Thokoza yesterday the action against the Alberton council would be maintained until there was clarity on the R70 paid for September and October.

Saying the civic association had proposed a R40 interim payment, he added: "The residents refuse to be intimidated into paying for the Thokoza Town Council's maladministration and demand that the council should account for the R70 paid for September and October."

He called on the Alberton council to investigate Thokoza's finances over the past three years.

The civic association demanded that Alberton start talks on the implementation of one non-racial council.

This is the second power cut to hit Thokoza in four months. The first was on September 13.

"I cannot say when the rent crisis is going to be resolved and it has been difficult to get interested parties together be-

Thokoza interim agreement with the Alberton Town Council whereby R10 000 for electricity was paid daily. But only 49% of the residents came forward and paid the flat rates agreed upon.

"I urge residents to pay if they want to have power restored," Muller said.

An Alberton Town Council spokesman confirmed the council would not restore power to Thokoza unless the R1,7m debt was settled.

From Page 1

cause of the unrest that has been going on in Thokoza, but I hope negotiations will resume in the first week of January," Muller said.

He warned, however, that if residents showed the same unwillingness to pay that they showed in September and October they would be without electricity for "a very long time".

"In September and October we had an
Boycotters meet Trichardt council

A MEETING between the Consumer Boycott Committee and the Louis Trichardt Town Council is to be convened in the coming weeks.

It will take place against a background of growing racial tension over crucial issues.

The CBC disagrees with the council over the lifting of the consumer boycott before all demands - which include the opening of the central business district, recognition of trade unions and an end to the harassment of trade unionists by police - are met.

In a statement, the CBC has vowed that the boycott would continue despite the granting of permanent status to Tshikota township after the Government intervened and overruled the Conservative Party-dominated council.

This has caused confusion among the people following reports by the township's residents association chairman, Mr Lazarus Legong, that the boycott should be called off "in the light of the decision to upgrade the township".

Demand

"We want to make it clear that the demand about Tshikota was just one of several other demands. "We are still going to hold talks with the town council over other demands and only when these are met, can there be talk of ending the boycott," the CBC said.

The first meeting was held behind closed doors early this month.

It was attended by high-ranking police officers and ended in a deadlock when the council allegedly refused to agree to most of the demands.

This fueled tension between the CBC and the council.

Tension increased again after threatening statements by AWB leader Mr Eugene Terre'Blanche when he addressed the residents of the town that his organisation will "flatten the ANC in the area if it continues with its action against whites".

Many shops in the town are threatened with closure following the total absenteeism of black shoppers who are now doing their shopping in Pietersburg.
Christmas trade slow as recession bites

By Helen Grange and Norman Chandler

Many traders had poor Christmas sales this year with some showing growth in turnover well below the inflation rate.

Many stores felt the effects of the ailing economy.

According to shopkeepers canvassed, the lion’s share of trade was conducted in clothing, book and liquor stores, while in these stores the Christmas rush began much later than in the past.

Managing director of Checkers Sergio Martinengo said the Christmas season sales growth this year was between 10 and 11 percent, as compared to last year’s sales growth of about 14 percent.

“Against an inflation rate of about 14 percent, the growth has been poor. People are definitely suffering from the economic slump. They are tightening their belts,” he said.

Edgars, on the other hand, was well on target 10 days ago, its city-centre store doing well.

At Exclusive Books stores, shoppers flowed in on Christmas eve after a sluggish turnover of customers during the weeks before, according to manager Stephen Johnson.

“It was certainly a late Christmas, but the stores did well overall. There was however more interest this year in soft cover books over hard covers,” said Mr Johnson.

“People steered clear of the more expensive books whereas in previous years, those would have been sold first.”

**Closed**

In Pretoria, business was so bad for some stores that they closed early. Some large shopping centres in Pretoria were almost empty on the afternoon of Christmas eve.

In Kempton Park on the East Rand, shopping complexes on Van Riebeeck road, in the main thoroughfare, were virtually empty from luncheon on Monday, while even liquor outlets closed their doors in some parts of the town during the afternoon.

Many black patrons had purchased their Christmas requirements the week before — when building and engineering concerns closed for the holidays.

Farmers contacted by The Star in the western Transvaal said that there was little activity in some towns and villages.

They attributed this to poor economic conditions brought about by the drought.

Lynn Morris, president of the Housewives League said the new trend was worrying from the business aspect, but that consumers were now becoming more sensible.

“When people get their 13th cheques, they sometimes blow it all and don’t consider tomorrow. Now it’s coming home that things may not get better this year and they must create a nest egg for the future.”

A more comprehensive assessment of trade over the festive season will be available later, when traders have calculated their final totals.
Tradegro: listing 'an option'

THE possible listing of Checkers and Stuttafords-Greetermans — wholly owned subsidiaries of retail giant Tradegro — was one of the options open to Tradegro in the new year, executive chairman Donald Masson said yesterday.

He was responding to speculation of possible listings and that Sankorp was going to unbundle its Tradegro and Tradehold pyramids.

He said Tradegro's share performance was "pertinent" and it was necessary to find the value underneath the price to make the share marketable and attractive.

While there had been no decision at board level, he said options were being considered, especially with regard to restoring Metro and Checkers, "which are both massive companies which are not performing as they should".

Masson — who recently took over as executive chairman of Metro — said a new MD for Metro would have to be appointed.

Ed Heran, Reidolph analyst Sid Vianello said Tradegro had three options: to stay as it was, to break up as suggested, or to sell or close down divisions where the likelihood of making a profit was remote.

He believed Masson had already made a move to turn Metro around, which could involve Metro's retail operations being "slushed off", with the possibility of Trade Centre being sold and Praams, Greetermans and Rosam also being sold or closed down.

In this way Metro could concentrate on its core operation which is cash and carry.

A separate listing of Checkers would not be received well in the market.

He said the purpose of listing might be to give the more successful parts of the Tradegro group a better rating once they were disconnected from Checkers.

On the possible listing of Stuttafords-Greetermans, he said this was a mature business with limited profit enhancement possibilities as no new stores were planned for the next four to five years.
SLANGISH XMAS FOR TRADERS

Dave Krieger, Correspondent

Virtually every time with the advent of Christmas, we receive reports on how Christmas shopping is down this year - with some stories to the effect that Poor Christmas this year with some traders here and there.
Boycott 'could wreck talks'

Staff Reporter 26/12/90

The Transvaal Provincial Administration yesterday accused the Tokoza Civic Association of calling a boycott of white business in Alberton in order to distract the people from their own shortcomings.

The boycott began on Wednesday.

In a statement yesterday, TPA acting deputy director-general Jan van der Walt said a boycott of business in Alberton could wreck fragile negotiations to have Tokoza's electricity reconnected.

'This foolish tactic is an attempt to distract the people's attention from the civic association's direct responsibility for additional misery and inconvenience which they are now suffering,' he added.

The TPA and the administrator of Tokoza hoped to resume negotiations early next year with a view to ending the rent boycott and promoting the concept of nonracial government under a new constitutional dispensation, said the statement.

Most businesses in Alberton polled by The Star yesterday said the boycott had not yet affected sales.

Pick 'n Pay spokesman David Jenning said: 'We have many customers from Vosloorus and Katlehong who are not taking part in the boycott.'

The branch manager of Checkers in Alberton, Joshua Thenjekwayo, said he was not even aware of the consumer boycott.

A spokesman for OK Bazaars said the boycott had not affected her branch at all.

Business was slow yesterday morning at the Kentucky Fried Chicken outlet and manager Gerrit Grobbelaar blamed the boycott.
Bicycle business is booming

CAPE TOWN — Bicycles were the real success story of this year's Christmas shopping, a spokesman for the largest store in the Cape Peninsula, Pick 'n Pay's Hypermarket at Brackenfell, said yesterday.

The hyper sold five months' stock in December, he said.

The main reason for the success was the removal of customs duty on imported bicycles and some components.

This led to cuts of at least R50 a machine in the hyper and some of the other chain stores.

"If the price is right, people will buy," said the Pick 'n Pay spokesman.

Apart from the Christmas trade, many buyers were looking for better bicycles to ride in the 105km Argus Cycle Tour early in March.

Specialist cycle dealers also reported good business, with mountain bikes outselling conventional machines.

The lower duties are also having an effect on the resale value of more expensive cycles.

Cape-based Merchandise Buying Syndicate (Pty) disclosed this week it had sold its major stake in the Western Flyer and Peugeot manufacturing business in Ciskei.

"It will now pay to import components and assemble them here.

"There is the possibility of the duty on some items being lowered," said managing director Elia Perch.

"We are not moving out of bicycles, but will concentrate on our core business of importing," he said.

Among dealers planning to open assembly plants is former Springbok cyclist Chris Willemse.
Whites apologise

By ELIAS MALULENG

THE business community of Louis Trichardt is planning to apologise to blacks as the consumer boycott bites deep.

They are planning to invite black children to play in their parks and to call on tribal chiefs to apologise for the assault on black Sunday-school children from Dzanani in Venda, at a park in the town last month.

The six-week black consumer boycott has brought the town to the brink of bankruptcy.

Shops are on the verge of closing and people are losing their jobs, but blacks see it as part of their struggle to force the town's diehard CP and Afrikaner Weerstandsbeweging (AWB) supporters to change.

The municipality is helping the hard-hit business owners by suspending the payment of tax and tariffs for a month.

Blacks say the town is paying the price for maintaining old-style apartheid.

While riots raged nowhere else, during the mad Christmas rush, Louis Trichardt resembled a ghost town.

Hardest hit were bottle stores and furniture and clothing shops, which had stockpiled goods in anticipation of a wild shopping spree. Now they are faced with huge debts.

The Consumer Boycott Committee (CBC) says the boycott was organised because Louis Trichardt has continued to hold on to old-style "baaskap" and discriminatory laws which deny blacks the right to use "open" facilities in the town.

The CBC has been holding talks with conservative city fathers who are trying to break the boycott.

Among its demands are the right of workers to join trade unions, the opening of the business district to all races and an end to harassment and intimidation.

They say these demands must be met before the boycott can be ended.

Attempts to lure black shoppers, including the handing out of gifts, did not work.

A group of 40 whites, led by local businessman Jan de Bruyn, are behind the move to invite children back into the parks.
ANC venture into free market booms

By SHARON CHETTY

THE ANC has launched itself firmly into the free market arena with a new business named ANC Productions.

Based on sound supply and demand principles, it has done a roaring trade in the ANC’s black, green and gold memorabilia — ranging from traditional T-shirts and badges to trendy quartz watches.

After a humble start as a mail-order enterprise, there are now plans for bulk sales to major retail outlets.

Bulk orders are contracted out to various manufacturers around the country and there is something for everyone — prices start at R2.50 and go up to R123.

Quality

The business, the brainchild of ANC finance department head Vusi Khanyile, was launched after the organisation registered the copyright on its flags, badges and emblems soon after its unbanning.

According to Mr Khanyile, the organisation saw this as a way of ensuring that good quality merchandise was available at reasonable prices while generating funds for the ANC.

Mr Khanyile said the products were selling "extremely well".

T-shirts and posters have always been popular among members and supporters, but now they are also able to buy ANC watches and key rings.

Said Mr Khanyile: "We found that, once the ANC became legal again, business people used our name and logo to sell a variety of items. The quality of goods was poor and prices high."

VUSI KHANYILE... doing a roaring trade in memorabilia in capitalism’s marketplace
Last-minute shoppers bring joy to retailers

By DIRK TIEMANN and DON ROBERTSON

But instead they are saving on food and spending more on holidays because it was Christmas people bought presents. The pattern will change dramatically in January. The post Christmas slump in sales is expected to be more than 10%.

Satisfied

Pick 'n Pay managing director Hugo Herman says that sales were 10% higher than last year. He believes that this is the start of a new era of sales growth. People are more willing to spend money. Mr Van Coller says that people are spending more on food and drink. He says that this is a good sign for the retail industry.

Sparkling

Maurice Barthorne, managing director of Stoma jewelers, says his firm has had a "sparking" Christmas. He says that people are spending more on luxury items. He says that this is a good sign for the economy.

Motorists

Jeanne Ke, managing director of San, says that the number of motorists on the roads has increased by 10%. She says that this is a good sign for the economy.

Unexpected

Edgar group managing director George Mole, says that sales have increased by 15%. He says that this is unexpected and that he is not sure what to do with the extra money. He says that he will invest in new stores and new products.

Durban Publicity Association director Frank Vincent says that the season was late in starting and is slower than last year. Capetonians and 50,000 tourists made sure that shops, pubs, restaurants, theatres and trendy "leisured" bars were packed. Shop assistants spent more time checking credit cards and charges than taking in cash. He expects a 10% occupancy for the properties in Durban, similar to last year.
Commerce General
1991
Jan - Feb
Last-minute spree brings retail cheer

RETAIL trading picked up just days before Christmas and most retailers reported real growth in sales over the festive season after "a nail-biting finish".

Clicks had "a superb Christmas", with year-on-year sales increases for December in excess of 40%, said financial director Peter Green, and Clicks had seen the benefit of opening new stores during the year.

Pick 'n Pay was "fairly cheerful" about sales growth over the Christmas period, which should be about 18% up on last year, financial director Chris Hurst said.

This compared to a 16% growth in sales over the Christmas period in 1998.

Edgars MD George Beeton was "very satisfied" with Christmas trading and he estimated sales for December to show a real growth of around 8% over the same period last year with the help of heavy advertising and extended shopping hours.

Kusmdropdown chairman Geoff Austin said sales over December were 20% up on last year, and in general the group met its budgets.

CNA CEO Doug Badd said Christmas sales were up to expectations, and he was "happy with the outcome, "although it was a nail-biting finish".

Checkers, however, did not have a good Christmas, MD Sergio Martiengo said, and he estimated an 11% to 12% growth in sales over the period, which, compared with a 21% increase in 1998.
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Prices slashed in milk war

PRIVATE distributors are taking on the might of the 15 000-member National Co-operative Dairies (NCD) in a milk war that has seen prices slashed by more than 40% in some areas of fixed.

NCD has come under fire for selectively cutting prices in areas supplied by the private distributors. In Howick, where William Hyslop's Laggan Dairies is operating, NCD cut prices from R1.74e/l to 95c/l, just 1c lower than Laggan's R1/l.

The areas involved are Maritzburg, Howick and the outskirts of Durban. NCD's prices are mainly being cut in those areas where the independents are in direct competition with NCD.

The last price of milk is R1.74e/l and some retailers are not given the discounts offered by NCD, which represents about 30% of nationwide market share. The brand name for its fresh milk products is Clover.

Hyslop says he will survive the competition as he has done previously. He has experienced tremendous loyalty from his customers who, he says, realise that NCD is likely to hike prices again once he is out of the way.

The private distributors sell milk unpackaged to customers who bring their own containers.

NCD's Natal GM Eric Hornby says his organisation has to react to a degree to the price cuts.

There has been a larger surplus than normal over the holiday season as a result of bad weather, a poor holiday season and township unrest and there has been "a fair amount of discounting" over the period.

The volumes distributed by the independents are minimal, he says, estimating that about 4 000l to 5 000l a day.

The three main independents are Laggan, Stoneles and Benrose Dairies.

Retrenchment payouts upset Comro staff

MORE scientists and engineers working for the Chamber of Mines Research Organisation (Comro) have shared in the retrenchment in April and, while no one knows who is to be axed, dissatisfaction is brewing over the proposed retrenchment package.

The retrenchments result from the Chamber of Mines' announcement that R50m is to be cut from Comro's research funding over the next two years.

Because of the large number affected, meagre retrenchment packages are being offered, a staff member says.

Chamber of Mines' external relations manager Johan Liebenberg says: "There is no final figure yet for how many people will lose their jobs. The amount of contract work coming in and the number of employees leaving voluntarily must still be established."

Millionaire Holmes à Court died intestate

SYDNEY - Robert Holmes à Court, the SA-trained international businessman, left no will for his multimillion-dollar empire when he died of a heart attack last September, the family solicitor said yesterday.

Reports claim he carried a draft of a will in his briefcase for 18 months before his death, but the family solicitor said yesterday that he had no idea whether the will was ever completed.

Son dies without a will his estate is divided between the spouse and any surviving children. Perth probate solicitors said that by law an estate must be divided proportionately.
1990 was a turbulent year for small business. Lives were lost; so too were millions of rands in destroyed property and disrupted markets.

In its end-of-the-year brief, Job Creation takes a look at the grim year for black entrepreneurs who were caught in the turmoil following political change. Business in the townships and rural areas was hit by arson, looting, boycotts or traders run out of town.

The economic downswing is also taking its toll and until things settle down, the future looks bad for entrepreneurial development, according to a number of articles by key players in the field.

Only recently, economic empowerment was important banner behind which thousands of black entrepreneurs rallied. Development organisations burgeoned.

The informal sector was placed squarely on the economic map.

And big business began to court small business. Entrepreneurs seemed poised to grab for black economic freedom they had been denied. Nobody was waiting for apartheid to end.

Then came February ...

Today politics and macro-economic issues occupy centre stage. Talk of black economic empowerment through entrepreneurial development has faded and populist notions of nationalisation, redistribution and social versus capitalism rule the Press.

Violence has swept through townships and rural areas of South Africa and businesses have taken massive losses.

In Ciskei in March, the SA Special Risks Insurance Association estimate that two days of rioting cost business R130 million in damages - this included losses through looting. Ninety percent of commercial businesses were destroyed.

In one-day protest about reincorporation in Bophuthatswana in March millions of rands' damage was caused when council property, two financial institutions and various shops were damaged and looted.

Trend

A trend in 1990 when violence has caused damage to business is that local civic associations have come out strongly against such action and in some cases assisted the police in arresting looters, says Colleen McCaul, survey research manager at the Institute of Race Relations.

However, business still remains skittish about political involvement.

Job Creation asked players in the black economic development field to give their views on the impact of political change on entrepreneurial development and the role of black entrepreneurs in the economic debate.

Executive Director of Business Challenge, Mr Phil Khumalo, says: "Yesterday we could talk about a glorious future for black entrepreneurs. Today we are battling to survive."

"Violence, which is usually sparked off by a political issues, has an immediate effect on business. If there is trouble in the townships, businesses close down. And violence can flare up anywhere."

He says his members' businesses are suffering because suppliers are not coming into the townships. If members buy their supplies outside the townships, when they bring them in they run the risk of hold-ups.

Job Creation managing director Ian Hetherington says many of his clients in the townships have been victims of unruly youngsters who seize cars during political funerals, dictate when businesses should close and demand donations for organisations.

According to the Small Business Development Corporation's James Scott, applications for larger loans have declined sharply this year.

Seba president Mr James Ngcaya says stayaways on Fridays and Mondays - the busiest days for taxis - are detrimental to businesses. When they organise political marches, taxis are stoned."

According to Gaby Magomola, chairman of Fabcos Marketing, the phenomenal political events of 1990 have, understandably, eclipsed all other events. Issues relating to black economic advancement, in comparison, are unfortunately, regarded as peripheral.

Violence would continue to be a hurdle for entrepreneurs in the townships. But the informal sector would not go away. Most affected would be formal business who, discouraged by the turmoil, would be cautious about expanding their activities.

For Mr Peter Morrison, director of the Small Business Advice Centre in Empangeni, violence in Natal has given him more work than he can cope with.

Flee

"Unrest in the rural areas has forced many people to flee their homes and urbanise. With three out of four households in the rural areas economically active in the informal sector, these skills are being transferred to Durban, Pietermaritzburg and Empangeni."

The result is a boom in hawking and other informal activities. Trading conditions have sharpened, especially for hawkers and spaza. Increased competition has sometimes led to lower turnover and profits.

But Morrison believes the informal sector is resilient. "When politics and the economy come right, the informal sector in Natal will be poised for a massive take-off."
House brands boon to retailers, shoppers and manufacturers

FOLLOWING trends set overseas, house brands, or "no name" brands, have become common items in many SA supermarkets and stores, contributing somewhere between 10% to 15% of retail turnover.

The contribution of house brand products overseas was between 20% to 25% of the total business done by a chain, said an industry spokesman.

House brands were useful to manufacturers, enabling them to use up additional manufacturing facilities and bring down production costs, a manufacturing spokesman said.

He said generally retailers expected manufacturers of no name brands to reduce the price by the amount it would cost them to promote their own product.

The quality of a housebrand product was not inferior, he said, as it would be costly for the manufacturer to change a big run. However, there were some smaller manufacturers who could sacrifice quality.

Generally the contribution of house brands would be between 15% to 30% of output, he said, although some

MÁRZIA KLEIN

larger manufacturers kept this down to as little as 5%.

Own brand names contributed 15% of Pick 'n Pay's total business, and this might grow by only 2% to 3% in the future, said Pick 'n Pay food director Sean Summers.

Fighting

No name brands were a necessary tool for price negotiations with manufacturers as well as for keeping brands in check, he said. Own brands were generally cheaper, so manufacturers had to come down to price.

OK Bazaars markets both Pot o' Gold — one of the first house brands, launched about 30 years ago — and generic or plain wrap products, which are used as a price fighting item to compete with branded items, merchandising director Mervyn Kraitzik said. Both brands contribute about 12% to OK's food business.

Kraitzik said the black consumer preferred to buy brands he knew and trusted, and the OK had Pot o' Gold to deal with this problem.

Woolworths food director Brian Frost said the main reason for using own name products was that it was one way to control the product "so we know we are putting out the best quality at the best possible price".

He said all grocery products and perishables were sold on the Woolworths label with the exception of some estate wines.

A manufacturing spokesman said some manufacturers produced solely for Woolworths.

Checkers merchandising director Ram Harisunker said that while he could not give a percentage, year on year the growth in generic products had improved. Checkers' house brands were largely mainstream commodity products.

He said there were some problems, such as those involving consumer literacy levels. If you could not read, it was difficult to find out what was inside a package which had no pictures. He agreed that brand loyalty was an important consideration.
Jewellery sales increase by 20%

PETER COUTROMANOS

JEWELLERY retailers achieved outstanding sales over the Christmas period.
Most stores reported increases of more than 20% compared with 1989, with jewellery in all categories contributing to the increased figures.
Sterns MD Maurice Hartshorne attributed the group's good performance to a 20-fold increase in its marketing budget.

"Other retailers have followed suit and the industry has as a whole substantially increased marketing expenditure."

"The bulk of sales occurred on Christmas Eve, with diamond sales being the major contributor to increased turnover."

The recent abolition of the 20% ad valorem duty on jewellery had also had a favourable effect, said American Swiss group sales director Arthur Emden.

Christmas sales figures for the group were better than expected as a result of an 'aggressive' advertising campaign and the abolition of the 20% ad valorem duty. "Sales across the board were up more than 20% compared with last year."

Independent retailers have also experienced a Christmas bonanza. Gerald Francis Jewellers (Randburg) reported increased sales of between 25% and 30%.

The easing of credit agreement constraints was mentioned by several traders as a factor which contributed to the better than expected sales."
BRIAN PORTER HOLDINGS

NO-GROWTH DECADE

Activities: Sells and services new and used motor vehicles.

Controls: Brian Porter and directors.

Chairman and MD: Brian Porter.

Capital structure: 2,33m ords. Market capitalisation: R8.5m.

Share market: Price: 320c. Yields: 7.8% on dividend: 28.6% on earnings: p/e ratio: 3.8; cover: 3.7. 12-month high, 465c; low, 275c.

Trading volume last quarter, nil.

Year to June 30

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The 10-year financial review suggests that Brian Porter Holdings (BPH) has been caught in a time warp. In 1981, EPS was 91.3c; in 1990, 91.4c. Director Konrad Baudert argues that it is wrong to look back at 1981 which, he says, was a high point and that the record should be evaluated rather from 1985 (the first year that recorded a loss). The growth record since then certainly reflects a different picture.

But it is also true that BPH’s long-term

Gerald Hirshon
'n Pay, which has pushed the board to cut the tariff to 20%, decided to pass on the reduction to customers immediately, even though much of its stock had landed under the old tariff. Pick 'n Pay's Invader brand bicycles from Taiwan were reduced by R50, with the mountain bike now selling at R399.

Before the 1988 tariff hike, Pick 'n Pay was selling more than 60 000 bicycles a year, but sales collapsed to fewer than 15 000 in 1989. Sales were even slower last year, until the price cuts turned the picture around. By early last month, Pick 'n Pay had exceeded its 1989 total.

The tariffs did little to strengthen local manufacturers and now that their protection is being trimmed back, their future is uncertain. The industry is certainly negligible in world terms. It makes 160 000 units a year, which is only half the local market. It includes two large factories, Raleigh and Western Flyer, and six niche manufacturers. There is R268m invested in the industry and it employs 960 people. To soften the blow, the board abolished the duty on components, except on the three components made in SA — the frame, fork and saddle. But Raleigh's Robin Drake says even without tariffs on components, the local industry cannot beat the imported prices.

However, the two major bicycle manufacturers look set to win either way. Raleigh merged this year with a major importer and distributor, J H Slotar. Western Flyer was recently bought by another importer.

The new regime will be less beneficial to small manufacturers. Johannesburg-based Falcon Cycles, which manufactures 40 bicycles a day, will have to consider whether to remain a manufacturer or to become an assembler, a pure importer or to leave the industry altogether. As a manufacturer of frames and forks, Falcon was entitled to a rebate on the duty on other components, which gave it an advantage over pure assemblers. Now, however, the duty on other components has fallen away.

Says Falcon's GM Allan Urquhart: "The savings on components from the duty reduction amounts to R4 per bicycle, whereas the savings on the reduction in duty amount to anything up to R50 for fully imported bikes."

"We were expected to increase local content during the two years in which tariffs were higher, but it was unrealistic to expect local manufacture of components to compete with Taiwanese operations that sell all over the world."

Russells' Thomson says the board distorted the market by taxing both importers and manufacturers. "Only customs and excise benefited from the old measures, which shot the industry in the foot."

The lower prices are turning up gradually. Drake says bicycles are a useful loss-leader because they bring traffic into shops; this is Pick 'n Pay's strategy. Dion buys only locally produced bicycles, so it does not expect the lower price of components to filter through to its suppliers' prices until late this month.

But specialist retailers experienced an up-turn by mid-December, even though the full effects of price reductions was still to come through. Discount Cycles of Randburg, for instance, saw volume sales increase by 7%-8% year-on-year, whereas in September and October there was a 2% decline.

One strategy local manufacturers would like to use against imports is government safety standards, preferably standards that only local companies could meet. Urquhart believes there should be a roadworthy test for bicycles, as there is in Europe.

"Anybody can sell a bicycle and supermarkets do not provide an after-sales service. Let's at least have a minimum standard."

Standards being, of course, the last refuge of an industry that craves protection.

Bicycles ... putting the brakes on tariffs

BICYCLE TARIFFS

STEERING CLEAR

The automatic reduction in imported bicycle tariffs, which took effect on November 23, turned bicycles into one of the surprise big sellers of the Christmas season. But with the tariff reduced after most retailers had already stocked up for Christmas, the full impact on sales is yet to be felt.

Niall Thomson, of Russells, says the reduction came at precisely the wrong time, right in the middle of deliveries for the Christmas rush. "And the Board of Trade & Industry is talking about reducing the tariff again next November — the worst possible time of year for a change."

The bicycle market had been stagnant since November 1988 when the board introduced a flat two-year tariff of 60% on bicycles imported for less than R500. Imports collapsed from more than 360 000 in 1988 to just over 100 000 in 1989.

Under the programme aimed at helping domestic manufacturers, the tariff was automatically reduced to 40% in November. Pick
No aid for PE’s riot-hit traders

PORT ELIZABETH — A request to declare Port Elizabeth’s northern districts a disaster area following last year’s serious rioting and looting has been refused by President de Klerk.

Chairman of the East Cape Traders Association Ebrahim Soomar reacted with disappointment at the news yesterday, saying that the riots were caused by the community’s frustration about matters such as high rents.

The association had appealed to Mr de Klerk to declare the region a disaster area and to provide financial assistance from the Disaster Fund for the benefit of the many traders who suffered millions of rands of damage during the August rioting.

Mr de Klerk has replied that the fund only existed for natural disasters such as flooding. He regretted that he was unable to assist the traders, most of whom are still waiting to be compensated by insurance companies.

Some of them had no riot insurance cover.

Mr Soomar said he felt Mr de Klerk was wrong in refusing the association’s request.

He said the riots and looting were not of the traders’ making. “A disaster is the same, whether political or natural. We have no control over such matters.”

About 50 percent of the traders affected by the riots had re-established their businesses — many from makeshift premises and with money from their life savings or loans obtained from banks.

Others had obtained temporary jobs until being compensated.

Mr Soomar said the insurance companies had responded by saying that pay-out delays were caused by too many claims having to be processed simultaneously.

Unacceptable

Mr Soomar said the explanation was unacceptable.

“Insurance companies are wealthy concerns and can easily increase their manpower.”

The association planned to have a meeting soon and a delegation would be elected to discuss the insurance problem with the relevant Cabinet Minister. — Sapa.
Black businessmen suffer heavy losses

By CHARMAIN NAIDOO

LAST year was grim for black entrepreneurs.

Mr Hetherington, managing director of management consulting firm Job Creation SA, says, "Caught in the turmoil following political change, businesses in townships and rural areas have been burnt, looted, boycotted or run out of town."

The economic downturn is also taking its toll. Until things settle down, the future looks bleak for entrepreneurial development.

Mr Hetherington says: "Only recently, economic empowerment was an important banner behind which thousands of black businessmen rallied. Development organisations burgeoned and the informal sector was placed squarely on the economic map."

Big business began to court small business. Entrepreneurs seemed poised to grab for the blacks the economic freedom they had been denied. Nobody was waiting for apartheid to end. Then came February 21."

Mr Hetherington says that today politics and macro-economic issues occupy centre stage.

"Talk of black economic empowerment through entrepreneurial development has faded and notions of nationalism, redistribution and socialism versus capitalism rule."

"Violence has swept through townships and rural areas and businesses have suffered heavy losses." The SA Special Risk Insurance Association estimates that two days of rioting cost business R130-million in damages — including losses through looting — in Ciskei in March 1990.

"About 90% of commercial businesses were destroyed."

In a one-day protest about reincorporation in Bophuthatswana in March, millions of rands were lost in damage to council property, two financial institutions and shops."

Mr Hetherington believes that in spite of the difficulties experienced by small businessmen, the spirit of free enterprise will prevail in 1991."

The small-business explosion was a response to the lack of jobs.

"In the recorded sector, growth in jobs has been minimal while the informal sector has boomed — out of necessity."

"Last year was marked by the collapse of law and order, upheaval and turbulence in the townships and small black businessmen who are in the eye of the storm suffered greatly."

"Inappropriate overregulation compounds the problems. The breakdown of law and order, which has affected the economy in general, will adversely affect the chances of people finding jobs."

"The small-business sector is a powerful job creator. In England, for example, a decade-long effort to encourage small business has resulted in the number of self-employed people rising by 5% to more than 3-million."

"By 1986, 36% of all employment in Britain was in small firms employing fewer than 20 people."

"In that year, 310 000 jobs were generated. Firms with fewer than 20 people generated 290 000 of them."

"We have to learn from overseas models and adapt them to suit our conditions."

""
Teaching Self-Reliance Early

The soil of our preschool education is rich with potential for growth. It is here that we lay the foundation for life-long learning. Our goal is to create an environment where children can explore, discover, and develop their own unique talents and interests. We believe in the power of play and creativity to foster a love of learning and to build a strong foundation for future success.

We aim to develop children who are confident, curious, and capable of thinking critically. We encourage them to ask questions, take risks, and make mistakes. By providing a safe and supportive space, we help children build their self-esteem and resilience.

We work with families to create a collaborative learning experience that extends beyond the classroom. By involving parents and caregivers in their child's education, we create a strong partnership that supports growth and development.

Our curriculum is designed to be flexible and adaptable, allowing us to respond to the needs and interests of our students. We encourage inquiry-based learning and provide opportunities for hands-on exploration and creative expression.

Through our programs, we hope to instill in children a sense of wonder, curiosity, and a deep love of learning. We believe that each child has the potential to become a lifelong learner, and we are dedicated to helping them reach their full potential.

We are committed to creating a diverse and inclusive learning environment that celebrates the uniqueness of every child. We believe that every child deserves the opportunity to learn and grow in a safe and supportive community.

We are dedicated to providing our students with the tools and resources they need to succeed. By fostering a love of learning and a sense of self-confidence, we help children build the foundation they need for a successful future.

We are grateful to work with such wonderful children and families, and we look forward to continuing our journey of lifelong learning together.
Early teaching self-reliance.

Dr. Ben Vosco, "Protect Our Valuable Assets."

7 years ago, at the age of 27, I went to work for an educational agency that had just received a grant to start a program for teaching self-reliance to students.

The agency's goal was to develop a curriculum that would help students learn to be independent, to make decisions on their own, and to be responsible for their own actions.

We decided to start with the basics, focusing on teaching students how to cook, clean, and manage their own finances.

The program was a huge success, and we quickly expanded to include other skills such as budgeting, problem-solving, and critical thinking.

Today, I am proud to say that our program has helped thousands of students become self-reliant and successful adults.

The key to success is starting early and teaching by example. With our program, we have shown that it is possible to teach self-reliance in the classroom and that it has a positive impact on students' lives.
Cashbuild well-placed for 1991 expansion

CASHBUILD’S earnings a share had shown an average compound growth of 38% since the cash-and-carry building materials distributor was listed in 1988, chairman Donald Masson said in the annual report.

The Tradegro subsidiary had outperformed the market for the fifth year in succession with a 34.5% increase in attributable earnings to R6.5m in the 53 weeks to end-June 1990.

Real gains were posted by 70% of all stores in financial 1990, with the strongest increase coming from the Buy ‘n Build stores which were bought in 1987 and converted to the Cashbuild wholesale cash and carry concept.

In the 53 weeks to June, Cashbuild’s turnover grew by 32.5% to R321.1m and earnings rose to 30.5c a share.

Masson said Cashbuild remained committed to funding its expansion out of internal resources and long-term borrowings (only when the interest rate was favourable), and the R16.7m cash on hand at the June year-end made it well-placed to meet its goal of opening of 10 stores in financial 1991.

In financial 1990, the group diversified into retail home stores, with six stores under the Buy ‘n Build banner, retail urban franchise under the name of U-Build and low-cost housing through Khayelitsha Homemakers.

CEO Gerald Haumont said that in an industry plagued by high interest rates and falling volumes, Cashbuild had increased its market share.

The company has signed a lease finance package with a major financial institution, allowing for the development of 12 to 15 stores in the next two years.
Boycott of Alberton shops begins to bite

THERE was a marked scarcity of shoppers in Alberton yesterday as the boycott launched by residents of nearby Thokoza township began to bite.

Boycott “enforcers” have reportedly started forcing shoppers to return goods bought from white-owned shops in the town. Yesterday only a few black people were seen in the thenew shopping centre in Alberton’s Voortrekker Road.

The Thokoza Civic Association (TCA) launched a total boycott of white-owned business last month in support of demands for clarity on money residents agreed to pay for services in September and October. Despite paying R70 a month for the two months, residents are currently without water or electricity.

The services were cut off by the Alberton Town Council in November when payments stopped. Thokoza is R1,8m in arrears in electricity payments.

The TCA, the Alberton Town Council, the Thokoza Town Council and the Transvaal Provincial Administration are currently involved in negotiations to resolve the township rent boycott.

TCA president Sam Ntuli has demanded that the Alberton council should investigate Thokoza’s finances.

The TCA has also demanded that Alberton start talks on the implementation of one nonracial council for the two areas. Alberton shop owners approached yesterday would not comment on the boycott, but the few black shoppers and some shop assistants said trading had plummeted since last week.

© See Page 2
Success rate of small businesses soars

SMALL businesses in SA were setting a new trend shown by an annual 82% success rate in comparison with the rest of the world’s 45%, Small Business Development Corporation (SBDC) GM Sonny Tarr said yesterday.

"With small businesses growing nearly four times faster than the recorded economy, they are a rising economic force to be reckoned with especially in the current changing business environment," he said.

In SA the formal small business sector contributed 26% towards the gross domestic product and generated approximately 75% of new jobs, making it responsible for 38% of all existing employment opportunities, Tarr said.

Furthermore, nearly 75% of SA's 1.4-million to 1.6-million business enterprises were small businesses, he said.

However, the current economic downturn would also spill over into this sector, since small business enterprises were the first to suffer in a recession, Tarr said.

Although this could result in a marginal rise in the estimated 18% failure rate of small businesses, "these enterprises have the ability to adapt more easily to changing circumstances than any other business venture," he said.

Local companies had also over the past five years come to realise the growing importance of small businesses and their contribution to a struggling economy.

This was reflected by the increasing number of large businesses which were making use of sub-contracting and services offered by small enterprises.

From April to November 1999 the SBDC had granted loans of R120.5m to 2,934 small businesses, creating new job opportunities for 21,891 people, SBDC senior manager Dawie Crous said.

"Two out of every seven applications made to the SBDC are successful and these applications have a tendency to rise substantially when an economic downturn is experienced," he said.

Despite the high risk involved in funding small businesses, the SBDC's bad debt write-off constituted only 8% of loans granted and most of this was offset by bad debts recovered annually, Crous said.

Small business

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Ad campaigns for blacks 'are off the mark'

MANY SA companies are wasting money by launching poorly prepared and often patronising marketing campaigns to woo the largely ignored "slumbering giant" — the black market.

This was the view of Transworld Promotional Services head Mara Minaar. She said many marketers were reacting frenziedly to what they saw as easy money without having an in-depth understanding of the values, relevant symbolism and aspirations of the black consumer.

It was estimated that by 1999 black consumers would account for two-thirds of all retail sales.

"The South African black market is not new, and neither is it gullible or simplistic, and marketers had better be well prepared if they want a slice of the action," said Minaar.

National Sorghum Breweries executive chairman Mohale Mahanyele said marketing in SA was reaching less than 10% of black consumers, and focused marketing was rare.

He said many concepts were brought in from overseas with the assumption that what was good for the black American, for instance, was good for the black South African.

Mahanyele, a member of the State President's Economic Advisory Council (EAC), said marketing had failed in the basics of finding out what the consumer wanted, and company money was often wasted on promoting products which did not get off the ground, or on employing "hit and miss" tactics.

Marketing in SA needed to be innovative, focused and regionalised.

Marketing trends reflecting "African pride" were becoming fashionable.

Mahanyele mentioned Sales House as an example of a company which had perfected its marketing strategies to the black consumer. SA Breweries had also "caught on" to what the black consumer wanted.

Minaar said that while black consumers had adopted certain Western values, they remained strongly influenced by tradition and culture.

"Black South Africans are more community conscious and family orientated than their white counterparts. They are more quality conscious and brand loyal — within their means — and will spend time finding a retailer offering the brand they want.... Proof of this is the high number of brand names becoming generic terms in the black market."

An "ideal platform" was to market through clubs and the community. Promotions with lasting benefits were those which did something positive for the community while the products remained competitive.

Integrated Marketing Research chairman Teddy Langschmidt said marketers had become far more sensitive in recent years, but they still made mistakes because of "long-term conditioning."

However, most people perceived advertisements as having good things to say about products and "consumers tend to look at them forgivingly."

Black people accounted for less than 1% of advertising agency employees, said Langschmidt, and most adverts were conceptualised by and tested on English-speaking whites before being translated. This did not mean the products would fail. They would be interpreted "in terms of the consumer's experience."
AUTOQUIP

COST BIND

Activities: Wholesale distribution of automotive accessories, tyres and selected replacement parts.

Control: Directors 57.6%.

Chairman: GJ Santana; MD: B D'A Coquelle.

Capital structure: 14m ords. Market capitalisation: R7.2m.

Share market: Price: 45c. Yields: 11.1% on dividend; 29.3% on earnings; p/e ratio, 3.4; cover, 2.6; 12-month high, 70c; low, 30c.

Trading volume last quarter, 19,000 shares.

Year to June

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Judging by the erratic share price over the past year, the market continues to have difficulty in putting a fair value on Autoquip. This is not surprising — three years after its listing, the sustainable level of profitability for the group remains unclear.

After the promise shown in 1988, the 1990 results were disappointing. And while the annual report emphasises the impact of Sareco's problems on profit, investors could be forgiven for viewing this as a red herring. The main impact seems to have been the inability to trade with Sareco on a normal basis, thus inhibiting sales. There was still a 25% gain in turnover, a satisfactory performance given the environment in which it was achieved.

The real problem was that margins crumbled from 14.6% to 11.8%. After taking into account a substantially higher interest charge, this cost the group about R1.3m in pre-tax profit, which actually fell by R600,000, and reduced EPS by at least 4c (actual drop: 2.4c). On the face of it, there was potential for earnings to show at least some improvement.

Without the margin decline, a further increase in borrowings would probably not have been necessary. Cash flow would have been about R650,000 higher than the actual R2.4m, whereas net borrowings increased by a lesser R542,000 to R4.8m.

The annual report lists several factors of a non-recurring nature which dented margins. These include costs incurred and the disruption to trading arising from the relocation of Partquip's Johannesburg and Durban warehouses. Also, it was decided to take out Credit Guarantee cover on the exposure to Sareco — which turned out to be an excellent investment.

But there are also indications that overheads might generally have been getting out of hand, owing to the policy of diversifying activities according to the various niche markets in which the group concentrates. This led to a multiplicity of distribution centres around the country. That it contributed to an uneconomic cost structure is suggested by the fact that five of these centres have since been closed — two serving the Autoquip division (accessories, tyres, and so on) and three in the case of Techniquip (bearings). Given that the above factors are either non-recurring, or that corrective action has been taken, margins may recover this year. However, some uncertainty about this arises from last year's 11.8% trading margin, which was not out of line with the group's historical performance.

From 1984 to 1988 the pre-interest margin on sales averaged 11.5%, and a noteworthy feature was the consistency of this ratio — the high for these five years was 12.1% in 1985 and the low 10.7% in 1987. It could be argued the 14.6% for 1989 (when EPS jumped 49%) was out of line, and that 1990 merely saw a return to the long-term average.

Supporting this view is management's stated objective of achieving a net return on equity of at least 20% (calculated on average shareholders' funds and a full tax rate). Despite last year's lower trading margin, ROE would still have exceeded 25%, hardly suggesting the group was under-performing against its own objectives. 1989's ROE was well ahead of target at 35%.

If the assumption that 1989 was an exceptional year is correct, the return to normality is reflected in the latest results may well be a sounder base from which to project future performance.

If so, the market has probably over-reacted in driving the share price down to the current 45c — giving a p/e of only 3.4 times and a high 11.1% dividend yield. Even accepting that trading conditions this year will remain difficult, it could be argued that Autoquip was more accurately valued at the 1989 high of 70c than is the case now.

Brian Thompson
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Year to June 1990: 99

ST debt (Rm) .................................. 0.1 3.8 4.6
LT debt (Rm) .................................. 0.1 0.4 0.4
Debt/equity ratio ................................ nil 0.56 0.56
Shareholders' interest .......................... 0.44 0.38 0.38
Int & leasing cover ............................. 14.8 19.9 4.3
Return on cap (Rm) ........................... 18.8 25.0 22.8
Turnover (Rm) .................................. 22.2 36.6 44.5
Pre-int profit (Rm) ............................. 2.5 5.2 8.2
Pre-int margin (%) ............................. 11.3 14.6 11.8
Earnings (c) .................................... 10.5 15.6 13.2
Dividends (c) .................................... 4.5 6.5 5
Net worth (c) ................................... 36.8 45.8 53.8

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NICTUS

DEMAND DRIES UP

This troubled Namibian industrial holdings group — with interests in furniture, vehicles, carpets and property — is facing a new
A bid to heal racial wounds

Prominent businessmen have come to the forefront in the northern Transvaal town of Louis Trichardt in an effort to temper racial hatred.

The town, which recently suffered a black consumer boycott, has been wracked by racial tension which culminated in a right-wing attack on black schoolchildren last November.

Jan de Bruyn, the co-ordinator of a group called 'Forum Goodwill', said yesterday that a picnic for the children would be held next Saturday in Venda.

A spokesman for the Louis Trichardt-Afrikaanse Sakekamer yesterday confirmed that several companies will be suing the boycott committee for large sums. The legal action is thought to have cut the boycott short.
Boycott back the boycott

We'll bring Fx it or
SBDC plans big Cape expansion

By PIETER COETZEE
Financial Editor

THE Western Cape branch of the Small Business Development Corporation (SBDC) has strong expansion plans for 1991, regional GM Wolfgang Thomas said yesterday.

This includes expanding and strengthening the small industry hive network and related services, providing a range of small business support services in sub-areas of greater Cape Town and in the towns and villages in the region.

Thomas said: "Aside from expansion plans currently underway in the Paarl and Blackheath hives much of our attention during 1991 will go to the development of the newly acquired Philippi hive.

"In addition, a wide range of possible hive structures are considered in smaller towns in the Western Cape (including places like Pringle, Ceres, Montagu, Wellington and Lwandle/Strand) and in metropolitan suburbs with insufficient industrial infrastructure (including Khayelitsha, Atlantis, Retreat and Blue Downs/Delft)."

Sub-regions

Thomas said to achieve this goal two sub-regions will be formed — False Bay and Tygerberg.

"Furthermore individual business advisors or small teams will assume responsibility for all the support and catalytic functions within clearly demarcated local areas in the sub-regions such as Khayelitsha, Mitchells Plain, Guguletu/Nyanga, Atlantis, Bellville and Stellenbosch.

"At the same time, care will be taken to maintain sector specialisation skills in all the key industries of the regional small business scene including clothing, tourism, hi-tech industry, boat building, jewellery, retailing and catering."

Six countryside branch areas have been identified for business support — Namaqualand (Springbok), West Coast (Vredendal), Boland (Worcester), South West Cape (Caledon), Central Karoo (Beaufort West) and Lower Orange (Upington).

In addition to the existing office and hive in Springbok a new, fully-dedged branch office is scheduled to open in Upington by mid-1991, existing hive activities in Beaufort West and Worcester are to be expanded, new hives are envisaged for Vredendal and Caledon, and the current practice of monthly information days is to be expanded to include all centres on a regular basis," Thomas said.

He said the SBDC will also work towards attaining a new "balance" between informal and formal retail and service activities in the black townships.

"Not only do we have to expand our support for spaza-shops, hawkers and other informal sector operators, but we may once again be called upon to play a catalytic role in the development of modern shopping centres inside middle class suburbs of black townships.

Institutions

"The prime task will be to mobilise institutional investor funds and negotiate partnerships between black entrepreneurs and the national chains and franchise groups."

"Several potential projects are under consideration and it is our hope that private as well as institutional investors will support this move," he said.

"Given the relatively recent move of Africans into the Western Cape, training, business infrastructure, finance/accommodation and individual mentoring as well as networking needs are particularly urgent if growth, job creation and capital accumulation aspirations of black entrepreneurs are to be met.

"In particular, we have to focus on non-exploratory partnership arrangements between big/small and white/black enterprises, with franchises, subcontracting relations and contract financing as some of the priority instruments," Thomas said.

In the past year the regional loan portfolio grew from R28.7m to about R110m spread over 3,400 loan clients. There was also an increase of 7% to 162,000m² in the total rental space to 700 small business tenants.
SA's small businesses top world success ratings

Own Correspondent

Johannesburg. — Small businesses in SA were setting a new economic trend, reflected by an annual 82% success rate in comparison with the rest of the world's 45%, Small Business Development Corporation (SBD&C) GM Sonny Tarr said yesterday.

"With small businesses growing nearly four times faster than the recorded economy, they are a rising economic force to be reckoned with especially in the current changing business environment," he said.

In SA the formal small business sector contributed 26% towards the gross domestic product and generated about 75% of new jobs while it was responsible for 30% of all existing employment opportunities, Tarr said.

Furthermore, business enterprises in the country, which totalled between 1.4m and 1.6m, comprised nearly 75% of small businesses.

However, the current economic downturn would also spill over into this sector, since small business enterprises were the first to "suffer" in a recession, Tarr said.

Although this could result in a marginal rise in the estimated 18% failure rate of small businesses, "these enterprises had the ability to adapt more easily to changing circumstances than any other business venture".

Local companies had also over the past five years come to realise the growing importance of small businesses and their contribution to a struggling economy.

This was reflected by the increasing number of large businesses which were making use of subcontracting and services offered by small enterprises.
Alberton business halved as talks stall

Business in the East Rand town of Alberton has plummeted by up to half since a consumer boycott was declared by the Thokoza Civic Association (TCA).

Yunuf Karolla, secretary of the Alberton Traders and Professionals Association (ATPA), told Saturday Star that the hardest hit of the city's traders were those who had stocked up on school uniforms.

He said his association still cherished hopes that a solution would be found to end the boycott.

"Our members are definitely feeling the effects of the boycott. We are also hoping that our association, together with the industrialists, can play a role in resolving the crisis, as we did with the last consumer boycott we had," Mr Karolla said.

ATPA said it accepted that a consumer boycott was the only avenue Thokoza residents had to voice their grievances. Mr Karolla said.

A meeting was envisaged at which traders would formulate a different approach to the matter.

However, the TCA has vowed to intensify the five-year-old consumer boycott in Alberton, after the Transvaal Provincial Administration withdrew from talks aimed at ending the rent boycott in the township.

Mr Gert de Jager of the TCA said the TPA pulled out of talks because the TCA acted in bad faith by breaching an agreement reached at a meeting concerning tariffs to be paid by Thokoza residents.

The implications of the TPA withdrawal meant that Thokoza residents would now have to foot the bill in total for electricity and other services, Mr Gert Muller, the administrator of Thokoza, warned.

In his reaction, Sam Ntuli, TCA chairman, said he did not understand why the TPA pulled out of the talks, which he said were at an advanced stage.

He said the TCA was left with no option but to intensify the consumer boycott in an effort to pressurise the TPA back to the negotiation table.

However, Mr Ntuli said, even if the TPA returned to the talks, the consumer boycott would continue because "our other demands have not been met".

The TCA's other demands are for the reconnection of electricity to the township and the merger of the Thokoza and Alberton town councils for "one council for one city".

Mr Ntuli further accused the TPA of bad faith. He said the TCA had told residents to resume paying rent of R40 and "people started paying on Monday already, and now this..."

Mr de Jager said the TCA was told that R40 was totally inadequate.

"In a breach of this agreement, and quite untruthfully, Thokoza residents were informed that they each had to pay R40 and the power supply would be reconnected," Mr de Jager said.
Boycott starts in Klerksdorp

KLERKSDORP — There are conflicting reports on the impact of the first day of the Jouberton consumer boycott of Klerksdorp's white businesses. Most businessmen said they were not even aware of a boycott.

While the Jouberton Civic Association claimed that the boycott, which began yesterday, drew a 90 percent response, most businessmen said they were not.

The boycott is because of an electricity switch-off from today. — Sapa.
Alberton business

down 80% — claim

TURNOVER in Alberton shops has plummetsed 80% since residents of
neighbouring Thokoza township
launched a consumer boycott last
month, the Alberton Traders' and Pro-
fessionals' Association said yesterday.

Traders' Association secretary Yumas
Karolia described the situation as
"unreal".

"I have been through boycotts before —
the last one between June and September
— but nothing has ever been like this," he
said.

"Our members are reporting business as
being 10% to 20% of normal turnover, and
some are talking of closing down. One
shopkeeper decided to close shop and went
on holiday, saying there was no point in
staying open. When he reopened this morn-
ing, he found the situation had not
changed."

Karolia said some traders closed early
last Saturday as they saw no point in stay-
ing open.

The boycott was called by the Thokoza
Civic Association (TCA) after the Alberton
town council cut off electricity supplies to
the township.

But, Alberton management committee
chairman Johan van der Merwe said the
boycott was not working and its effect was
negligible. "I was in town last Saturday
and the Kombi taxis were pouring into
town; and black people were seen loaded
with purchases."

The boycott is also in support of de-
mands for a single tax base for the two
areas and an examination of Thokoza
Town Council's financial affairs.

The TCA is engaged in talks with the
Thokoza and Alberton councils, Eskom, the
TPA and the Alberton Industries' Associa-
tion.

But the negotiations have been plagued
by frequent deadlocks and breakdowns,
with the latest resulting in the TPA an-
nouncing it was terminating talks with the
TCA.

Karolia said the traders' association was
trying to get the Alberton council and the
TCA to get talks going.

Meanwhile, Joniberton township resi-
dents yesterday started an indefinite con-
sumer boycott of Klerksdorp business
after the town's council announced it
would cut off electricity and reduce water
supplies to their township this morning.

Joniberton is R656 000 in arrears in its pay-
ments to Klerksdorp.

Joniberton Civic Association spokesman
Howard Yawe said other demands were
for the release of four civic leaders and the
releasing of funds for civic activities.

And Vosloo's Town Council warned
yesterday the supply of essential services
would be reduced and discontinued if resi-
dents did not pay.

Randfontein town clerk L M Brits ap-
pealed to Toekommers residents to pay
the R1 657 674 rent and services debt to his
council.

Three of the five members of the Toek-
kommers management committee had re-
signed and an election would have to be
held, he said in a statement.
1990 car sales down by 50%

MOTOR manufacturers ended a dismal 1990 with new passenger vehicle sales for December plummeting to the lowest monthly level in four years, figures released yesterday by the National Association of Automobile Manufacturers of South Africa (Naamsa) showed.

Confirming the downturn in the economy, December car sales decreased 5% to 13 189 units compared with 13 875 in the corresponding month last year.

The monthly and yearly sales figures were adversely affected by the serious industrial unrest and work stoppages at Volkswagen and Mercedes Benz during the second half of the year and the fewer trading days in December.

Total passenger vehicle sales for last year showed a drop of 5% to 209 603 units against the 221 342 units recorded in 1989, according to Naamsa figures.

Only medium commercial vehicles (MCV) managed a marginal improvement.

Car sales

In December to 297 units (39%) bringing sales for the year to 4 628, an 8% improvement on the 4 474 units sold in 1989.

Last month’s sales of light commercial vehicles (LCVs) and mini-buses at 6 946 units was 15.5% down on the 8 217 recorded last year, while the total for the year showed a 4% decline to 112 516 (117 135).

Econometrix’s Tony Twine said LCVs’ steady sales performance during the last seven years was buoyed by black consumer interest in the minibus sector.

Township violence and high interest rates slowed minibus sales during the second half of 1990, having a negative impact on LCV unit sales.

Heavy commercial vehicle (HCV) sales deteriorated sharply in December, showing a 24% fall to 497 units (900), while yearly sales figures indicated a 19% slide to 7 830 units compared with the 9 678 units sold in 1989.
Boycott spreads after Klerksdorp cuts power

THE Klerksdorp town council yesterday carried out its threat to cut electricity and drastically reduce water supplies to the township of Jouberton.

Klerksdorp Town Clerk J L Muller said last week his council had resolved to suspend the supply of bulk electricity to Jouberton from yesterday, while the water supply would be reduced to certain hours a day.

He said Jouberton's service charge payments were R628 000 in arrears.

Sewerage

"Bulk supply of electricity to Jouberton will be cut off until such time as the Jouberton Town Council will be able to meet its obligations towards the Klerksdorp Town Council.

"Water supply to Jouberton will not be interrupted but will be drastically reduced, to such an extent that the load on the sewerage pump stations is relieved," Muller said.

Jouberton residents started an indefinite consumer boycott of Klerksdorp businesses on Monday.

Jouberton Civic Association spokesman Howard Yawu said the boycott was prompted by supply cut-offs. But residents were also demanding the release of four civic leaders and an end to an alleged police clampdown.

Sapa reports from Klerksdorp that about 2 500 more people from Kanana near Orkney reportedly joined the consumer boycott yesterday in solidarity with Jouberton residents.

Jouberton Consumer Boycott Co-ordinating Committee sources said the Kanana residents had started boycotting the tiny business district of Orkney yesterday, as well as Klerksdorp businesses.

Klerksdorp is where township residents usually do the bulk of their shopping.

In addition to demanding the release of local detainees, the township residents are also demanding the dismantling of Afrikaner Weerstands beweging training centres in certain parts of the western Transvaal and the unconditional restoration of power supplies.

Klerksdorp Chamber of Commerce spokesman R A Brady said the business community was doing all in its power to "bring people together".

Sapa also reports that the Civics Association of the Southern Transvaal (Cast) said yesterday it was paying special attention to threatened services cuts in the East Rand township of Vosloorus.

On Monday Vosloorus Town Clerk George Prinsloo raised the possibility of discontinuing or reducing essential services in the township if residents failed to pay their bills.

Cast general secretary Sam Ntuli said the township's rent and service charges payment dilemma was receiving serious attention, and that a plan of action to address the matter was being formulated within Cast ranks.

Meters

The Vosloorus Town Council and the local civic association deadlocked on the matter of the rent boycott in November last year.

Prinsloo said yesterday Vosloorus residents owed R23m and should be paying something while the council was repairing the township's meters.

He said the township owed Escom a total of R6.3m.

Asked how much the council expected residents to pay since there was a deadlock, Prinsloo said the R104 a month they were paying before the breakdown in talks should apply.
Vehicle sales at a four-year low

Finance Staff

Total vehicle sales for 1990, including new cars, light and heavy commercial vehicles, ended the year on 352,629, a decline of five percent from 1989 figures, and the lowest in four years.

According to the National Association of Automobile Manufacturers of SA (Naamsa), sales are now well below the long-term historical trend.

Combined vehicle sales in December amounted to 20,938 units, down from 28,441 units in November and down from the 23,935 units sold in the same month in 1989.

While December is normally a weak sales month for the motor industry, it still reflects a further deterioration of the local industry as a result of the downturn in the economy.

The sales of new cars, especially, came as a disappointment to the industry, with sales of 13,198 units, their lowest monthly level since December, 1986 when 12,076 unit sales were recorded.

December 1990 car sales fell by 4,926 units, or 27.3 percent, to 13,198 units from the 18,125 units sold in November 1990. Compared with the corresponding month in 1989, there was a decline of 677 units, or 4.9 percent.

Sales of new light commercial vehicles and minibuses in December declined by 2,628 units, or 27.4 percent, to 6,946 units from the 9,572 sales recorded in November.

Compared with December 1989, new light commercial vehicle sales showed a fall of 1,271 units, or 15.5 percent.

Sales of vehicles in the low-volume heavy truck segment of the market also deteriorated sharply in December, falling by 32.1 percent (225 units), compared with November’s sales.

Sales of medium commercial vehicles, however, managed a marginal improvement of 1.4 percent in December, compared with November sales.

On an annualised basis, the industry’s 1990 sales, with the exception of medium commercial vehicles, recorded declines in all four sectors.

Naamsa says the duration and severity of the slowdown will be the major determinant in the performance of the new vehicle market this year.

Short-term prospects will also be influenced by events in the Middle East and, domestically, by developments in the socio-political field, it says.

Replacement

It notes, however, that with actual sales currently well below the long-term historical trend, the replacement needs of the existing vehicle parc (3.5 million cars and 1.3 million light, medium and heavy commercial vehicles) will tend to limit the scope for significant further declines in new vehicle sales.

The latest industry projections anticipate essentially a no-growth scenario in terms of unit sales for 1991.

Current industry projections for the year envisage sales of 210,000 cars, 115,000 light commercial vehicles, 5,000 medium commercial vehicles and 5,000 heavy trucks.

However, it is possible that these forecasts will be revised downwards in light of the lower-than-expected December 1990 sales figures and as a result of the impact of unfolding events in the Middle East, Naamsa says.
Orkney seems set for consumer boycott

By Esnare van der Merwe Political Reporter

The Western Transvaal consumer boycott seems set to spread to Orkney on Friday, when residents of the Kanana township will embark on a protest against the alleged police shooting of an ANC activist last month.

The chairman of the ANC's Orkney branch, Mpho Mentoor, said yesterday the boycott would also be aimed at forcing the Conservative Party-controlled town council to open still-segregated amenities.

In nearby Klerksdorp and Stilfontein, township residents have embarked on a consumer boycott to protest against electricity cut-offs and segregated amenities.

Kanana residents have been up in arms against the shooting of an activist, Joseph Mosikare, on December 26.

Lawyers for Human Rights regional organiser Sam Present said an attempted murder charge would be laid against the police. The organisation was in the possession of an affidavit by Mr Mosikare, alleging he had been shot by two policemen.

Mr Mentoor said three activists had been approached by policemen on December 26 to point out Inkatha houses after rumours of a pending Inkatha attack on ANC supporters in the township and the adjacent squatter camp, Mashengville.

The policemen had subsequently taken Mr Mosikare to the Schoonspruit River, where he was allegedly shot and left for dead. The injured man managed to reach a nearby house, and was taken to hospital by ambulance. He was discharged on January 5.

Mr Present confirmed that an affidavit to this effect had been obtained from Mr Mosikare.
Atteridgeville boycott ends after talks

By McKeed Kotelo
Pretoria Bureau

The nine-month-old Atteridgeville rent boycott has ended and residents are expected to pay rent and service charges of R50 per household starting from the end of next month.

A joint statement by the local resident body, the Atteridgeville-Saulsville Residents Organisation (ASRO) and the township's administrator, Dr Ernie Jacobson, said agreement was reached on Tuesday.

In terms of the agreement every household would pay an interim amount of R50, R15 per hostel dweller, R60 per small business and R150 per big business.

The release further stated that "it was mutually agreed that arrears would be scrapped until the end of December".

Negotiations would start immediately on matters relating to transfer of houses and availability of land, among others.
Louis Trichardt's council opposes free trade area

The CP-controlled Louis Trichardt council firmly opposed the conversion of the town's central business district to a free trade area at a public hearing in the town yesterday.

An application to convert the central area of the town into a free trade area, originally initiated by NP councillor Renier Pieterse, was supported by the Indian management committee, the Afrikaanse Saakskamer, the Louis Trichardt Chamber of Commerce and the Venda Chamber of Commerce.

But council representatives yesterday argued that converting about 20 blocks in the centre of town would ultimately lead to the establishment of black residential area there.

The public hearing, chaired by Group Areas committee member N Terreblanche, heard emotive speeches by CP councillors and town residents, the vast majority of whom were against the conversion.

A council spokesman said one of the municipality's chief complaints was that 145 of the 229 “burger erven” in question were currently residential properties.

In his summation of the argument, the spokesman said the Souptamberg area had historically developed an ethos of negotiation and reconciliation.

The town therefore did not want to be forced in any particular direction by intervention from above or from outside. It would deal with its own problems in its own way and in its own time, he said.

Opening the town was one of the main demands of the Consumer Boycott Committee (CBC), which launched a consumer boycott just before Christmas.

The boycott was initiated after 12 khaki-clad men allegedly whipped Venda residents and schoolchildren at a Louis Trichardt park. Twelve people are due to appear in Pietersburg Magistrate's Court today in connection with the incident.

The CBC has emphasised that the lifting of the boycott shortly after Christmas was to allow other parties to meet outstanding demands.
Cape Flats wins day

By BLAISE HOPKINSON
Business Staff

For some it might sound like a walk on the wild side. For most it is an incredible journey.

Not 15 minutes by car from downtown Cape Town lies a territory virtually unknown to city businessmen – the Cape Flats.

But thanks to a former Transvaaler more than 400 top executives have had their minds blown. They have taken part in Mrs Pam Herr’s Journey to the Cape Flats World of Business.

Conference organiser, businesswoman and all-round facilitator, Mrs Herr first identified the chasm which exists between the first world of Cape Town business and the third world of the Cape Flats when she arrived five years ago from Johannesburg.

Successful tours

“It is astounding how few business people really know what is going on on the Cape Flats. It is actually an integral part of the local economy.”

Before moving to the Cape, Mrs Herr was responsible for launching a highly successful series of tours to Soweto for Johannesburg’s captains of industry.

While working for the Johannesburg Chamber of Commerce she was constantly aware of the chronic ignorance the business community had of what really went on in Soweto.

“We started the tours or journeys to Soweto because business people knew so little about blacks and especially about black business. The tours became very popular and hundreds of the pin-stripe brigade took part.”

Last year Mrs Herr initiated the first Cape Flats “journey” and these have become so popular some companies send executives on every tour.

The programme for 1991 includes a number of specialised journeys including spotlights on clothing, construction, food and beverage concerns.

Mrs Herr’s in this venture, Athlone businessman Mr Aly Khan, acts as tour leader.

A typical journey takes participants from the glass towers of the city centre to Athlone, Khayelitsha, Guguletu, Crossroads and Mitchell’s Plain.

Places of formal and informal business activity are taken in including the Small Business Development Corporation’s industrial hive at Athlone, spaza shops, clothing makers, workshops and many more.

Cape Town’s mayor Mr Gordon Oliver and his deputy Mr Frank van der Velde have shown overwhelming support for the tours and one of them always goes along.

“We cram a whole lot into the morning journey,” said Mrs Herr.

After graduating from Rhodes University, Mrs Herr promised herself she would never write another exam. Further study was, however, definitely on the cards.

Working first as a conveyancing clerk she moved to TB organisation Santa as branch liaison officer and later to the Consumer Council as education officer.

Her next assignment was as director of Cripple Care as it was then known.

“I was fired,” she says with characteristic candour.

“It was the best thing that ever happened for my business career. We had a disagreement and I was told...

P. T. O.

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Organising the world of business

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go I went home to mother feeling very perturbed.

After some soul-searching she realised she needed to confront her future and got a job at the Johannesburg Chamber of Commerce.

"Sometimes we need an external force to propel us, someone to push us out."

A card-carrying sceptic, Mrs Herr says she hardly believed a word any businessman said because of her background in consumerism.

She started as a minuting clerk and ran a couple of committees. She admits to having produced the worst possible minutes for her first meeting.

"It was a transport committee meeting and I had to telephone members afterwards to ask them what they had been talking about, such was the undiscovered jargon, I didn't understand a thing they were saying."

Various promotions within the Chamber led her to launch the Soweto tour programme.

Such was the excitement at the visit, the pin-stripes coughed up without dispute.

The trailblazing tours have become legendary on the Johannesburg business scene.

Mrs Herr and husband Mervyn decided to move to the Cape five years ago simply "because this is the only place to be."

She worked for a year at the Cape Chamber of Industries before stepping out on her own organising seminars, the first of which was for "economic seer," Mr Clem Suter.

"It is really because of Clem that I got into business on my own. He asked me to do a presentation for him."

She says husband Mervyn has been "a brick" and questions whether her passage into business would have been as swift if she had been concerned with paying the rent.

Turning to a "How to Start Your Own Business" booklet she produced for the Johannesburg
Furniture dealers get tough on credit deals

MOST major furniture retailers do not foresee a dramatic increase in repossessions in 1991, but many are cautious about consumers' ability to pay in a tough economic year.

Furniture Traders' Association executive director Frans Jordaan said sophistication on the part of dealers in granting credit and high interest rates had reduced bad debts and repossessions.

Morkel's MD Carl Jansen said the group's bad debts had continued the downward trend they had showed for the last two years and, as a result of "a customer sensitive operation", less than 2% of sales had to be written off a year.

Beneficial

"This rate was achieved in a difficult market, but at the same time it would be unrealistic not to anticipate difficulties in 1991," he said.

"It is in no-one's interests to repossess goods. Dealers take a big knock as goods are seldom resalable and income is lost. It is far more beneficial to adjust cash flows and get customers to pay instalments they can afford," he said.

He added that the majority of repossessions were voluntarily undertaken by customers.

Dion's MD Jannie Bils said strict credit control ensured the group had not repossessed any goods for the last three years.

He added that the use of fraudulent cheques had increased in both December and January, but the level was still within the bounds of Dion's provisions. No increase in provisions would be made in 1991.

"Credit purchases in 1990 made up less than 20% of turnover, which is similar to the 1989 situation," he said. No dramatic increase in this figure was expected.

Rusturn's CEO Geoff Austin said the group had achieved a less than 1% write-off in 1989, which was lower than the rate in 1988.

However, he added: "A sharp drop in instalments paid was seen in the last few months of 1990 and bad debts may well increase in 1991 leading to repossessions." As a result, Rusturn's provisions had been increased.

OK's Financial Director Brian Borchers said the group had experienced a slight increase in repossessions.

Furniture retailers had a good year last year with sales volumes recovering from previous years' decline. Borchers says the recovery was part a release of pent up expenditure and a perception of relative value due to a lower inflation rate in the industry.
Consumer boycotts begin to bite

By Abel Mushi

Boycotts of white businesses in Klerksdorp and Alberton have begun to bite.

The impact seems more severe in Klerksdorp, where the consumer boycott started last week, than in Alberton where the boycott started in December.

Spokesman for the Jouberton Civic Association Henry Moleme claimed the boycott was 90 percent effective.

Spokesman for the Westvaal Chamber of Business Bobby Braddy said businesses in Klerksdorp which depended on customers from Jouberton were seriously affected.

"The boycott is certainly having an effect. Our sales have gone down by about 80 percent," said Manuel Pereira, manager of Maryland Fast Foods.

"There is a significant drop in sales but it is still too soon to say to say how effective the boycott is," said a Klerksdorp pharmacy manager.

The town council last week switched off power in Jouberton and rationed water because of a R628,350 debt.

Tokoza Civic Association consumer boycott committee chairman Sam Nduli said the boycott of Alberton businesses drew a response of 60 to 90 percent.

Ishmael Lonnet, chairman of the Alberton Traders and Professional Association which represents about 30 predominantly Indian-owned businesses, said members have reported an average drop in turnover of about 80 percent.

However, most white-owned businesses contacted by The Star in the town reported they were not affected.

The electricity supply to Tokoza was discontinued by the Alberton Town Council in December following a rent and services boycott.
Consumer boycotts effective in W Tyf

By Abel Mushli

White-owned businesses in Stillfontein, near Potchefstroom, and at nearby Orkney in the Western Transvaal are experiencing severe drops in sales since consumer boycotts started there last week.

Traders in both towns have reported declines in turnover of between 30 and 100 percent.

Westvaal Chamber of Business spokesman, Bobby Bradly, said businesses in Stillfontein and Orkney were seriously affected, especially those that depended on shoppers from the nearby black townships.

According to Mr Bradly, the boycotts were as severe as in Klerksdorp where a boycott was started last month by residents of the nearby Jouberton township.

The Stillfontein boycott was called by the Khuma Action Committee (KAC) last Monday after the Stillfontein Town Council switched off electricity supply to the Khuma township to pressure residents to settle R500 000 electricity bill.

A spokesman for an ANC-affiliated umbrella body which organised the consumer boycotts in the three towns claimed the boycott was between 90 and 95 percent effective.

"Our sales have gone down by 99 percent," said J Smith who owns Stillfontein Dry Cleaners and Stillfontein Leather Boutique.

Leon Duyn, owner of a hardware and building supply store in Klerksdorp said: "My sales have dropped by 30 percent but that's because my main customers are big businesses and people in town".

A trader told The Star he was one of a few predominantly Indian businessmen who had been exempted from the boycott.

Kanana township residents started boycotting Orkney businesses last week following the shooting of activist Joseph Mosikare by the police last month.

The action is also aimed at forcing the town's CP-controlled town council to open its amenities to all races.

The owner of a general dealer shop in Orkney said his business depended totally on black customers and that they were having "no sales at all".
R31m boost for shopping centres

ONE of South Africa's giant insurance companies, Old Mutual, is investing R31-million in the development of shopping centres in black residential areas of Kagiso on the West Rand and in Vosloorus on the East Rand, writes JOSHUA RABOROKO.

Mr. Hoësa Malekane, property manager at the Old Mutual Properties, said the Kagiso complex of 2,200m2 would provide space for 45 shops, including the anchor tenant, Checkers, in 600m2. Pep Store would be taking 300m2.

"A taxi rank would be provided on the 2,6 ha site to complement parking for 320 cars."

He said: "We are happy that the growth rate in Kagiso will support a retail development of this size."

"Input into the tenant mix that best suits the area was gained in discussions with local retailers and the local chamber of commerce, he said. The necessity of national chain component to draw people was also aired."

"Negotiations with other national chains are under way and the response from local retailers has been excellent.""The trend in shopping facilities in these towns has traditionally been for the entrepreneur to provide the structure, thereby limiting his working capital to run the business on a competitive basis," he said.

With the company providing the building, he added, that capital requirement had been eliminated and the entrepreneur could make use of his/her resources by putting it directly into the business.

He said: "The site for the Kagiso development occupies a strategic position within the new CBD. It will adjoin a central piazza which is seen as an integral component of an environment which will provide public spaces and meeting areas."

At Vosloorus, Malekane said, a complex would be built next to the existing Lesedi City shopping precinct. It would provide a further 20 shops, including an anchor tenant, in 6,800m2. The 2,2 ha site would also include 1,400m2 of office space."
Giant retail chain Checkers will be re-listed, possibly as early as July 1, says Sankorp MD Marinus Daling. Though Tradegro’s board has not yet taken any definite decision on the unbundling or its time schedule, Daling reckons there is a good chance it will happen this year.

Unbundling the Tradegro and Tredehold pyramids is expected to unlock the value of listed subsidiaries Cashbuild, Metro and Smart Centre. Of the remaining wholly owned subsidiaries, Checkers, Coreprop and Stuttafords-Greaternens, Coreprop is an unlikely candidate for a listing. Daling indicates that Stuttafords may be sold and a Checkers listing will happen “automatically” after the unbundling. It is not clear what will happen to Coreprop. An MBO is unlikely as Sankorp must be a willing seller and Daling is adamant that none of the Tradegro companies is up for sale.

Many analysts maintain that Sankorp ended up in an uncomfortable position because it moved away from the hands-on approach retailing needs. Former Anglo investment manager Jacques Desmidt levelled a trenchant criticism at a Tradegro presentation a couple of years ago. He felt the giant wholesale and retail group had been institutionalised, when it ought to be run and controlled by entrepreneurial traders.

In the second half of last year, when Sankorp was talking merger/takeover with Christo Wiese’s Pepkor, it was hoped that the Cape entrepreneur could improve the performance of Tradegro. When the talks broke down and with no merger-acquisition possibilities available, Daling decided to unbend Tradegro.

But is Checkers ready for a listing? Daling is confident it will do well. He says there are a number of positive aspects to the retail chain. With turnover in excess of R3bn, the group has a good share of the market, most of the outlets are well sited and most leases are favourable.

After previous MD Clive Wellis’s departure, Checkers’ top-heavy structure was changed. The group was split into five operating divisions, each with its own operational
Residents on E Rand in boycott move

The East Rand faces a consumer boycott from February 5 unless electricity is restored to Tokoza.

East Rand Civic Associations (ERCA), including Tokoza, Tembisa and Vosloorus, decided on Wednesday to boycott white businesses until electricity is restored.

ERCA chairman Albert Tleane said the date had been chosen to allow time for "democratic formations" to be consulted.

"To speed up the normalisation of electricity in Tokoza, the cивис also resolved to hold a big march in Alberton on February 12."

The actions were aimed at "insubordinate authorities in townships such as Tembisa and Vosloorus".

Power was cut last month.
Boycott begins to bite in the Golden Triangle

By DAN DHLAMINI

THE Western Transvaal Golden Triangle – Klerksdorp, Orkney and Stilfontein – has started to feel the pinch of the three-week-old consumer boycott organised by disgruntled black residents.

Residents of Kuma and Jouberton say they embarked on the boycott of white businesses in a bid to force the white town councils to reconnect their electricity, which was cut off more than three weeks ago.

Residents have also tabled a number of demands, which, if met, could lead to the lifting of the consumer boycott which has crippled the Golden Triangle.

Kuma Action Committee (KAC) spokesperson Walter Sehurutse said the demands included: opening of public amenities to all races, repairing of streets in Kuma and admission of black pupils at Stilfontein’s white schools.

Sehurutse said Kuma residents had never boycotted rent as claimed by the Stilfontein Town Council.

He said residents had been paying a flat rate of R30 a month after reaching an agreement with the council.

He said the KAC had rejected offers by traders in town to pay their bulk electricity bill in return for lifting the boycott.

"We have a number of other demands besides the reconnection of electricity which the CP-controlled town council must meet before we consider lifting the boycott," said Sehurutse.

He said the KAC was aware that the council wanted to block deliveries to the township next week in order to force residents to buy in town.

This was, however, denied by Stilfontein mayor Diane Jongh, who said he had arranged a meeting between his management committee and businessmen tomorrow night at which the consumer boycott would be top of the agenda.

Jouberton and Kuma are said to owe Klerksdorp and Stilfontein more than R1.5-million in electricity arrears.

Jouberton Civic Association (JCA) chairman Henry Moleme said his association had asked the Civic Associations of Southern Transvaal (CAST) to intervene following the Klerksdorp council’s refusal to meet the JCA.

Western Transvaal Chamber of Business spokesman Bobby Reddy told City Press businesses in Klerksdorp, Stilfontein and Orkney had been seriously affected by the consumer boycott.

Meanwhile, the KAC has announced a meeting at 2:30pm today to discuss the question of rent and to consider the problems of residents since the consumer boycott started.
Spar could move into top three this year

THE Spar Group could become SA’s third largest food retail group this year.

Spar is currently SA’s fourth biggest retail food chain in terms of market share — behind Pick ‘n Pay, Checkers and OK supermarkets.

A study by business research organisation IBIS for the 12 months to October 1999 showed the major retail chains grew at 16% while Spar grew at 25%. Spar SA CEO Peter Hughes and group marketing director Brian Beavon said in a recent interview that “Spar should be number three in 1991”.

Spar’s rapid growth in the last few years has seen its retail turnover of less than R500m before 1983 increase to R1bn in 1987. By 1990 this figure had doubled, and Hughes was expecting a 20% growth to R2.5bn in financial 1991.

Beavon said one of the reasons was improved image and marketing. The stores are independently owned and franchised to Spar SA under the overall control of the Spar Group.

Following international trends, Spar recently introduced two kinds of stores. Red line Spar Stores operates as supermarkets while green line Kwipspar is a convenience shopping store.
SPAR SA, one of the fastest expanding Spar International members, says Spar International executive director Henk Zijderveld, who is on a visit to SA, (30)

He says the group has expanded strongly in Germany since reunification and Spar Germany is expected to reach a market share of 15% to 20%.

Spar International, which operates in 21 countries with worldwide retail sales of $36bn, is holding its annual international conference in SA this year for the third time.

There will be 250 delegates with five to six representatives from each country. Zijderveld, whose visit to SA precedes the conference, says Spar International is the only international retail group which operates under the same name and corporate identity worldwide.

Spar stores occupy 4 million square metres worldwide and employ 170,000 people.

Sweden, Norway and Hungary have recently joined Spar International, whose board of six members sits in Amsterdam.

Zijderveld says Spar International is strongest in Austria, Germany and Finland, but its market share worldwide varies between 20% in some countries and only 2% to 3% in others.

Looking towards the EC in 1992, Spar has formed an international European buying group with outside partners and expects total sales in the region of $36bn.

Another relatively new concept is building hypermarkets and shopping centres under the name InterSpar. There are already about 40 in Europe.

Zijderveld does not know if this trend will be followed in SA, but he says Spar SA "is studying the global wholesale scene intensively and is well informed, so all modernisation is likely here!"

The red line Spar supermarkets and green line Kwikspars initiated in Europe recently are already in SA, indicating that Spar SA is not trailing trends in Europe.
New initiative launched to resolve Alberton boycott

By Thabo Leshilo

Traders whose businesses have been crippled by boycotts in the black townships at Alberton and Stillfontein are trying desperately to avert financial disaster.

Some claim to have lost between 30 percent and 100 percent in trade through the boycotts. They were mounted to protest against electricity cuts in the townships after residents refused to pay rent and service charges.

Yunus Karolia, a spokesman for the Alberton Traders' and Professional Association, said yesterday his organisation and the Alberton Industrial Association had formed a joint forum to revive talks between the To-keza Civic Association and the Alberton Town Council to end the protest.

The forum had sent a memorandum to "a higher authority" to solve the rent and consumer boycotts. Mr Karolia declined to name the "higher authority".

The three-week-old boycott at Stillfontein in the Western Transvaal was called by the Khuma Civic Association to force Stillfontein Town Council to reconnect electricity to the township and desegregate municipal services.

In a report in The Star on January 16, it was stated that Conservative Party-controlled Klerksdorp Town Council cut the water supply to the nearby black township. However, the council has subsequently pointed out that only three CP members, who were elected as independents, serve on the council and that water was not cut off but rationed.
SA fruit exports head for a record

CAPE TOWN — The deciduous fruit industry, which contributed R1.3bn to SA's foreign earnings last year, is heading for another record export year even though heavy summer rain has damaged almost 20% of the seedless grape crop.

Unifruco, the industry's international marketing company which reaped record foreign earnings during the hostile years of sanctions, has reported "excellent" volumes in the first of this year's export cargoes to increasingly friendly markets.

After an early start, Unifruco is into its third week of apricot, peach, nectarine and grape exports. The big volumes of grapes and plums are being shipped out this week, the first loads of pears are being packaged and SA melons will make their debut on foreign markets this year.

The early successes have been dampened slightly by heavy rain which has spoiled 20% of a vintage crop of seedless grapes in the Orange River region.

But, even though the region's contribution to the total crop is relatively high — about 20% of the total crop and about 90% of seedless grapes — Unifruco CE Louis Kriel is confident the damage will not stop the industry achieving another record crop.

"Accumulatively, the overall volumes are well up on last year. This may be misleading because the season started two weeks early and we are comparing the third week with last year's first week," says Kriel.

"But, we have made allowances for the different comparison periods and at this point, it appears the crop is bigger this year.

"We are also benefiting from increased demand from Holland, for example, and supermarket groups in other European countries which we did not feature in last year," says Kriel who returned from a visit to Europe this week.

He explains that while the early start to the season has limited the keeping quality of the early export varieties, it has given the local industry first bite at some foreign markets — ahead of the ever-increasing South American competition.
FOCUS 30

WAIT FOR NEWS

Cautionary statements issued in December and January make it difficult to assess the prospects of this retail group. Executive chairman Irwin Sacks is reluctant to reveal details of what’s planned, but says that if the talks — likely to be concluded within two weeks — are successful, they will be positive for structure and performance.

Sacks says no change in control is envisaged nor are there immediate plans to expand by acquisition. This suggests the proposals entail changes to the group structure.

Focus, which owns and operates several clothing and bedding store chains, has only just digested the 1989 Cashworths and Smiley Blue clothing chain acquisitions.

Though these were financed through a rights issue of compulsory debentures and prefs, which raised R6,28m, this capital only far from easy. Sacks says management hopes to maintain earnings for the year to July but acknowledges that the situation is very fluid. High interest rates, he says, could further curb consumer spending, cash flow should, however, be positive as the bulk of group sales are cash transactions. Increased franchising will also bolster earnings, says Sacks.

The p/e of 3,6 on a price of 25c indicates a fair level of apprehension among investors. Since the first cautionary statement was issued, the share has climbed by only 2c. Given the economic climate and the cautionary announcements, shareholders and potential investors are best advised to wait until more information is available.

Focus’s Sacks ... heading for a new structure

est cover slumped from 8,9 to 1,7. Gearing climbed from 40% to 84% at year-end.

The high cost of borrowings meant that annualised EPS fell 18% to 7,0c, despite a climb in operating profit of 60%. Sacks claims that the annualised 17-month period is not comparable to a normal 12 months as it contains two off-peak periods.

Consolidation for shareholders was the 19% tax rate which, thanks to assessed losses, is likely to be similar this year.

Focus’s effective drop in earnings was brought about by poor performance in the last five months of the 17-month period. By February 1990, attributable earnings had risen nearly 14% and EPS stood at 9,1c, compared with 8,5c in the previous year. Sacks ascribes the fall in profits to recession and substantial “cleaning up” of the acquisitions.

Cashworths and Smiley Blue, which at the time of acquisition were making little or no profit, more than doubled the group’s outlets and turnover but helped cut operating margins from 10,3% to 6,5%. Sacks says both have been turned around and are now making positive contributions to earnings.

With the decline in consumer spending unlikely to ease by year-end, trading will be

Activities: Operates chains of its own and franchised specialty stores. They include ladies’ clothing stores Cashworths and Smiley Blue, men’s outfitter Bachelors and bedding shops Mattress World and Forty Winks.

Control: Directors 64,6%. Chairman: I Sacks; MDs: M J Cohen and G D Katz.

Capital structure: 20,9m ords. Market capitalisation: R5,23m.

Share market: Price: 25c. Yields: 8,5% on dividend; 28% on earnings; p/e ratio, 3,6. cover, 3,3. 12-month high, 40c; low, 22c.

Trading volume last quarter, 52,000 shares.

Year to July

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† Pro forma.
* Annualised.

accrued at the end of the reporting period. Initial payment and additional working capital for these businesses was achieved through borrowings of R4,5m, which had a significant impact on the balance sheet. In the 17 months to the changed year-end in July, interest payments rocketed to R2,43m from R97,000 in the previous year and inter-

Focus Holdings

Source: J D Anderson

en up and we are committed to the sector."

Barlows Appliances' Phillip Bellingham says better tools are being used in the factory and the company has become more mechanised, which has inevitably led to a reduction in the labour force.

KIC, which has more than half the refrigeration market, has maintained production at almost full capacity. Whereas steel costs increased by 14.5% and the cost of plastics by even more, KIC was able to hold price increases for refrigerators at 11%. The company has been forced to move out of the lower end of the audio market, but it has moved back into profitability without any changes to its range of white goods.

Retailers offer no encouragement that manufacturers will soon see the industry turn around. Russells MD Misa Strauss says his target market, the mid-range consumer, is now showing extreme discipline and does not buy a major appliance on impulse. "It has become a replacement-only market." He says many refrigerator models have pierced the R1,000 level, causing increased consumer resistance.

Dion MD Jannie Els explains: "Fridges and freezers are traditionally used to bring traffic into the stores. Sometimes they are actually loss-leaders, but at the best of times they provide a margin of just 10% to 11%.

The Dion business was built on major appliances, but the profits are generally made in higher-margin gifts and garden furniture. Els says the prices of major appliances have increased below the rate of inflation, by about 10% a year over the last two

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White Goods

Sales Meltdown

When the economy became unglued in 1989, one of the first victims was the white goods industry. Sales in this category—which includes refrigerators, freezers, washing machines, tumble dryers and dishwashers—were flat in 1988 and 1989 and declined 5.8% by volume last year.

However, after a belated recovery in the final quarter of last year, sales are expected to fall a further 3% this year.

The industry, which has three major domestic producers, KIC, Defy and Barlows, has been working at 60%-70% of capacity. And that's only for one shift. If the industry worked on a double shift, it would be using only 30%-45% of capacity.

Nevertheless, Defy MD Ross Heron believes there are some reasons for optimism. "We have improved our margins by working hard on our production costs with a programme of value-engineering. The product available on the market now is significantly better than it was. Moreover, we are not experiencing swings in demand of 15% which we saw in the late Eighties.

Defy has rationalised its product range, but SA has a broad range of market segments so it has maintained a presence in the luxury, middle and lower markets. Also, the company has retrenched 400 people and closed its refrigeration factory in Pinetown. Since it merged with Ocean Appliances in 1985, a further 120 head office jobs have been cut.

"We are not yet happy with the returns," Heron says, "but the industry has been shak-
“It means that they are competing against their own customers. The customer may be getting a price benefit but this is by no means everything. At Romans we believe in offering the consumer an acceptable price and in providing the consumer with selection, advice, tailoring services and payment facilities.”

Queenspark does not offer alterations or payment terms over six months, but Shub says the staff is trained and encouraged to provide service and advice.

There is unlikely to be a stampede of manufacturers following Shub’s example. Mike Getz, of the Seardel group, says: “The strong clothing brands tend to be the private labels of the retailers — except in lingerie and men’s suits — which circumscribes a manufacturer’s ability to market his own brands.”

In Edgars, the largest clothing chain, private labels account for 70% of sales, and in Woolworths, which is number two, they account for 100%.

Getz adds: “The more manufacturers’ margins are squeezed, the more likely it is that manufacturers will move into retailing themselves.”

Seardel, however, has no plans to go retail, though it is the country’s largest clothing manufacturer. “There are definite skills needed to go retail so we have to stick to what we know already.” A.M. Moolla’s Sadek Vahed says he will also remain focused on manufacturing.

Edgars group MD George Beeton admits that retailing does offer a better margin than manufacturing but notes that it is also more risky. “We have a sizeable manufacturing division, Celrose, but we don’t think we are the best manufacturers in SA and it’s unlikely that a manufacturer would be the best retailer.”

Hennie van Zyl, executive director of the National Clothing Federation, says it is a logical diversification to go retail, especially for a company such as Rex Trueform that has gained marketing experience by exporting for 30 years. “The retail trade is very concentrated; five groups control 60% of the market. But there are few barriers to entry and retailers know that manufacturers always have the option of going retail if retailers become uncompetitive.”

Tony Factor, flamboyant Johannesburg area discounter, welcomes competition but warns: “Rex Trueform has shops in smarter locations than ourselves. They may find that their running costs will force them to increase prices in the course of the year.”

To the consternation of clothing stores, a manufacturer is developing a national chain.

Rex Trueform has started a retail division called Queenspark. Already 10 shops have opened to offer a range of Rex Trueform’s classic menswear and ladieswear at discount prices at a time when retail margins continue to increase.

The company has always had factory outlets but this new chain is a sharp departure because it is aimed at the traditional shopper. The latest stores were opened in November in Waterkloof, Pretoria, and Northcliff, Johannesburg. The stores are not being located in primary shopping areas but are focusing on retailing upmarket clothing.

Rex Trueform chairman Stewart Shub insists that Queenspark will not compete with the company’s principal customers such as Edgars, Woolworths and Levisons.

“Queenspark does not stock our national brand names such as Miss Cassidy, Wall Street and Daks. It will be selling goods that were previously made exclusively for the export market. We have valley periods in our production and Queenspark has been able to take this up.”

Shub adds that originally Queenspark was supplied only with overruns but is now stocked with its own range of merchandise.

Predictably, some retailers do consider Queenspark a competitor. Sid Hurwitz, MD of the JSE-listed Romans chain, says he is against the principle of a manufacturer opening stores.
SBDC socks critics with R1bn in loans

By DON ROBERTSON

THE SMALL Business Development Corporation (SBDC) celebrates its 10th anniversary today, having lent more than R1-billion to budding entrepreneurs.

A R190 000 loan to a Steers franchise in Pretoria on Monday sent up the billion.

The SBDC has confounded big-business critics who said 10 years ago that its concept would not work.

Property

From its small beginnings in 1981, when it advanced 165 loans of R1.3-million, the corporation is now self-financing, is the largest developer of property in black areas, is profitable and looking for foreign participation.

In the year to March, the SBDC produced a pre-tax profit of R42.4-million. Since its incorporation, it has paid R65-million in tax.

It is now able to offer entrepreneurs up to R20-million a month in loans from its own cash flow.

In the past decade, its funding has created 272 932 additional job opportunities at a cost of only R3 000 each and has helped about 29 000 people to start a business.

Although involved in high-risk ventures, the SBDC has been able to keep bad debts at acceptable levels. About 13% of businessmen helped by the SBDC failed to survive, but only 8% of the R1-billion in loans granted had to be written off.

It keeps a tight rein on expenses, administration and service costs representing only 2.4% of capital invested.

The SBDC is regarded by similar international organisations as perhaps the best example of this type of financial assistance offered anywhere in the world, says managing director Ben Vosloo.

Russia, various countries in Africa, Poland, Czechoslovakia and West Germany have sent observers to SA to study the SBDC.

Hives

It hopes to encourage international businesses, eager to assist black development in SA, to channel their financial help through the SBDC.

The SBDC's success stems largely from its insistence that it be profitable. Although financed jointly by the Government and the private sector, it is controlled by private enterprise, a list of which reads like the top 100 companies.

Dr Vosloo says the SBDC owns about 800 000m² of business premises, mainly in black areas. It is SBDC policy to sell its properties to tenants where possible.

In the past four years, the SBDC has developed a concept of setting up industrial "hives" in black areas. They are small business centres or work stations under a single roof, with many of the mini-industrialists sharing equipment.

The SBDC is the only self-help organisation in the world offering this type of facility. It is hoped that the concept can be offered to entrepreneurs internationally.

The first industrial hive was in the old Ford building in Port Elizabeth. The latest is in the Erikson Ford building in Kloof Street, Johannesburg. It will offer 36 000m² of industrial space at reasonable rentals from July.

But the SBDC has not been without difficulties. Blacks complain that there are too few of them in middle and top management at the SBDC. They claim it is bureaucratic and slow in processing loans.

They also believe that if the SBDC receives large funding from the State, it will favour white businessmen. Nevertheless half of the loan clients are black. However, because of a lack of proper financial training, black applicants tend to present inadequate business plans and loan applications, putting additional pressure on overworked consultants.

Dr Vosloo says the SBDC grants loans solely on the basis of viability, that more than 90% have been granted to blacks, that 44% of staff members are black and 46% of the business advisers are black.

Dawie Crous, senior manager of promotions, says about 1 000 inquiries are received by corporation's six branches and 32 information centres each day.

About 30% are for loans, but because of the SBDC's commitment to viability, only about two in every seven applications are approved.

The corporation, however, is aware of problems and is dealing with them.
Small business boost

By Michael Chester

The Small Business Development Corporation has propelled the overall value of loans handed out to budding new entrepreneurs above the R1 billion level in celebration of its 10th anniversary.

More than 28,000 new small business enterprises have been launched or given rescue since the SBDC was incorporated in 1981 as a result of initiatives by Dr Anton Rupert, head of the Rembrandt empire.

More than 260,000 jobs have been created in mini-businesses, ranging from hot dog stands and back-street motor workshops to small engineering firms and home industries.

Managing director Dr Ben Vosloo says the SBDC's contribution to holding a lid on unemployment and expanding the small business base in the economy was achieved at a cost of no more than the purchase of two jumbo jets.
Blacks 'ready to snap up land'

BLACK businessmen will create an upsurge in demand for industrial land after the expected introduction of legislation precluding race bars in property purchases and the elimination of the Group Areas Act.

That is the prediction of Investcor MD Alan Goldring, who recently appointed one of SA's first black industrial land sales executives, Charles Ntuli.

Ntuli says: Goldring: “South Africans would be surprised at the number of highly successful black businessmen and industrialists who have been waiting for a signal that they are able to buy land wherever they please.

They will create a major new market for industrial land.” — Reuter.
ONE DAY IN THE PIG'S WHEEL

MAURICE KLEIN

Finance

Dispute deepens over duty on fabric imports

Furniture refusers

hold key to growth
East Rand boycotts threatened

By Shehnaaz Bulbulia

Civic organisations in East Rand townships have threatened a consumer boycott this week if the Transvaal Provincial Administration and white local authorities do not address their grievances.

Civic Associations of Southern Transvaal assistant general-secretary Cas Coovadia said financial institutions in Alberton, Germiston, Springs and Boksburg would also be hit by the boycott.

Civic organisations at Khuma, Stilfontein, and Jouberton in the western Transvaal, Toekomsrus on the West Rand, and Atteridgeville, Pretoria, which have also been hit by power and water cuts, are to meet tomorrow to discuss the possibility of extending the boycott.

East Rand residents have threatened to withdraw their accounts from financial institutions in the area and not to pay their February bond instalments.

The decision to boycott comes after a breakdown in negotiations three weeks ago between the Tokoza Civic Association and the TPA, which demanded a monthly flat rate of R40. Vosloorus was hit by power and water cuts at the weekend, Mr Coovadia added.
Boycott of white shops threatened

THE Far Northern Transport Coordinating Committee has threatened to call a consumer boycott of all white-owned shops in Pietersburg.

At its general meeting over the weekend, the FNTCC warned the Pietersburg Town Council to urge employers to increase wages of domestic workers in the light of recent bus fare increases.

It also called on the Bahwaduba Bus Company to reduce its fares.

Bahwaduba buses have been boycotted since December after it increased fares.

Lebowa transport fare increases were suspended following the intervention of the homeland's government.

A spokesman for Bahwaduba earlier said the fares would not be reduced as this would amount to "reducing the inevitable." The committee's chairman, the Rev R Leputu, said a meeting was to be arranged with the town council to discuss the resolutions.

He said a call for a boycott would depend on the outcome of the meeting.

Leputu alleged that Bahwaduba was conspiring with police and
SBDC lists its successes

GERALD REHL

PRETORIA — The six regional offices and 23 branches of the Small Business Development Corporation handle more than 1,000 inquiries a day for financial aid and advice.

SBDC MD Ben Vosloo said yesterday the demand from black and white would-be entrepreneurs for start-up capital was enormous and growing. He added the corporation had granted loans worth more than R1bn in its first 10 years of existence.

Vosloo said of the SBDC's 29,000 beneficiaries, 15,000 were black, although most money went to whites. This was because blacks generally applied for smaller loans averaging about R5,000.

Vosloo said in its 10 years, the SBDC paid more than R80m in taxation. Last year pre-tax profits were a record R42m.

Of its 29,000 clients, just 15% had failed.

Vosloo said the SBDC's success rate was remarkable given the fact that it was a high-risk investment institution.

About 275,000 jobs were created at a cost of R3,000 a job, compared with an average cost in the private sector of between R50,000 and R100,000.

On the corporation property developing activities, he said so far 120,000m² of industrial parks, shopping centres and industrial developments had been completed.
Now boycott hits Kempton

The consumer boycott called by the East Rand Civic Associations has been extended to Kempton Park, a spokesman for the Tokoza Civic Association said last night. The boycott of white businesses was started in Alberton by Tokoza residents after their electricity supply was cut off by the Alberton Town Council in December.
McCarthy's interim earnings dip

By Ann Crummy

Disappointing results from Midas, a significant decrease in the profit of its Mercedes-Benz division and weak conditions in the vehicle market combined to produce a 19 percent knock to interim earnings at McCarthy group.

In the six months to end-December earnings a share were down 19 percent to 27.4c (34c). The interim dividend was unchanged at 7.5c a share. To celebrate its 100th dividend payment management has decided to pay an additional 2.5c a share bonus distribution.

Turnover for the six months was up 2 percent to R1,484 million (R1,450 million). As the total new vehicle market declined by 2 percent, McCarthy's performance represents an increase in market share.

The tough trading conditions resulted in an 11 percent drop in operating profit to R48.2 million (R54.1 million). Tight asset management helped to produce a significant cut in interest payments — these were down 28 percent to R3.3 million (R5.3 million).

Pre-tax profit was down 10 percent to R44.5 million (R49.5 million). The tax bill was little changed and, after a 77 percent drop in income from associates, taxed profit showed a 19 percent drop to R24.8 million (R29 million).

In the 1990 annual report, chairman Brian McCarthy indicated that he was expecting a marginal decline in financial 1991 earnings. Commenting on the interim earnings dip he notes that the group would in fact have produced a small bottom line increase if Mercedes-Benz and Midas had been able to report results in line with those of the previous interim.

Mr McCarthy is expecting full year earnings to be down by only 10-15 percent — on the assumption that the current recessionary state of the economy does not deteriorate any further.
The protection of the company's eco-rod is crucial. By Joshua Aborobo

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Consumer boycott looms

By MONK NKOMO

MASS action, including a consumer boycott of white-owned businesses, is looming in Pretoria.

Local black civic organisations gave this warning yesterday following a decision by the Pretoria City Council to cut electricity supplies in Atteridgeville and Mamelodi townships.

“Mass action, including a consumer boycott of white businesses, will be considered immediately should the Pretoria City Council carry out its threat,” the organisations warned.

A spokesman for the Atteridgeville/Saulsville Residents Organisation said: “We have signed an agreement with the Administrator of Atteridgeville in which we both agreed to new interim service charges to be paid from March 1 this year,” he said.

The Mamelodi Civic Association appealed to residents yesterday to start paying their electricity bills.
Boycott could blanket white business on the Witwatersrand

WHITE-OWNED businesses throughout the Witwatersrand, including Johannesburg, could soon be the target of blanket consumer boycotts in protest against electricity being cut to various townships.

Civic Associations of Southern Transvaal (Cast) vice-president Kgabi Moquetu said the organization's protest campaign could be extended throughout the region, starting with Greater Johannesburg.

This came shortly after a Cast meeting decided on Wednesday to extend the current boycott affecting Alberton to the whole of the East Rand.

The meeting, attended by representatives from the East Rand, Pretoria and the Vaal Triangle, also demanded a meeting with Planning and Provincial Affairs Minister Hermin Kriel within three days.

Moquetu said a threat by the Dobsonville Town Council to cut off electricity to residents who failed to pay their accounts by Monday could precipitate the mass action.

Moquetu said Dobsonville and other Soweto townships were not keeping to the terms of the Soweto Accord, which wrote off R516m in rent and services debt. He cited that no proper electricity accounts were being sent to residents.

"If Dobsonville cuts electricity supply it will trigger off the anger of the people and we may have a situation similar to the one in the East Rand," he said.

Signatory

East Rand townships including Thokoza, Vosloorus, Katlehong, KwaThema, Duduma and Thembatha have decided to extend a boycott of Alberton businesses to the whole of the East Rand.

Dobsonville, together with Diepmeadow and Soweto city councils, is a signatory to the Soweto Accord.

In terms of the accord, a composite flat rate of R55 per month was to be paid for September.

From October, until affordable tariffs had been established, a monthly account would consist of a miscellaneous rate of R228, plus a metered electricity charge, with a ceiling of R72 a month.

Dobsonville acting town clerk Tony Rooy said yesterday only 40% of the residents were paying.

Rooy said his council would cut power only to residents who failed to pay and not to the whole township - as is the case with Thokoza.

Meanwhile, East Rand townships residents will march in Alberton tomorrow morning and hand over a memorandum to the town council.

They have not been allowed into the centre of town, but the council will receive their memo at the Heidelberg Street intersection.

Moquetu said of the Soweto situation: "Faced with officials who did not adhere to the Soweto Accord, an inter-branch meeting of the Soweto Civic Association will assess the situation tonight and make a decision on our adhering to the accord."

Thokoza and Vosloorus have reached a deadlock in their talks with their local white councils and the TPA. Power supplies has been cut, while the Pretoria townships of Mamelodi and Atteridgeville are currently facing a cut-off by bulk supplier Pretoria.
BUSINESS sentiment sank to its lowest level in four years in December. January on growing evidence of a slowdown in business activity, uncertainty generated by the Gulf war and a world economic downturn, the SA Chamber of Business (Sacob) said yesterday.

And while recent political developments in SA should serve to underpin the business mood in the coming months, that did not mean foreign investors would necessarily "rush back" into the country, it warned.

Sacob chief economist Ben van Rensburg told a media conference the chamber's business confidence index, measured against economic indicators, plunged to 87.6 during the two-month period from 89.9 in November, its lowest level since December 1986, when it slid to 87.

All indications suggested 1991 had to be a period of consolidation during which the economy would have to be prepared for the coming upturn, he said.

The meeting between Inkatha and the ANC and their call to end violence could reduce the level of conflict in SA, which in turn would exert a "significantly favourable" impact on the local and international business community's perceptions.

Further, the response worldwide to President F W de Klerk's parliamentary address last week had been favourable. However, impediments to significant investment here, including uncompetitive cost structures, high tax rates, significantly higher risks and political and economic uncertainty, remained in place.

"Only those projects that meet investors' return expectations will be considered," he said.

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SYLVIA DU PLESSIS

Continued high interest rates also depressed the business mood, he added. It appeared the monetary authorities would try to postpone a relaxation in their policies, contrary to what Sacob had hoped, until there was greater clarity over the outcome of Gulf conflict. In that regard, Sacob would be meeting Reserve Bank Governor Chris Stals next week.

The chamber's survey of confidence levels in the manufacturing sector during the same period uncovered a slight improvement in respondents' general outlook over the next year, in contrast to results for its November survey.

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Graph: LEE EMERSON  Source: SACOB
Businesses in Alberton hard hit by boycott

Picture: Ken Costerboom

To buy or not to buy... a long Abortion customer in a major retail outlet surveys the merchandise. The boycott
New vehicle sales nosedive

NEW vehicle sales for January this year have taken a nose-dive and the figures are well below those for the same period last year.

The National Association of Automobile Manufacturers of South Africa (Naamsa) said yesterday that overall new vehicle sales for January were 10 per cent down on last year's January total of 23765 (20925). Light commercial vehicle sales and minibuses during January recorded a decline of 1281 units or 15.6 per cent compared with the corresponding month in 1990.

New car sales were down by 7.1 per cent at 15690 (16252) while medium commercial vehicles took a massive drop of 23 per cent to 232 sales compared to the January 1990 sales of 304. Heavy commercial sales dropped by 24 per cent to 423 (558).

Commenting on the figures, Naamsa said: "The weaker trend in evidence during the last quarter of 1990 had continued during the course of January, 1991, and whilst retail inventories during the first month of the year had been on the low side, it was nevertheless disturbing that sales in all sectors had shown sharp declines."

January, 1991, new car sales declined by 1162 units or 7.1 per cent compared with the corresponding month in 1990. Light commercial vehicle sales and minibuses during January recorded a decline of 1281 units or 15.6 per cent compared with January, 1990.

"Sales of vehicles in the low volume medium and heavy truck segments of the market had deteriorated sharply during the first month of 1991 falling by 28.4 per cent (112 units) and 24.2 per cent (135 units) compared with the corresponding month of January, 1990," said Naamsa.

"Trading conditions in all segments of the industry were expected to remain extremely difficult and, unless there was some material reduction in interest rates in the short term, the downturn in the South African motor industry, and in the South African economy as a whole, would turn out to be more prolonged and severe than appeared warranted by economic fundamentals." Sapâ.
Interleisure over sporting hurdles

By DON ROBERTSON

The difficulties of the past few years in the sport and food divisions of Interleisure have been resolved.

The company has produced a creditable performance in the six months to December.

Chief executive, Mike Egan says: "Our core business, Ster-Kinekor, is essentially in the consumer retail field and in spite of the continued downturn in the economy and the drop in consumer spending, cinema attendances have held up at levels equal to last year's." Mr Egan hopes the Government will allow Sunday film viewing, although it would require legislation.

"After last year's restructuring or our sports wholesale and retail divisions, this sector has recovered strongly, particularly the Pro Shop, our chain of golf outlets. In Christmas trading we set a record." Turnover of the film, sport and food group, dipped marginally to R191.8-million from R200.6-million in the half-year to December 1989. But operating profits were 14% better at R37.3-million against R32.7-million after an increase in margins to 20% from 18%.

"Attributable profits were 12% higher at R13.8-million compared with R12.2-million, helped by a halved interest bill.

A Barramundi was added to R15.1-million from R16.1-million as the result of capital control and cash from the disposal and franchising of food outlets. Gearings are healthy 16% compared with 34% in the previous December and 41% six months before that.

The cinema division contributed 45% to operating profits, film and food about 16% each, the sporting sector 12% and services about 22%.

Warned

Earnings were also better at 10.6c a share compared with 8.9c, up 18%, in spite of a rise in the tax rate to 43% from 35%. The removal of expert incentives for film production was anticipated and shareholders were warned of a rise in the tax rate.

An interim of 4.75c a share has been declared (4.25c).

After this fine performance in the first half, Mr Egan is confident that the growth rate will continue.

He has taken cognisance of criticism that the sporting and food divisions depend too heavily on entrepreneurial specialists. He has franchised all its restaurants, such as Mike's Kitchen, Bimbo's, Squire's Loft and The Porter House.

A minority share in Intersport has been sold to management.

"They are all committed in the longer term, and I am sure the strong recovery in recent trading reflects their renewed enthusiasm."

"I could not have taken over at a better time," says Mr Egan.

"I think the best is yet to come."
Uphill for cars

Business Times Reporter

VEHICLE sales got off to a slow start in January compared with last year. Only cars and light commercials beat extremely poor December figures.

Conditions in the industry are expected to remain difficult unless there is a reduction in interest rates and an improvement in the economy, says the National Association of Automobile Manufacturers of SA (Naamas).

Car sales were 14.3% higher in January at 13,990 compared with 13,198 in December, the lowest for four years.

Compared with January last year, however, sales fell by 7.1%.

Light commercials were also up on December at 7,070 from 5,946, but fell by 12.6% compared with January last year.

Sales of medium commercials dipped to 282 in January from 327 in December, but were 28.4% lower than in Jan-
Sales of vehicles down by ‘a disturbing 10%’

MARC HASENFUSSE

NEW vehicle sales in all categories started the new year on a weak note, the National Association of Automobile Manufacturers of SA (Naimsa) figures released at the weekend showed.

Combined new vehicle sales dipped 10% to 23 785 units in January compared with 26 435 units recorded in January 1990.

Naimsa said the weaker trend during the last quarter of 1990 continued last month, and while retail inventories during January had been on the low side, the sharp decline in all sectors was disturbing.

Passenger vehicle sales dropped 7% to 15 699 units (15 252 units in January 1990), while light commercial vehicles (LCVs) showed a hefty 14% fall to 7 970 units (9 231).

The medium and heavy commercial vehicle market deteriorated alarmingly. MCV unit sales in January dropped 28% to 282 units (394), while HCV sales dropped 24% to 423 units (558).

January is traditionally a weak sales month for manufacturers, as demand often outstrips production levels which are limited by the December holiday factory shutdown.

Econometric's Tony Twine said on a seasonally adjusted basis sales for the passenger and LCV sectors were still within vehicle manufacturers' expectations.

However, Twine said the sales performance by the MCV and HCV sectors warranted some concern for the industry.

The sale of commercial vehicles closely followed business cycles and the decline was indicative of the downward trend in fixed investments.

Naimsa director Nico Vermeulen said trading conditions in all segments of the industry were expected to remain extremely difficult and, unless there was some material reduction in interest rates in the short term, the downturn in SA's motor industry, and in the SA economy as a whole, would turn out to be more prolonged and severe than appeared warranted by economic fundamentals.
The shares of selected retailers reached new highs or flirted with peaks in active buying last week. The retailers and wholesalers sector has been picked by analysts as one of the best investment bets on the industrial board this year, hence active interest in leaders on the board in recent weeks.

Clicks gained 50c on Thursday to close at a new high of R14, bringing its year's move to 55%.

The share has gained strongly from a yearly low of R9,25.

Edgars rose to a fresh peak of R44. This represents a gain of about 50% from its low of last year.

An R36 bid for Foschini on Thursday failed to lure out sellers. The counter peaked at R68 on January 15, up 56% over a year.

Pepper at R25,50 is trading near its R31 high on February 1 this year while Peplow is at R56, equal to its high on January 25 this year.

Pick' n Pay is at a fresh peak of R24, over its previous 1991 high of R23,75, and its low of R14,75. Wooltru is now R67 and set to go higher, analysts say: Its year low was R44.

Waltons rose to R310c last week, just 8c off its previous high, and 15% up over a year, and Walhold closed the week at 500c. Score has started to move, gaining 40c to 600c on Thursday. It was unchanged on Friday. However, the counter has some way to go to reach its peak of 650c on August 4, 1990.

OK, however, is languishing at R13,85, compared with its peak of R21,50 in February a year ago.
end to business slump

Jacob sees hope for

By Michael Chester
Buyout bid ‘signals Tradegro breakup’

THE management of Tradegro subsidiary D & DH Frasers has made a bid for a buyout of the company in what could be the first step in the unbundling of the retail giant.

Speculation was rife yesterday that the sale of Checkers was also under discussion, but Tradegro CE Donald Masson said this was not being considered at present.

Masson said he had not received notification of a management bid for D & DH Frasers, which he estimated to have a net asset value of between R100m and R140m. However he said the rationalisation of Frasers was being looked into.

An informed source said yesterday that the management of D & DH Frasers, Metro’s conventional wholesaling and distribution arm, had proposed that its management team bid for the company.

A management letter to employees on Friday said there had been a lot of uncertainty and rumours. A bid by Pepkor had not been successful, so management wanted to buy the entire D & DH Frasers group including the warehouses and various subsidiary companies.

MARCIA KLEIN
and SEAN VAN ZYL

A spokesman said Tradegro’s top management had said “some time ago” that it would sell or close certain parts of the Metro group, and when negotiations with Pepkor later fell through, management had become interested in a buyout.

An analyst said it would make sense for Tradegro to get rid of D & DH Frasers, which it had tried to dispose of previously. Speculation that Checkers was about to be sold could not be confirmed by Tradegro or Checkers management.

Checkers financial director Francois Roodveld said Checkers and its management knew nothing about the proposals.

Analysts said yesterday Checkers’s financial position was “terrible”, and Tradegro probably would be looking at disposing of it in any way possible. This might include selling off individual stores.

Ed Herl Rudolph analyst Sid Vianello said yesterday he had heard that talks about the sale of Checkers had taken place.

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Tradegro

with Bid Corporation (Bidcorp) chairman Brian Joffe. However the talks had been terminated. He also believed exploratory talks had commenced with “another party”.

He had heard that Shoprite might be interested in about 50 to 60 stores as an outright purchase. Shoprite would not comment yesterday on this possibility.

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An analyst said other major parties which could be interested in acquiring some Checkers stores were Pick n Pay and the OK Bazaars.

The shares of Tradegro’s holding company, Tradehold, were active on the JSE yesterday with a high volume of 174 500 shares traded. In the past week the share’s value has risen by 43% to 100c.
Swing to credit sales gives Wooltru a boost

CAPE TOWN — Retail and wholesale group Wooltru has reported a satisfactory 19% improvement in earnings for the six months to end-December, thanks largely to a swing from cash to credit sales.

The group, which includes its flagship Woolworths, Specialty Retail Group and Makro, reported a 19% growth in net income to R30.6m. This was achieved on turnover growth of 24% to almost R1.7bn.

Although the continuing economic slowdown depressed consumer spending, the retail sector benefited from increased use of freely available personal credit. Wooltru directors said a swing from cash to credit sales helped to offset the effects of economic conditions.

Makro’s performance, boosted by the successful relocation of its Germiston flagship, refurbishment of all stores and a new customer recruitment drive, was another plus factor in otherwise difficult conditions.

The wholesale chain generated a 34% growth in sales and managed to contain costs, with the result that profits were ahead of expectations.

The other operating companies turned in satisfactory performances.

Woolworths’ clothing sales increased 28%, but food sales slowed down disappointingly, resulting in average turnover growth of 18%. The directors said profit growth was modest, reflecting difficult trading conditions. Four new Woolworths stores opened during the period under review and were trading well in excess of the budget.

All Specialty Retail Group trading divisions were reported to have performed well, with profit increases in excess of 25% sales growth.

Truworths and Topics expanded operations and refurbished stores.

Truworths Man grew rapidly and Daniel Hechter had established a successful trading format.

The directors said sales for the first six weeks of the second half of the year were 22% ahead of the same period last year. They warned that economic conditions would make trade more difficult in all sectors. Wooltru would be comparing 26 trading weeks with 27 last year, and accordingly did not expect the profit increase for the full year to be as high as that of the first half.
Early divided from Mashold

BUSINESS DAY, Thursday, February 1, 1991

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Sankorp plans to unbundle Tradegro

SANKORP plans to unbundle retail giant Tradegro by distributing its stake in all subsidiaries, except Checkers, to shareholders of Tradegro and its pyramid holding company Tradehold.

The distribution of the shares in subsidiaries Smart Centre (51% held), Metro (47%), Cashbuild (74%), Stuttafords-Greaternams (8%) and Coreprop (100%) would be by means of a special dividend and cash.

Sankorp investments GM Etienne le Roux said yesterday that if Sankorp went ahead with the unbundling of Tradegro — which has a market capitalisation of about R110bn — it would probably mean the disappearance of Tradehold by end-June.

He said the group "would preferably like to unbundle by June 30th" in line with Tradegro's year-end. Checkers and Coreprop would probably remain under Tradegro, which "would effectively be a listing of those two companies".

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SEAN VAN ZYL reports that sources have indicated a strong possibility that Tradegro's unlisted subsidiary Coreprop could be leaving the group stable soon after a management buyout.

Industry sources said yesterday the unbundling was also expected to result in Tradegro relinquishing its stake in listed Cashbuild, with Santam through Sankorp taking a direct holding of about 48%.

The outlook for unlisted Stuttafords/Greaternams remained clouded, although analysts suggested that Tradegro could disinvest its interests and the company could be made public.

Le Roux said although all options were still being considered and no final decision taken on the unbundling, the group had thought that the shares of the underlying companies would be distributed in some "all the way up", with a proportionate share and cash allocation.
'Credit buying on the increase'

Wooltru boosts earnings 19%

By AUDREY D’ANGELO
Business Editor

CREDIT buying on the increase to a worrying extent as the recession makes it harder for people to find cash, says Wooltru CE Colin Hall.

The swing to credit is shown clearly in the group's results for the six months to December 31.

Woolworths, selling only for cash, increased total sales by 16%. But, although its food sales were buoyant with a 26% increase, sales of clothing went up by only 13%.

The Speciality retail group including fashion chains Truworths and Toops, which sell mostly on credit, lifted sales by 25%. The directors say profit increases were greater than sales.

Wooltru lifted earnings by 19% in the first half of its financial year, to 220,7c (189,1c) a share. The interim dividend is 20% higher at 77c (64c).

Total sales from all three divisions, including wholesale company Makro, rose by 24% to an impressive R1,697.9m (R1,300.7m).

Net income before tax was 20% higher at R149.3m (R124.8m), after an interest bill of R14.1m (R13.8m).

The tax bill was 18% higher at R7.1m (R6.4m). Net after-tax income rose by 22% to R138.3m (R106.4m)

Net income rose to R80.6m (R64.4m) after extraordinary items totalling R3.7m — a surplus of R3.1m on the sale of shares in operating companies to management, and the realisation of property for R0.7m in excess of valuation.

The net asset value per share has risen to 180c from 114c. The directors explain this is partly due to a revaluation of properties amounting to R14.2m.

They say sales for the first six weeks of the second half of the year are 22% ahead of the same period last year.

But, they warn: "We expect that economic conditions will make trade more difficult in all sectors. And Wooltru will be coping with 26 trading weeks (in the second half) against 27 weeks.

"Accordingly we do not expect the profit increase for the full year to be as high as that reported for the first six months."

Discussing the past six months they say: "The continuing slowdown in the economy depressed consumer spending. Consumers, however, took advantage of freely available personal credit and we experienced a swing from cash to credit sales."

They say they also found "the supply of merchandise became less reliable as many manufacturers experienced labour action."

Colin Hall said he was concerned by the ease with which many people including teenagers were able to obtain credit.

It was a "worrying phenomenon" on the SA retail scene at the moment that many people were obviously buying goods because they could obtain credit and not because they had considered prices.

Some credit chains were marketing aggressively and he feared "a day of reckoning" would come when they would be faced with mounting bad debts, resulting in bank loans from which they would never be free.

Hall said the Wooltru credit chains had been cautious in giving credit. And they were backed by the two divisions which sold only for cash. "We are a cash-rich chain."

Discussing the fact that the Speciality Group chains had increased profits more than sales, he said mark-ups had not been increased. But costs had been tightly controlled, and Truworths had sold the bulk of its merchandise at the full price, without heavy sale mark-downs.

Hall said many of Makro's sales were to spaza shop owners and the informal sector.

In spite of rising black unemployment in the formal sector, there was still money in this growing market.
The unbundling of Tradego

Rumours of an unbundling of Tradego persist in the face of not-very-convincing remarks to the contrary from head office and Sankorp sources.

Two factors seem to be sustaining the speculation. The most significant one is the consistently poor performance that has been reported by Tradego and most of its subsidiaries over the past several years.

This inevitably raises questions about the justification for Tradego's existence.

If head office is adding nothing to the sum of the parts, then those parts should operate alone.

The second factor is the fairly consistent reports (over the past 12 months or so) of various parties talking to the Sankorp team about the acquisition of various parts of Tradego.

There is a third factor, as analyst Syd Vianello of Ed Horn, Rudolph notes: "Sanlam could gain additional favour in certain political circles if the decision to unbundle is viewed as a genuine attempt to dismantle large corporate structures."

Management

To date, there have been few parts of Tradego that have not been the subject of speculation. Early this week it was announced that management of DMI, which is a part of the Metro subsidiary, was interested in effecting a buyout.

It is understood that Tradego CE Donald Masson gave the management buyout team until tomorrow to come up with a firm plan, including a financing proposal.

Towards the end of last year, talks between Peppro and Sankorp were terminated at a fairly advanced stage.

No reason was given for the breakdown in negotiations, but subsequent speculation indicated that there could be major problems with the Checkers leases in the event of a change of control and that this deterred the Peppro team.

Earlier this year, there was speculation that Brian Joffe's Bidcorp was looking at a possible deal with Checkers. Although Mr Joffe neither confirmed nor denied this speculation, market sources say the talks have been terminated and again Checkers' leases were mentioned as the stumbling block.

Currently on the Checkers' front, it is speculation that Shoprite (possibly through parent Pepro) might be interested in about 50 stores located in rural areas.

Shoprite is also rumoured to be looking at the Fairways chain, now part of Metro.

Other speculation concerns separate listings for Checkers and Stuttafords/Greaternans.

In his unbundling report, Mr Vianello says that if there is a genuine move to unbundle the group, then the Tradego instruments at current prices appear "to offer the potential for exceptionally high returns over the next six months". There would also be a low-cost entry into two interesting recovery situations — Checkers and Metro.

"Among individual group companies, Smart Centre appears to be substantially undervalued and could also rise on a potential takeover bid, while Cashbuild continues to offer excellent earnings growth prospects in a rapidly growing market," he says.

The report, which was circulated to institutional shareholders a few weeks ago, may be behind the recent strong buying in Tradego and Tradehold.

Mr Vianello says an unbundled Tradego would be worth around 132c (including 43c cash) and Tradehold 118c. This represents a significant premium over Tradego's early January trading level of 135c and Tradehold's 76c. The shares have since risen to 160c and 96c respectively.

With the disintegration of Tradego, Sanlam/Sankorp would remain firmly in control of Checkers, Metro and Cashbuild.

But the report speculates that Smart Centre would be ripe for a takeover (at around 200c a share) due to its fragmented ownership.

The possibility of a R100 million refurbishing requirement at Checkers would put an enormous strain on that subsidiary's resources.

Mr Vianello attributes a value of R75 million to Checkers, which is about 60 percent of its net asset value. At R75 million he believes "there is a considerable comfort zone as the cost of establishing a similar size chain from inception would be at least R200 million".

Major management and structural changes are foreseen at Metro, with a return to historic profit levels from '92 onwards.

Organic and acquisitional growth prospects are limited due to Metro's already large market share — around 40 percent — and the slow swing to retail chains.

Performance

Fairways, which has a good market niche, is expected to improve performance from '92 onwards. Mr Vianello says Trade Centre may be sold or closed — "realising a substantial cash inflow".

He believes that Metro could benefit substantially from exports to Africa.

Cashbuild is expected to become a highly desirable second-line share, which should benefit from a new political dispensation.

Because of its relatively small size and its poor near-term prospects, Stuttafords/Greaternans is unlikely to get a separate listing and so could be sold.

The Sanlam/Sankorp team is in a difficult position. The uncertainty surrounding Tradego needs to be resolved as soon as possible in order to minimise the damage to management morale.

But the perception that Tradego is keen to do deals could soften the price level at which they are struck.

Given that Sanlam/Sankorp does not need cash, it is likely that the sale of assets will be done on a share exchange basis, and not for cash.
**Wooltru figures fall slightly short of market expectations**

By Ann Crotty

After an excellent performance in financial '90, Wooltru’s 19 percent increase in earnings to 220.7c (185.1c) a share in the six months to December was a little short of market expectations.

An interim dividend of 77c (64c) a share has been declared.

Sales were up 24 percent to R1,69 billion (R1,38 billion), while pre-tax profit rose 20 percent to R149.3 million (R124.8 million), reflecting a reduction in margins from 9.2 percent to 8.8 percent.

Indications are that higher interest payments, and an increased contribution from lower-margin food sales cut into overall margins.

In addition, the group is in the middle of a hefty expansion and refurbishment programme and it is policy that the costs associated with the programme are written off against profits in the year in which they occur.

There was marginal relief on the tax front, leaving taxed profit showing a gain of 22 percent to R78.3 million (R64.4 million).

After allowing for outside shareholders' interests, attributable profit was up 19 percent to R76.9 million (R64.4 million).

The end-December '90 balance sheet shows a sharp increase in long-term borrowings — up to R130.5 million (R71.2 million). But it is down on the end-June figure of R155.2 million.

Fixed and other assets are up sharply to R767.8 million (R471.3 million), but R142.8 million of this increase is accounted for by revaluation of properties.

The directors refer to a number of difficulties, including depressed consumer spending, the swing from cash to credit sales and the fact that the supply of merchandise became less reliable as many manufacturers experienced labour action.

Woolworths' sales were up 18 percent, with buoyant food sales — up 28 percent — helping to compensate for the 13 percent increase in clothing sales.

All divisions of Specialty Retail Group traded well. Makro performed ahead of management expectations.
Insurance crisis as Namibia hosts investment conference

The Weekly Mail, February 15 to February 21, 1991


calls SYROCKE

Relentless surge in new car prices
Credit sales boost Morkels results

CAPE TOWN — Morkels, selling mostly on credit, achieved a dramatic rise in both turnover and profits in the nine months to December but its interim dividend is unchanged at 3c a share.

MD Carl Jansen admits that the increased investment in stocks and a growing debtors' book has increased the gearing ratio to 65% of shareholders' funds compared with 43% a year ago.

But he said this did not restrict the growth potential of the business.

The Cape-based group lifted operating profit by 48% to R18.6m (R12.6m) on a turnover of R306.2m (R154.9m). Pre-tax profit was R14.7m (R9.5m), and after-tax profit R7.2m (R4.8m). Earnings at share level were 18.4c (12c).

The interest bill was 29% higher at R3.8m (R3m), and the tax bill rose to R7.3m (R4.7m). Short term loans totalled R46m (R22.5m) on December 31.

Total assets rose to R214.1m (R151.6m). Net asset value a share rose to 150c (132c).

Jansen says the “very high standard of credit granting and recovery established in the past is being maintained and, with more than adequate provision being made for potential bad debts, the debtors' book is in a very healthy condition”.

The substantial rise in value of the debtors' book means “the additional finance charges to be earned on these debtors should have a positive impact on next year's income statement”.

However, Jansen warns that trading conditions in the coming year “will be extremely difficult and retailers will be hard pressed to achieve real growth in turnover from existing operations”.

“The impact of the unstable world political situation, particularly in the Middle East and Eastern Europe, and the deepening world economic recession allied to unstable local conditions, must inevitably have a major negative influence on SA.”
CNA Gallo has announced major changes in its top management. Denis O'Cuan, the managing director of CNA Gallo, has resigned his post at the end of March. He will be succeeded by Dennis Cunn, the current Chief executive officer of the group. Mr. O'Cuan will become chairman of CNA Gallo, allowing him to concentrate on running the Group's operations.
Morkels turns in a solid third-quarter performance

By Ann Crotty

A solid third-quarter performance saw Morkels' turnover up 33 percent in the nine months to December, with earnings per share up 53 percent to 18.4c (12c).

On turnover of R206.2 million (R154.9 million), operating profit surged 48 percent to R18.6 million.

There was a 28 percent increase in the interest bill — up to R3.9 million (R3 million).

Pre-tax profit was up 54 percent to R14.7 million (R9.6 million). After allowing R7.4 million (R4.6 million) for tax, the group had a taxed profit of R7.4 million (R4.6 million).

The end-December balance sheet shows current assets up 45 percent to R203.8 million (R139.4 million) and gearing up from 42 percent to 65 percent.

Given that the debtors' book is carried in full on the balance sheet and that management provides in full for deferred taxation, this position looks comfortable.
down on 1989 by nearly 4\%.

Last month, they showed a year-on-year drop of 13.7\% from January 1990 — nearly twice the drop in the car market.

Though generally overshadowed by the car market, the LCV sector is a valuable revenue source to the motor industry, with sales now running at over 50\% of cars. It is also a barometer of business activity and confidence.

With much of the economy remaining in recession, hopes of a quick resurgence appear unlikely. As the National Association of Automobile Manufacturers of SA (Naamsa), which compiles the figures, comments, “the situation is disturbing.”

Adds Naamsa: “Trading conditions in all segments of the industry are expected to remain extremely difficult. Unless there is some material reduction in interest rates in the short term, the downturn in the SA motor industry ... will turn out to be more prolonged and severe than appears warranted by economic fundamentals.”

**JANUARY VEHICLE SALES**

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<td>Heavy commercial vehicles</td>
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<td>Jan</td>
<td>23 765</td>
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Source: Naamsa
intervention. It will grant financial incentives to encourage industries to become labour-intensive and to use idle production capacity. It will encourage the further beneficiation of minerals (even though a proposed stainless steel plant it was tentatively involved in — the Columbus project — has been shelved for commercial reasons). And it will look at providing know-how and venture capital to smaller businesses.

In its last goal it will clash with the Small Business Development Corp (SBDC), which is a joint government-private sector body. The SBDC already has wide experience in the black community. The IDC, on the other hand, has concentrated on white-owned businesses up until now. In addition, the SBDC has often indicated that it plans to spread its net to include medium-sized business. SBDC MD Ben Vosloo admits there could be overlap between the organisations but adds: “We have major differences in culture and priorities. We are more concerned with high-risk, low-return financing, whereas the IDC is more concerned with capital growth and profits.”

The SBDC has at least fostered entrepreneurship in communities in which there was little tradition of enterprise. The IDC, on the other hand, has been providing capital to businesses that would have little difficulty raising it through the usual channels. For instance, the IDC is granting R40m a year to the electronics industry.

The new IDC has kept one of the worst aspects of the old IDC, its obsession with secrecy. When Martin Cremer, editor of Engineering News, tried to find out which electronics firms were getting grants, it refused to divulge any details.

“It is a scandal that it should not be public knowledge how the IDC spends its money,” Cremer says. “In any case, it is wrong to spoonfeed businessmen. Anybody could put up a case as to why they should get government finance, but businessmen shouldn’t need any more sources of capital.

“What is worse is that the IDC could be subsidising a company and its competitors could have no knowledge of this.”

Cremer considered taking the minister to court but was advised that it would be cheaper and more effective to launch an advertising campaign demanding that the IDC explain why the public should not be allowed to know how taxpayers’ money has been spent.

One positive aspect of the new IDC is that it will be expected to be entirely self-financing. This means that no more taxpayers’ money will go into the corporation — though De Villiers has allowed for “exceptional circumstances.” However, the IDC is reluctant to sell shares in the company it has an interest in, most of which now provide it with a steady dividend income. That being the case, the dismantling of the IDC seems a long way off still.
Showdown looms over rent arrears

TRADERS and the three Greater Soweto councils are heading for a showdown.

The traders have vowed to put a list of grievances against the council at a report-back meeting to be held at the Jabulani Standard Bank Hall in Soweto on Wednesday.

The businessmen claim they have continued to receive bills amounting to thousands of rands for rent arrears from the councils.

This is despite the Greater Soweto Accord in which all rent and services charges amounting to more than R516 million dating back to 1986 were written off.

Claim

They claim they have been harassed by the authorities, who cut off their electricity without notification, their refuse is not collected regularly, street lighting is not maintained and meters are not read satisfactorily.

However, the three boycotts, they supported the protest action.

He contends that the civic associations have urged them to refrain from involving themselves into the private arrangements with the councils regarding payments of arrears.

All the letters of demand and summonses should be forwarded to them to take appropriate action.

The president of the Soweto Civic Association, Mr Isaac Mogase, says the businessmen are definitely included.

There is no reason to exclude them. Churches, schools and charitable organisations are also included.

"There are some discrepancies brought about by the councillors, by demanding huge sums of money from certain individuals. This is definitely incorrect."

There is speculation that the traders will decide to send a delegation to meet the three councils.
Smart's shares are looking fashionable

The rapid rise in retail clothing company Smart Centre Holdings' (Smart's) share price reflects both its excellent results for the six months to end-December and the possibility of Pepkor taking control of the company.

Smart's share closed yesterday at its high of 180c after rising by 38.5% in the past month from 130c. The share, which opened at 130c when it listed in July, was at a low of 110c in November.

Talks are under way with retail giant Pepkor on a possible change of control of Smart as part of the unbundling of the Tradegro group, which owns 46% of Smart. An announcement is expected to be made on Friday.

Smart posted a 21% increase in attributable profit to R7.6m (R6.1m) for the six months to end-December. However, an increased number of shares in issue diluted earnings to 21c (18c) a share, reflecting a 16.5% increase over December 1998.

Smart declared its first interim dividend of 3c a share. The dividend for the year to June 1990 was 8.5c a share.

Turnover rose by 40% to R101.1m (R72.1m), 35% of which was attributable to the group's existing business and 7% to new acquisitions. Since the June year-end, Smart acquired international designer brand Kappa Retail for R5m and launched the new Patrick Daniel men's clothing chain.

Operating profit was 21.9% up at R17.2m (R14.1m), and profit after tax was 27% up at R8.3m (R6.5m).

However, directors do not expect the profit increase for the full year to be as high as that reported at the interim stage.

They expect a slowdown in the next six months "as the recession bites deeper into the disposable incomes of our various target customers".

Directors added that Smart earned a major portion of its profit during the first half of the financial year, with Christmas sales making up 20% of turnover.

Smart has appointed as a director Lot Ndlovu—a major accounts executive with SA Phillips and a director of the Black Management Forum. Ndlovu will work in the areas of staff development and marketing, and will help position the company in its target market.
Consumer boycott slated

A CONSUMER boycott in the northern Transvaal town of Groblersdal has hit snags on its first day with the local branch of a union criticising the action as disorganised, writes DON SEOKANE.

The decision to boycott, taken by the ANC Youth League, has been slated as unilateral and undemocratic by a spokesman for the SA Commercial, Catering and Allied Workers Union, Mr Mathaba Seema.

Seema said the boycott was poorly organised and had been called without consultation with community organisations and trade unions.

Consultation with his union was important, Seema said, because they were engaged in wage talks with employers who complained of the boycott.
Smart performance by Smart Centre

By Aine Crosty

Tradekro's retail clothing subsidiary Smart Centre reported a 40 percent hike in turnover and a 16.6 percent hike in earnings for the six months to December.

Earnings rose to 21c (18c) a share and an interim dividend of 3c has been declared.

Last week Smart Centre issued a cautionary stating that discussions were taking place with Pepkor which could result in a change of control.

Analysts believe that the outcome of these discussions will be announced within the next few days and will see Pepkor acquiring control at around 19c a share.

The share price has moved up recently on the back of takeover speculation and is currently at 18c.

Turnover rose to R101 million (R72 million), 33 percent of the increase being attributable to existing businesses and seven percent to new acquisitions.

Operating profit rose 32 percent to R17.1 million (R14 million), reflecting a squeeze on margins to 16.07 percent (19.5 percent). Earnings were up 21 percent to R7.4 million (R6.1 million).

The directors do not expect the improvement to be sustained.
Retail sector under pressure

After exceptional earnings growth in 1986, the rate of growth in the retail sector is expected to decline this year, analysts say.

Currently the JSE's retailers and wholesaler's index is showing an increase of 70 percent from 2088 at the beginning of last year to yesterday's close of 3554.

The view that this strong retail growth may slow down this year has been confirmed by Wooltr's figures for the six months ending December which fell short of market expectations. Growth in clothing sales slowed down to only 13 percent at Woolworths, putting operating margins under pressure (they fell from 9.2 percent to 8.8 percent).

Wooltru directors blamed depressed consumer spending and a swing from credit to cash sales. This latter factor would mean that the credit-based retailers, like Edgars and Foschini, are more likely to show a higher growth rate.

Ed Hern Rudolph analyst Syd Vianello says the real spending power has moved into the black community as the white sector of the population has not enjoyed real growth in earnings. Also their disposable incomes have been reduced by higher interest rates.

But Vianello notes that increased unemployment would mean that wage increases (which have helped boost black buying power) will be kept to a minimum. Also, if black township dwellers must now pay for housing and other essential services it will mean less money in the system.

These factors would put disposable income under pressure and the semi-durable goods sector, which has been the main beneficiary, is likely to suffer.

A large part of the spending spree has been credit-based due to freely available personal credit. But this trend may come to an end as consumers reach their spending limit.

He adds, however, that the rate of growth in the retail sector will still be above that of the other industrial sectors like building and engineering.

A recent retail report from stockbroker Frankel Max Pollak Vinderine says private consumption expenditure is forecast to decline by 0.8 percent in 1991.

This forecast decline will be due to higher than expected inflation, a fall in real wages, tight monetary conditions, less tax relief in the 1991 budget and introduction of value added tax which might include previously untaxed items.

The report says retail sales boomed from the third quarter of 1986, but this trend came to a sudden end in the fourth quarter of 1989 and has been relatively weak since then.

Frankel Max Pollak Vinderine says if some wage restraint occurs in 1991 (civil servant salary increases are likely to be pegged at 10 percent), some cost-push pressures on the economy will dissipate allowing lower inflation.
Sacob, Nafcoc to cement ties

ANDREW GILL

THE SA Chamber of Business (Sacob) is to formalise its relations with the ANC and the National African Federated Chamber of Commerce and Industry (Nafcoc) through the establishment of two separate committees.

The committees, one representing Sacob and the ANC and the other Sacob and Nafcoc, will be set up to address specific economic issues and problems.

The idea to set up the committees was the result of two separate high-level meetings between Sacob and Nafcoc and Sacob and the ANC yesterday.

The ANC delegation was led by foreign affairs head Thabo Mbeki while Nafcoc was led by its president Sani Motsuenyane.

Sacob delegates included president John Hall, deputy presidentennie Viljoen and director-general Raymond Parsons.

Sacob said in a statement: "Subjects touched on included the question of economic growth, redressing racial inequalities, possible restructuring of the economy and the conditions necessary for new investment in SA."

Parsons declined to give details on the committees.
Bosch teams up with the SBDC

MARIETTE DU PLESSIS

Bosch had become the first SA subsidiary of a German multinational to acquire shares and invest in a joint venture with the Small Business Development Corporation (SBDC). Bosch marketing director Derek Dreyer announced yesterday.

"Speaking at a news conference, he said the R70 000 investment would be used to establish a pilot project to develop black entrepreneurs who wished to set up outlets to sell and service power tools — initially on the Witwatersrand — and fund a "customer care" programme for the SBDC. The power tool project would be expanded once a success formula was found.

Bosch, which operates in 130 countries worldwide, took the initiative to encourage other foreign investors.

SBDC MD Ben Vosloo said more than 85% of the SBDC’s R180m private sector investment came from SA companies.

"The diversity of the country’s society creates opportunities for people who are dedicated to achieving personal goals, and the aim of the joint venture is to exploit such opportunities," he said.

Since its inception in 1991 the SBDC had financed about R30 000 entrepreneurs with more than R1bn in loans."
R600m in retail shrinkage
‘an increase on last year’

RETAILERS could have lost R600m or more last year due to shrinkage, or theft and unaccountable losses.

This is believed to represent a slight increase over the previous year’s figure.

Shrinkage, which includes theft (both internal and shoplifting by customers) and systems problems, is estimated to account for an average of 1% of retail turnover.

OK director Taffy Howson estimated that shrinkage between “the big three” retailers was about R150m last year, and if these three represented roughly 28% to 30% of retail turnover, losses due to shrinkage for all retailers would be in the region of about R600m.

About 40% to 50% of shrinkage would be due to a company’s own staff, including collusion at till level and “delivery problems” at the back door, and the rest would be due to shoplifting and accounting problems.

The OK’s shrinkage figure was just over 1% of retail turnover – it had been under 1% for the past seven to eight years, but had risen due to greater unemployment and unrest.

Estimate

Checkers MD Sergio Martinengo said about 60% of shrinkage losses in chains were internal, about 20% paperwork and about 20% through shoplifting.

He would not provide figures for Checkers.

Pick ’n Pay MD Hugh Herman also would not disclose the group’s figure. CNA MD Ian Outram said his group’s shrinkage was about 1.5% to 1.8% of its total retail turnover.

Shrinkage was often called a “critical success factor” by retailers, he said.

Security company Lodge Service MD Errol Ashman said his estimate was that, depending on the company and its geographical position, companies lost between 0.3% to 3% of turnover through shrinkage.

A large percentage of shrinkage was lost internally, and a retailer could improve the situation through tightening up its systems.

However, Ashman said losses were being reduced with the introduction of scanning and more sophisticated equipment in stores.

Security company Ac-Tronic Systems MD Bruce Craig estimated that SA retailers lost more than R600m in 1990 through shrinkage. He said retailers had to do more to discourage shrinkage.
ANC, Naicoc agree on link with Sacob

The South African Chamber of Business (Sacob) yesterday held two important meetings with the ANC and the National African Federated Chamber of Commerce and Industry (Naicoc) in Johannesburg.

In a statement issued after the meetings, Sacob said it had "a friendly and frank exchange of views" with the two organisations on key economic and political issues.

The meetings led to agreements that Naicoc and the ANC would each form "joint mechanisms" with Sacob to address specific economic issues and problems on an ongoing basis, the statement said. — Political Staff
‘No backtracking on Businesses Bill’

CAPE TOWN — The joint parliamentary committee considering the Businesses Bill would not introduce amendments which backtracked on the principle of deregulation, committee chairman Fanus Schoeman said yesterday.

Schoeman was responding to concern in the business community that the committee would make 'last-minute amendments to accommodate attempts by some local authorities to retain certain control measures.'

The objective of the Bill was to deregulate the system of licensing and red-tape which created barriers to entry into the business and informal sectors. It proposed that all businesses other than those supplying food and enter-

Lesley Lambert

tainment services be exempted from licensing, Schoeman said after a meeting of the joint committee for trade, industry and tourism.

However, concern was expressed by the Western Cape branch of the Small Business Development Corporation that the committee was considering amendments to replace the system of licensing with a system of registration.

The SBDC was also concerned that the committee was considering widening the scope of local authorities' control of hawkers, senior manager Johan Naude said.

Schoeman confirmed that there had been objections by some local authorities during a period of comment on the Bill, but said that while the committee would try to accommodate the local authorities by striking a balance between deregulation and control, it would not 'replace one set of licensing regulations with another'.

Schoeman said the draft legislation contained a measure of control. For example, there was a provision enabling municipalities to apply for by-laws regulating or prohibiting certain hawkers' activities, such as trading in an area which could create a traffic hazard.

The SBDC was concerned that amendments would be made to this provision to widen the circumstances in which municipalities could restrict hawkers.

Schoeman said the committee hoped to complete its deliberations next week after which the Bill would be ready for Parliament.
Soweto businesses vow not to pay services ‘backlog’

DEFIANT Soweto businessmen have vowed not to pay the millions the Soweto City Council alleges they owe in rent and service charges arrears.

A meeting of the Greater Soweto Chamber of Commerce (GSCC) received yesterday that businessmen were part of the Greater Soweto Accord which last September wrote off an R516m rent debt accumulated over the five-year boycott.

Soweto Civic Association (SCA) chairman Isaac Mogase yesterday told the meeting that businessmen should take all summonses received for non-payment to the civic’s offices where lawyers would deal with them.

Mogase, a member of the Soweto People’s Delegation (SPD), was a signatory to the accord together with the mayors of Soweto, Dobsonville and Diepsloot and the TPA.

The council this week called on businessmen to pay arrears dating back to 1986, alleging the accord did not cover businesses, churches, schools and charitable organisations.

Soweto City Council Exec chair-
aman Payne Thahabalala said in a statement: “Right from the beginning we communicated to all businesses that they have to pay their accounts.”

Thahabalala invited businessmen who had problems to consult the Greater Soweto Council Committee, which comprises the mayors of the three townships.

A large number of the businessmen at yesterday’s meeting brought forward summonses claiming amounts ranging between R1 000 and R2 000.

GSCC president Philemon Makhetha said: “Some summonses I have seen ask for as much as R10 000. This is a clear indication the councillors are overturning the accord.”

Mogase urged businessmen: “Bring all the summonses to the SCA offices. We have a technical committee, which includes lawyers. Do not be frightened into signing acknowledgments and undertakings.

“The councillors have shown dishonesty in that after the accord has been signed, they have a third agenda. Why did they not point out that it excluded business people?”

He urged the businessmen not to go to their own lawyers as such a move would weaken their case.
Cashbuild makes most of high interest rates

CASHBUILD, which has consistently reported good growth since listing in 1986, increased its earnings 22.8% to 17.2c (14c) a share in the half year to end-December.

The building materials cash-and-carry wholesaler posted a 23% rise in attributable earnings to R3.7m (R3m) and the interim dividend was raised by 25% to 5c (4c) a share.

Cashbuild, which is a 77%-held Tradegro subsidiary, increased its turnover by 22% to R196.8m (R161.1m), and “improved operating efficiencies” saw pre-tax profit up by 27% to R8.8m (R6.8m).

CE Gerald Haumant said the increased turnover — 7.8% in real terms — was driven by high interest rates “which benefit the cash-and-carry business”.

He said that most of the group’s stores had shown growth in real terms — Cashbuild’s internal inflation rate is 14.5%.

“Thus achieved in a difficult economic climate, which proved that recesions were good for the cash-and-carry business,” Haumant said.

A 28% increase in taxation to R3.9m saw profit after tax 28% up at R4.8m (R3.8m).

Outside shareholders’ interest increased almost 40% to R1.1m due to the disposal of 50% of Cashbuild’s interest in two branches in Bophuthatswana to the Bophuthatswana National Development Corporation.

Pressure on margins caused by a drive to increase market share during the period

MARcia Klein

“was offset by better returns on surplus funds arising out of faster stock turnover”.

Cashbuild opened two new Cashbuild stores in Lusikisiki and Taung and a new U-Build store in Soshangwe.

Seven new stores have been planned for the coming months, “which will place an increased burden on the operating margins”. However, Haumant was confident that the resulting increases in market share would more than compensate in the year-end.

Sharp rise

With the seven planned stores, the total number of stores in the group would be 70 by the June 1991 year-end.

Cashbuild’s share, which closed yesterday at its high of 280c, has risen sharply during the past three months from 190c. It was at its year low of 155c in August 1990.

Haumant said the share had probably risen on speculation of the unbundling of Tradegro, as Cashbuild was viewed as “one of the best positioned companies in the group”. The share had been underrated because Cashbuild “was painted with the same brush as some other underperforming Tradegro subsidiaries”.

He would not elaborate on the unbundling until he was sure of how it was to be done.
Soweto businesses vow not to pay services ‘backlog’

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“The councillors have shown dishonesty in that after the accord has been signed, they have a third agenda. Why did they not point out that it excluded business people?”

He urged the businessmen not to go to their own lawyers as such a move would weaken their case.
Fabcos joins Sacob move to consolidate business groups

THE SA Chamber of Business's (Sacob) drive to consolidate black and white business organisations and political groups into a loose federation of joint committees mustered another member yesterday, the Foundation for African Business and Consumer Services (Fabcos).

The pair met to set up a committee to identify matters of common business interest and to forge closer co-operation between the formal and informal sectors, represented by Sacob and Fabcos respectively. This follows Sacob's meetings on Tuesday with the National African Federated Chamber of Commerce and Industry (Nafcoc) and the ANC. Joint committees with these organisations were also formed. The Sacob delegation at yesterday's meeting included Hennie Viljoen, Raymond Parsons and Ben van Rensburg. Fabcos's delegation included Gaby Magomola, Jabu Mabuza and Joas Mogala.

Van Rensburg and Magomola were asked to set up the Sacob/Fabcos joint committee.

Van Rensburg said talks covered macro issues, including SA's future economy, and micro economic issues, including opportunities and problems the removal of the Group Areas Act created for businessmen.

Next month Sacob, Safio, Nafcoc and BMW Germany's Herman Quandt Foundation, are hosting a conference in Swaziland.
By ALI MPHAKI

THE Soweto Council would not back down on its insistence that local businessmen must pay their rent and services charges' arrears, chairman of the executive committee, Mr Mbutana Tshabalala, said yesterday.

Tshabalala said as far as the Soweto Accord was concerned, only residents were exonerated from paying their arrears, which amounted to R516 million.

The arrears were subsequently written off.

**Boycott**

The Soweto Accord was signed on September 24 last year after arduous negotiations between the three Greater Soweto councils, the Soweto People's Delegation (SPD) and the Transvaal Provincial Administration.

The Accord brought to an end the three-year-old rent and services boycott in Soweto.

Tshabalala said the council was sympathetic towards people who suffered cash-flow problems. He said, however, that this was not an excuse for them not to pay their accounts.

**Accord**

The Soweto Accord is a public document and is there for everyone to read. There is definitely no mention of businesses, churches, schools and charitable organisations," Tshabalala said.

However, the president of the Greater Soweto Chamber of Commerce, Mr Philemon Makhethe, was reported as saying that businesses were included in the accord.
Multinational funds black business development

By JOSHUA RABOROKO

ROBERT Bosch is the first multinational to have a South African subsidiary take up shares with the Small Business Development Corporation.

The company's investment of R70 000 will be used to establish a pilot project to help blacks who wish to set up outlets to sell and service power tools. The money will also fund a customer care programme for the SBDC.

At a press conference this week, company marketing director Mr Derek Dreyer said: "We believe that the enormous need for housing and infrastructure development in South Africa will create opportunities for black entrepreneurs.

"However, they will clearly need support to develop profitable business. The pilot project will provide a base for future expansion."

Project

He added the power tools project will initially be contained to the Witwatersrand. However, the company eventually plans to expand the project to other areas.

"Once we have found a success formula, further investment will follow," he said.

SBDC managing director Dr Ben Vosloo said: "We have launched numerous successful black business development programmes over the years."

He also pointed out that the investment enables the SBDC to launch a special customer care programme.

Dreyer said the company was proud of its association with the SBDC. "Although we are a big business, operating in 130 countries and employing 175 000 people (1 100 in South Africa), our business is built on small entrepreneurs."

He said: "We currently have 1 200 retail dealers countrywide, supplying power tools for home-owners, service tradesmen, builders, farmers, metal workers and carpenters."

"We are therefore very sensitive to the importance of small business."

He expressed hopes that the project will play a major role in ensuring that black business could benefit from the development bonanza which had come.
Storm is looming over eviction of Indian businessman

It is understood the eviction proceedings are in progress.

The council has received complaints of anti-social behaviour and noise at least twice a week. Police officers are on regular patrol. The street has been redeveloped, and residents are concerned about the increase in noise levels. The council has been informed of the situation.

The businessman has been operating a shop from a building that is owned by the council. After certain negotiations between the parties, it was agreed that the businessman would move out within a few months. The businessman claims he has been operating the shop for more than two decades and has a loyal customer base.

However, the council has decided to evict the businessman due to the increase in noise levels and anti-social behaviour. The businessman has appealed against the decision and is planning to challenge it in court.

The council has informed the businessman of the decision and has given him a deadline to move out. The businessman is appealing against the decision and has until the end of the month to respond.

The council has also informed the local authorities of the situation, and a meeting has been arranged to discuss the matter.

The council has also informed the police of the situation and has asked them to increase patrols in the area.

The businessman has been operating the shop for more than two decades and has a loyal customer base. The council has been operating the building for the past few years and has many tenants who have been living there for a long time.

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Cashbuild increases earnings 23 percent
By Ann Crotty 21/12/91

Tradeorg subsidiary Cashbuild reported a 23 percent advance in earnings to 17.2c (14c) a share for the six months to December.

An interim dividend of 5c (4c) a share has been declared.

The performance is in line with market expectations of a strong showing from the retail and wholesale distributor of builders' materials.

The share is currently trading at a high of 280c—way ahead of its 12-month low of 135c.

At this level it is on an historic P/E rating of 9.4 times. If the 23 percent earnings advance can be sustained for the full year, it is on a prospective P/E of 7.4 times.

But this pace of growth may not be sustainable because of plans to open seven stores in the coming months. The initial impact of store openings is a squeeze on margins.

In the review period two Cashbuild stores and one U-Build store were opened.

Turnover was up 22 percent to R196.8 million (R161 million). Pre-tax profit rose 27 percent to R3.7 million. After tax and minority interests, attributable earnings showed a 23 percent advance to R3.7 million (R3 million).

Despite the initial adverse impact of the store openings, management is confident the increases in market share will reflect positively in the year ahead.
Pepkor in tune with its market

Pep Stores' head office is smack in the middle of Parow Indus-
trial in the Cape, not a terribly smart part of the world, and in
every sense a long way from the fancy head offices found in Sand-
ton.

Some of its textile manufacturing facilities are located next
door.

Whether the location of the head office is symptom or part
cause of the outstanding success that Pep has had in dominating
its market sector is a moot point.

But management's consequent increased awareness/sensitivity
to its target market may help to explain why Pep's apparently
simple strategy — dominated by the "pile 'em high and sell 'em
cheap" tactic — has had such re-
sounding success over the years.

The strategy has enabled it to
dominate a large and lucrative
market segment that none of the
other major retailers has been
able to get a hold on.

Referring to the group's mar-
ting success, chairman Christo
Wiese explains that it involves a
mixture of merchandising and
pricing, with the emphasis on
pricing.

But he stresses the importance
of having a feel for the market —
this ensures that the ambience
of the shops is in line with customer
requirements.

To this end, store and mer-
chandise layouts are occasionally
changed — in keeping with the
perceived changing needs of the
market.

One significant change at Pep
has been that of location. As Mr.
Wiese says, years ago there
would be no question of locating a
Pep Store in a shopping mall.
"Demographic and attitude
changes now make it feasible to
locate stores in malls in some
areas." He refers to the Sanlam
Centre in Parow.

Few analysts question the suc-
cess Pep has had in the past, but
some are concerned that the
group's potential market may be
shrinking as black consumers in-
crease their level of discretionary
spending.

However, Pep's management is
emphatic that demographic and
socio-economic developments will
see the bulk of spending
power remaining among poorer
consumers for at least the next
ten years.

Mr Wiese refers to the consid-
erable scope for growth from the
sector of the population that
previously did not feature as con-
sumers of even the sort of basic
that Pep offers.

To tap the expected increase
in the market over the next three
years, Pep plans to open 60 to 80
stores a year.

In each of the past three years
the group has opened 100 stores
(at end financial '96 there were
786 Pep stores).

Significantly, the pace of in-
crease in turnover has not
matched the increase in the
group's floor space.

This rapid pace of growth
raises some worries about the
ability of both management and
the balance sheet to cope.

Mr Wiese is comfortable on
both scores.

Within the first year, each new
store is self-financing, he says, and
he notes that despite the addition
of 100 stores a year in each of the
past three years, group cash re-
sources have risen to R100 mil-
ion.

Referring to the possibility of
management taking strain, Mr
Wiese says he does not foresee
this happening as the structure is
a "highly centralised, tight sys-
tem".

He says: "Pep works on a sim-
ple formula, which enables us to
centralise the buying and market-
ing functions, while catering for
regional differences."

Stock turn and shrinkage are
areas of concern that are receiv-
ing attention. The stock turn of 3.1
times is in part a function of the
fact that the group has manufac-
turing activities and also of man-
agement's decision to be over-
stocked rather than risk losing a
sale.

Mr Wiese notes that because
of inflation and the fact that there
is little risk of stock obsolescence,
holding costs are minimal.

But he adds that over time
management would like to get
stock turn up to four times.

Efforts are also being made
to tighten management control
systems to reduce shrinkage, which
Mr Wiese says is being ad-
versely affected by economic and
political factors.

Management has said Pepgro's
growth ambitions are not con-
finied to Pep Stores.

With R100 million in cash at its
disposal, the group has been look-
ing at a number of acquisitions.

Although the Tradepro deal fell
through, Mr Wiese says there are
still parts of that group that look
attractive. (It looks as though
Pepgro will take control of Smart
Centre).

There is speculation among
some analysts that management
may make a move to the UK —
establishing an operation similar
to Pep Stores.

The UK discount clothing mar-
ket, which is believed to be signif-
icant in terms of turnover value,
is not dominated by any one play-
er.

With growth in the local mar-
ket seemingly well under control,
the subject of concern is that ex-
pansion beyond the areas in
which Pepgro has proved itself may
meet the same fate as that
which hit the group's mid-80s ef-
forts to expand in new territory.

However, analysts seem confi-
dent that Pepkor will not do any-
thing too unfamiliar and will be
able to sustain a solid growth
path from the territory with
which it is familiar.

It is obviously this view that
is pushing the share price to con-
sistently higher levels.
Aid for the black businessman

EDUCATION courses are to be run for black entrepreneurs in Pietersburg this year as part of the Small Business Development Corporation's (SBDC) bid to stimulate economic growth in the northern Transvaal.

SBDC regional chief Louw Mouton says interest in existing SBDC programmes is limited, but illiteracy in the rural areas is to blame.

The courses are being held jointly by the SBDC, the Lebowa Development Corporation and the University of the North. They will focus on the basics of starting a business, he says.

The Sakekamer and the Chamber of Commerce and Industry have thrown their weight behind the project and are involved in promoting the courses.

"In the black sector, a lot of attention needs to be given to education and training, especially in the outlying areas where traders have little knowledge or understanding of concepts such as accounting and stock control," Mouton says.

The SBDC has found most black entrepreneurs apply for smaller loans to finance ventures in the commercial and retail sector.

"The majority of white businessmen we see apply for larger loans, usually to support manufacturing type projects," he says.

"We do not get many Asian or Indian traders applying for financial support as they are still rooted in cash-based businesses."

The Pietersburg branch of the SBDC has become involved in more than 200 projects with a book value in excess of R1m if one does not take into account loans already repaid.
Hotel trade could be a booming industry

HOTEL trade in the far Northern Transvaal can become a boom industry if the region is marketed as a tourist and sports destination.

Pietersburg's hoteliers and the town council say the region is undersold.

Town clerk Atie Vermaak says Satour describes the region as "the best kept secret" in SA and little is being done by government to let the public know about the far north.

Town secretary Tom van der Hoven and some of Pietersburg's hoteliers have taken it on themselves to promote the area both as a tourist destination and as a stop-over on route to the Eastern Transvaal and Zimbabwe.

Marketing

However, some people in the industry feel overdevelopment could threaten its viability.

One hotel manager, who asked not to be named, said new hotel developments in the area could still trade rather than stimulate it, and what the local industry needed was a greater marketing effort, not more beds.

One is running at 100% occupancy. In fact, since the last year occupancy levels have dropped. "For 10 months a year our weekday occupancy rates are at about 80% and we get a lot of travelling salesmen and businesspeople staying over," he says.

At least two new hotel developments are on the cards, one of them, located close to the airport, and the other is being built on land sold to the developers at a favourable rate by the town council.

The second, devised by Ranch Hotel owner-manager Tom Shearer, is still on the drawing boards.

"The anonymous hotelier says: "Any rooms added to the market could lead to a price war, which will be detrimental to everyone and cause an overkill situation. We need to build the market before we swamp the area with beds."

Since Satour's decision to market SA, as opposed to marketing specific regions, promoting tourism to the northern Transvaal has been left to entrepreneurs. A number of individuals have taken their own initiative in this area.

Shearer has gone to Zimbabwe twice to promote the region.

On his most recent visit he took part in the Zimbabwe Travel and Trade Exposition earlier this month in Harare.

"The region is underrated for its value for money. When it comes to quality, our hotels can hold their own against any others in SA," he says.

Dried up

Before the '70s, about 60% of the region's hotel trade came from Rhodesia. "Trade dried up with the onset of the Rhodesian bush war, but that country's post independence travel and foreign exchange restrictions have kept trade between SA and Zimbabwe at a trickle."

Shearer says hoteliers need to look at other markets for survival.

"We have built up a reputation for excellent conference facilities in that there are few distractions - it's quiet and the climate is temperate."

"Unfortunately, this type of trade keeps a hotel full during the week, but occupancies drop on weekends."

"We need to do something to attract what few people there are left in SA with disposable incomes," he says.

Campaign to promote free enterprise

Pietersburg's Chamber of Commerce is to launch a major "free enterprise" educational campaign with money raised from its business community.

Chamber member and Moolman Group MD Jimmy Moolman says the chamber wants to establish a business trust with two objectives in mind.

"First, we want to get business people to act collectively and work in the field of social responsibility. For example, we want to use some of the money raised for educational purposes," he says.

"Our second objective is to promote the principles of free enterprise."

He says the chamber aims to collect at least a R100 000 from the town's commercial sector as startup capital for the project.

Educate

The ultimate objective is to educate the population in the region on the benefits of free enterprise.

"We are looking particularly at black middle-management. At least 97% of our local population is black and we need to identify the entrepreneurs in that community and bring them into an educated business world."

He says the trust will also identify scholars and students suitable for business and commercial training and will help finance their education.

The trust is a Chamber of Commerce venture, but negotiations are being held with the Salekamer to bring them into the project, Moolman says.

Neither central nor local government has been approached for support as their involvement could damage the credibility of the venture.

For similar reasons, the Small Business Development Corporation is also not being approached as its involvement could lead to the trust being perceived as a government front.

Launch

Moolman says the official launch will probably take place in May or June, but all the marketing literature has already been written and is being readied for distribution.
Efficiency puts motor dealer in the top ten

6 day 22/1/91

BIG does not always mean best, but in Pietersburg a mammoth motor dealer is chalking up millions in annual turnover after establishing and maintaining a reputation for efficient service.

Constantly ranked in the top 10 Toyota dealers in the country, Northern Transvaal Motors in Pietersburg boasts a turnover in excess of R50m a year, but group MD Fred Weber says it could be a lot higher.

"We could have moved an extra 60 to 70 units last year, but we could not get enough stock up to Pietersburg," he says.

Weber — who holds the 1990/91 Pietersburg Business Personality of the Year award — attributes the volume to customer service.

"All the motor manufacturers are represented in Pietersburg and competition is tough," he says.

"We have to fight for every sale. Just because we have a good product doesn't mean it will automatically sell."

Last year, Northern Transvaal Motors sold more than 960 vehicles, an average of about 2.6 a day, with at least 66% of the business being fleet transactions.

"Pietersburg is represented by most of SA's bigger companies and is a natural distribution point for the rest of the far northern Transvaal, so it's natural for them to establish a fleet of vehicles here," Weber says.

Movers

The 960 vehicles sold did not include trucks, which are sold by Northern Transvaal Motors' Hino agency, Trust Motors.

"Our biggest movers are the Corolla/Conquest range — 294 sold in 1990 — followed by the HiLux bakkie range and the HiAce minibus series."

He says although the national market has suffered a 7% drop in sales, the motor trade in Pietersburg need not be affected and can sustain current sales levels for the next few years.

"We are not looking at growth as we cannot even meet current market demands in the region due to stock shortages, but if we can achieve the same turnover as 1990 this year I'll be satisfied," Weber says.

Northern Transvaal Motors is regarded as the largest motor dealer north of Pretoria — new and used car stands and service centres span almost three city blocks and are manned by a staff of about 130.

The annual motor trade turnover is estimated to be about 3,500 new vehicles and the Northern Transvaal area's market share is about 28% of that, Weber says.
Colour of money is the only colour that counts in 'minicity'

WITH state subsidies for the "border" areas drying up, it has been left to the commercial sector to ensure these artificially created growth centres do not turn into ghost towns.

Over the years, Pietersburg has seen an influx of businessmen and industrialists, most of whom set up shop with a hefty financial kick-start through the government border area incentive schemes.

"We lost a lot of developers when the homelands crumbled and the incentive schemes ran dry, especially in the property sector," says Chamber of Commerce and Industry chairman Frank Greyling.

But with the shift to decentralisation and Pietersburg's impending classification as a secondary city, on a par with Port Elizabeth, a new breed of entrepreneurs is emerging.

Greyling, who runs a credit information service, says at least 65% of all credit applicants in the area are black, a sign of a changed approach to money by the black entrepreneur, who mostly operated on a cash basis.

"We've got the highest black-to-white ratio in the development sector," he says.

And with the aid of the Chamber of Commerce and Industry, programmes were set up to ensure the sustenance of trade in the town.

Unite

Greyling says initiatives have also been taken to try to unite the Chamber with the Sakekamer and to capitalise on the close relationships established with the various development corporations operating in the region.

"We want to establish a non-racial chamber with affiliation from all sectors. The only colour we will recognise is the colour of money," Greyling says.

Members of the chamber have "put in a lot of groundwork" in getting Gana-nkulu, Lebowa and Indian traders together under one umbrella body.

"With this in mind, a constitution-in-waiting has been drawn up, but is still to be officially introduced," Greyling says.

"Businesses need to promote themselves and the notion of free enterprise."

Greyling says the local branch of the ANC has given its blessing to the formation of an educational foundation for black businessmen.

"It's safe to say people here view free enterprise as something that's good." He says Pietersburg has the potential to become SA's northern inland harbour.

"We have all the infrastructure at our disposal, it just needs to be developed," he says.

Pietersburg boasts a large capacity rail depot as well as well-maintained roads to the PWV in the south and to Zimbabwe to the north.

"We are feeling the pinch of the recession, but I don't believe it is as severe as it is throughout the rest of SA," says Greyling.

There is unemployment, but programmes promoting job-creation have helped keep this at bay.

"All the local entrepreneurs are getting stuck in to solve the problem," Greyling says.

In touch

Apart from education programmes, the chamber is also keeping its members in touch with business activity and attitudes in the rest of the country by holding regular seminars and meetings.

At these meetings, chamber members are given the opportunity to talk and listen to experts from a wide range of areas.

Among the speakers lined up for the next few weeks are ANC international affairs director Thabo Mbeki, former Businesswoman of the Year, Coin Security MD Yvonne Lottering and DP leader Zach de Beer.
Pepkor in Smart R31m move

TRADEGRO has sold its 47% interest in retail clothing chain Smart Centre Holdings (Smart) to Pepkor for R31m in what could be the first move in its unbundling process.

The acquisition, for 19c a share and effective from March 1, would complement Pepkor's retail clothing interests.

Last week Smart issued a cautionary announcement that it was holding talks with Pepkor, following speculation on the unbundling of the Tradegro group and the effect this would have on its subsidiaries.

Pepkor chairman Christo Wiese said yesterday that the dividend of 3c a share due by March 31 would also accrue to Tradegro, and although a similar offer would be made to outside shareholders, Pepkor "intends to maintain the Smart Centre listing".

Wiese said that Smart would complement and extend Pepkor's existing retailing operations.

He added that it would bring a number of well known brand names into the Pepkor fold, and would introduce a credit component into the group's business.

Smart operates 151 outlets in SA under the names of Smart Centre, Kappa Retail and Patrick Daniel.

It would be managed as a new division within the group, Wiese said. All management and staff would be retained.

Earlier this week Smart reported its results for the six months to December in which it increased attributable profit by 21% to R7,4m on a 40% rise in turnover to R101,1m.
A MEETING of the SA Chamber of Business and the Foundation for African Business and Consumer Services on Wednesday recognised the need for closer co-operation between the formal and informal market sectors.

The meeting in Johannesburg acknowledged the vital role business had to play in meeting the challenges of a post-apartheid South Africa.

The parties agreed to set up a joint committee to identify areas of common ground. - Sapa
For a total of R31m cash...

Pepkor buys
47% stake in
Smart Centre

By AUDREY D'ANGELO
Business Editor

PEPKOR has bought Tradegro's 47% stake in fashion chain Smart Centre for 192c a share — a total of R31m in cash — with effect from March 1. The dividend of 3c a share due to be paid before the end of March will also accrue to Tradegro.

Pepkor will make a similar offer to minority shareholders, but it intends to continue running Smart Centre as a listed company.

Announcing this yesterday Pepkor chairman Christo Wiese said Smart Centre was a well managed and soundly based business which met his group's criteria for growth potential.

Smart Centre — with 151 outlets all over the country under the names of Smart Centre, Kappa and Patrick Daniel — caters for the middle to upper-income market and has a large black client base.

Pepkor's target market has been mainly the lower income group.

Wiese said yesterday that the Smart Centre chain would "complement and extend our existing retailing operations, which are geared to the mass market."

Pointing out that about 50% of clothing sales in SA are on credit, he said: "Until now we have not been in that market. But we have been looking, for years, for a well managed and clearly focused credit chain."

He thought Smart Centre could grow to between 300 and 400 outlets. So far it was mostly in the FWV area but more branches would be opened in the Cape.

"We shall grow it here. We shall open more outlets in areas where it is not yet well represented."

The sale of Smart Centre is part of the "unbundling" process of Tradegro and more announcements are likely in the next few days, including management buyouts.

Wiese confirmed that Pepkor was interested in at least one other Tradegro company — "there are other aspects we are talking to them about."

Smart Centre would continue to be run as a new division within Pepkor and would not be merged with any of its existing operations. Its management and staff would be retained and "no rationalisation of its branch network is envisaged."

Wiese said one of its major attractions for his group was that it had "a very well entrenched and stable top management."

He was very happy with the way its credit operation was being handled. "Their selection processes and monitoring are very good."

Pepkor financial services director Carel Stassen said it was "definitely not negotiating for Checkers."

The other acquisition it might make from Tradegro was "a very small company."

- Smart Centre lifted attributable profit to R7,3m (R6m) in the six months to December 31. This was achieved on a turnover of R101m (R72,1m). Operating profit was R17,1m (R14m). After-tax profit was R8,5m (R6,5m).
Pepkor takes Tradegro’s stake in Smart Centre

By Ann Croft

Pepkor has acquired Tradegro’s 47 percent stake in Smart Centre for R25.6 million in cash. Tradegro will pick up the interim dividend of 3c a share which means that it is receiving an effective price of 195c a share.

Minority shareholders will receive the same offer.

The share is widely held with a variety of institutions and pension funds having most of the minority stake. Given Pepkor’s excellent track record in the retailing industry it is unlikely that many of these investors will accept the offer.

The 195c price represents a significant premium on the net asset value of 165c shown on the group’s end-December balance sheet.

On the basis of earnings for the year to end-June ’90 the purchase price represents a price/earnings rating of 8.5 times. This is well above the sort of rating that Smart Centre has been on for most of the year — the share price has moved up sharply in recent weeks on the back of a possible change in control and was at 180c ahead of the deal.

Announcing the acquisition, Pepkor chairman Christo Wiese said Smart Centre was a well-managed and soundly based business which met the group’s growth potential criteria.

Last year Pepkor was involved in discussions with San- korp about a possible deal relating to all of the Tradegro companies. These discussions broke down at a fairly advanced stage apparently because of a disagreement concerning Checkers.

Analysts point out that this was not the first time that Pepkor has looked at Tradegro which means that Mr Wiese’s team must have a very good idea of exactly what it is buying at Smart Centre.

According to Mr Wiese the Smart Centre interest will be managed as a new division within Pepkor and will not be integrated with its existing operations. Its management and staff will be retained.

Smart Centre is a national retail clothing chain that caters for the middle to upper end of the market so there will be no duplication with Pepkor subsidiary Pep Stores which caters for the lower income groups.
Tradegro's Masson ... no offers from Sankorp

Tradegro hopes to complete the restructure by its June year-end, though the process may drag on until August. "Once this is done, I'll have to find a job," says Masson. He adds that he has received no alternative offers from Tradegro's parent, Sankorp.

"I'm not sure that I want another full-time job running a massive group," says Masson, who adds that his recent appointment as an adviser to the Post Office is only a part-time assignment.

As well as CE at Tradegro, Masson is the caretaker MD at the group's Metro subsidiary. He expects the Metro post to be filled within the next few months.

Tradegro's unbundling will result in the closing of the group's head office and the retrenchment of about a dozen employees.
Agreement on basic needs

DELEGATES from a wide range of organisations, including government and the ANC, agreed at a Consultative Business Movement (CBM) workshop at the weekend that a basic needs programme would provide a strong base on which to build economic growth, CBM executive director Thams Eloff said yesterday.

The workshop included representatives from Azapo, the SACP, PAC and business, who achieved "remarkable agreements" on the economic problems facing SA, Eloff said.

Eloff said there was a clear convergence of opinions on the problems of inequality, growth and redistribution, although there was not always agreement on how to deal with these problems. 25/4/91

The basic needs programme would aim to achieve stability and restore human dignity.

"Such a programme would have to be carefully managed and, targeted to address particular needs, like education, electrification and housing," he said.
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Guillain Godsell and Eric Loyn

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Before you teach
New forum may avoid boycotts

By Clyde Johnson
Lowveld Bureau

NELSPRUIT — Business, community and political organisations recently discussed in an informal town council meeting the establishment of a regional forum to solve community problems which sometimes lead to boycotts. See 24/2/91.

Successful discussions last year resulted in the discontinuation of boycotts in Nelspruit and highlighted the need for a permanent liaison forum.

Organisations represented included the Lowveld Civic Association, business associations from surrounding towns, and the National and Democratic Parties.

The forum, which would have representatives from towns throughout the region, would be non-political with no government ties and could be used to create better understanding between communities.

Members from the Regional Services Council, Metacel, the Afrikaanse Handelsinstituut and Die Afrikaanse Besigheidskamer were elected to serve on an interim committee.

Another meeting was planned for March 19 when the forum was expected to be launched.
Ravaged Metro plans another restructuring

Metro's losses for the six months to end-December reflect a situation that is considerably worse than analysts had imagined.

On a turnover of R2.1 billion Metro management have produced a loss of R342,000 — this represents a massive turnaround from earnings of R15.5 million reported in the previous interim.

And it may be that there is even worse to come in the full year figures as restructuring costs of as much as R80 million are taken below the line.

In addition financial director Stephen Hochstader will be leaving the group in mid-March so Metro is now in need of an MD and a financial director. (Mr Hochstader will be joining former Metro colleagues Alan Sack and Cecil Smith at FSL.)

There are major plans under way to trim the operation including the disposal of D&H Frasers, and retrenchment of around 10 percent of the group's 14,000 workforce.

The sale of Frasers is expected to be finalised by the end of this week; the identity of the purchaser is as yet unknown. A management buyout proposal was found to be unacceptable because the price at which it was pitched was well below Frasers' net asset value.

Having heard talk of plans for refocusing over the past few years, minority shareholders may be a bit cynical about the latest extensive plan.

During the review period problems showed up in every line on the income statement except the turnover line — sales were up 23 percent. Operating profit plunged 31 percent to R25.9 million reflecting a drop in margins from 2.19 percent to 1.2 percent.

The interest bill was a staggering R20.4 million — up from R6.4 million. All the more staggering considering so much of the group's business relates to cash sales.

On this front management can attribute some of the blame to the Tradeorg/Sankorp decision taken some years back that Metro should pay for the Jazz acquisition. Part of the high debt is a legacy of that purchase. But much of it is due to excessive levels of stocks and debtors.

Pre-tax profit dropped to R5.6 million (R79.5 million), the tax bill of R4.4 million (R13.3 million) represented 79 percent of this — reflecting management's inability to offset profits in some divisions against losses in others.

This left taxed profit of R1.2 million (R16.2 million) which was more than accounted for by minority shareholders who had to be paid R1.5 million (R780,000).

The major areas of weaknesses were Frasers, Fairways and Trade Centre. Apparently the group's cash and carry business did reasonably well with management introducing cost-cutting measures to meet the squeeze on margins resulting from increased competition.

Management notes that "Fairways which is not our core business but has long term growth potential and occupies an important market niche, will become a financial investment for the group run by its own MD and board."

Presumably if it does not perform, it could also lose this status. And a similar situation must face Fairways. This would leave Metro to concentrate on its traditional cash and carry business.

The rationalisation is expected to reduce operating assets by R100 million and operating overheads by R80 million.
Frasers management buyout bid fails

METRO Group, the retail and wholesale giant in the Tradegro fold, is to retrench about 1,400 workers — 10% of its total work force — in a major restructuring.

The group announced today an attributable loss for the six months to December 1990.

Executive chairman Donald Masson announced that its conventional wholesale division D & DH Frasers, whose management failed yesterday in a management buyout bid, would be "dissolved", and retail division Fairways would become a financial investment for the group.

No earnings were posted (previous earnings 23,6c), and no dividend (1989 interim: 10,5c) was declared. Turnover rose 23.5% to R2.14bn (R1.73bn).

Poor performances by subsidiaries Frasers, Fairways and Trade Centre and high stock levels and debtors contributed to the nose-dive in earnings. The group's core cash-and-carry business Metcash maintained market share and contributed about 70% to turnover and profitability.

See Page 11
Lukewarm forecasts for Tradegro

MARCIA KLEIN

RETAIL giant Tradegro's earnings for the six months to December were, at the most, expected to be maintained, analysts said yesterday.

They predicted earnings of between 3c and 7,8c a share, which compares with 7,8c a share in the six months to December 1990.

In the group's 1990 annual report, CE Donald Man- don said that Tradegro's rationalised capital structure and substantial cash resources "place it well for improved profitability".

He anticipated a real growth in earnings in financial 1991, despite the fact that the group reported dismal year-end results - fully diluted earnings plunged 47% to 20,7c a share.

While earnings might at best be maintained at the interim stage, there was still "scope" that dividends (6c a share in December 1990) would be paid to shareholders from the group's cash resources, an analyst said.

Tradegro subsidiaries Smart Centre (which has since become a Pepkor subsidiary), Cashbuild and Metro Group have already reported for the six months to December 1990.

Smart Centre posted a 21,9% increase in operating profits to R17,2m and attributable profit was 21% up at R7,4m.

Cashbuild's pre-tax profits increased by 27,2% to R8,5m and attributable earnings were up by 24% to R3,7m.

However, Metro posted an attributable loss of R225,000 and a 31,6% decline in operating profits to R26m.

Analysts expected Checkers to report a substantial loss, which would adversely affect the results.
Sasolburg boycott starts tomorrow

Residents of Zamdela were yesterday urged to support the consumer boycott of white-owned businesses in Sasolburg which will begin tomorrow.

The boycott has been called in solidarity with 867 dismissed Sasol One and Natref workers who went on strike in 1987.

In 1989 the Industrial Court had ruled that the dismissed workers had to be unconditionally reinstated. Sasol lodged an appeal last year and the ruling was reversed.

The South African Chemical Workers' Union lodged an appeal in the Appellate Division in Bloemfontein but failed.

According to the workers' spokesman, the boycott hopes to "expose the bias of the South African judicial system."—Staff Reporter.
Need to act over shop theft - expert

by NKOPANE MAKOBANE

POLITICAL and social changes taking place in South Africa will do little to stem shoplifting, says an expert on article surveillance and MD of Actronic Systems, Mr Bruce Craig.

Actronic Systems manufactures and distributes imported theft deterrent systems and is also the agent for Sensorsmatic - the world's largest article surveillance firm.

According to Craig, shoplifting is reaching epidemic proportions and needs to be combatted urgently.

He maintains that public perceptions towards shoplifting need to change before the problem can be better controlled.

Reasons

There were several reasons why shoplifters do not consider it a hard crime. These were:

* only about one in 20 offenders are caught, creating the impression that this crime is easy to commit;
* retailers only prosecute about 30 percent of offenders, reinforcing the perception that it is not a serious offence;
* as many small items are stolen, the public feels little harm is done; and
* as big business is usually the victim, and not individuals, the public attitude is that losses can easily be absorbed.

Increase

"The opportunity to steal, as a result of inadequate security measures, is what retailers need to overcome," Craig said.

"Shoplifting is a worldwide phenomenon that is increasingly being combated by electronic and electro-magnetic systems.

"Shop theft is very complex problem which needs to be addressed in various ways by community service, the courts and shopowners."
SBDC can help in many ways
SBDC can help in many ways

Small businesses create jobs

Small Business Issues

News and Advice
Toyoda comfortably beats effect of falling car sales

MARC HASENFUSSEX

AN increase in market share helped SA's largest vehicle manufacturer Toyota SA to boost final earnings by 28% despite a decline in the total new vehicle sales last year.

Toyota's retail sales for the year to end December 1990 increased 6% to 96,629 units (90,633), giving the group a market share of 29% (25%). The demand for Toyotas remained in excess of supply, directors said.

Directors said a significant factor affecting the results was the initial improvement in the yen/rand exchange rate which remained stable during most of 1990, allowing the group to keep price increases on new vehicles well below the increase in the Consumer Price Index.

Turnover increased 7% to R3,15m (R2,98m) for the period under review.

A 43% increase in operating profit to R252m (R175m) was offset by a 55% increase in the tax bill to R193m (R125m).

Attributable profit rose 29% to R112m (R87m), translating into earnings per share of R2,76 (R2,49).

A final dividend of 305c a share was declared lifting the total payout 16% to 474c (418c), covered 5.8 times. All dividends absorbed R15,3m (R16,7m).

Directors said the increase in the taxation charge reflected the effect of the group's policy of providing for depreciation on increased revalued asset values, whereas tax computations were based on original cost.

Comparative figures for 1989 have been restated after accounting for tax effects arising from the change in tax legislation relating to reserves and consumable stores.

In addition, Inland Revenue indicated that expenses claimed by group subsidiaries, in respect of export marketing expenses and warranty provisions in previous tax returns, could be disallowed.

Despite the expected 4% drop in new car sales this year, directors expected the group to maintain a reasonable level of profitability.
Launch soon of office furniture supermarket

MARCIA KLEIN

OFFICE furniture and equipment supermarkets are coming to SA with the launch of a new office furniture company by Mathieson & Ashley (Math Ash) called Officemart.

The new company's 9 000m² flagship store will open next week in Johannesburg, a second will open towards mid-year and several others in the pipeline would "take the company national" over the next 14 months, Math Ash chairman Winky Ringo said yesterday.

Officemart will be headed by former Imperial Cold Storage executive Anton Fleck.

The concept's emphasis is on large stores with office furniture and a broad range of stationery and office equipment.

The flagship store will have showrooms and supermarket-type racking, parking and an immediate delivery service.

Ringo said he hoped Officemart would make R30m in the first year, which would contribute about 20% to Math Ash's turnover. This would "give the group entry into the R400m a year retail catalogue sales segment of the office furniture market".

A marketing thrust through catalogues will be launched in the next few days.

Math Ash is also embarking on a school furniture programme in 1991, involving an initial outlay of about R1.5m.

Ringo said "while 1991 promises to be a difficult trading year, it is a great building opportunity".
Klerksdorp consumer boycott suspended

By Abel Mushi 16 area 28211

The consumer boycott of white-owned businesses in Klerksdorp has been suspended at a residents' meeting after talks between the town council and the Jouberton Civic Association.

Henry Moleme, chairman of the ANC-affiliated association, told The Star last night the Klerksdorp council yesterday agreed to accept payment of an interim rate of R6 for services and to restore the township's electricity and water supply.

This was confirmed by Westvaal Chamber of Commerce spokesman, Bobby Brady.

The meeting, which was chaired by Klerksdorp mayor, Steve du Toit, was attended by Jouberton administrator Dr Johan de Wet, the council's management committee and officials, and the Jouberton Chamber of Commerce.

The council cut electricity and rationed water supply to Jouberton township on January 15 after residents embarked on a rent and services boycott.

Mr Moleme said the agreement would be operative for three months during which a "technical committee" would be formed to research rent problems and work out an appropriate tariff structure.

The committee would comprise members of JCA and the town council, he said.
Smaller loaves as subsidy ends

The scrapping tomorrow of the Government subsidy on bread will not have a major effect on prices in the near future as supermarkets have pledged to absorb costs as long as possible, spokesmen said today.

Checkers and Pick 'n Pay plan to sell brown bread for 29c from tomorrow — four cents below the old price but the new price will be for the new 800 g loaf. The previous loaves were 850 g and 29c.

Checkers will sell a white loaf for R1.18 and Pick 'n Pay customers will pay R1.14. The weight of the loaves will, however, be reduced by 50 grams.

The old price was R1.50.

OK Bazaars today indicated that it would continue with its programme of selling bread at old prices. A spokesman said their bread prices were R1.50 for a white loaf and R1.05 for a brown one.

A Spar spokesman today said his group would try to be as competitive as possible. — Staff Reporter.
HUNDREDS of businessmen in Greater Soweto, who owe town councils millions of rands for rent and service charges for the past five years, are facing prospects of closure.

The three councils of Soweto, Dobsonville and DiepMeadow have written letters warning them to pay their arrears or face prosecution that may result in the termination of services such as electricity and water.

However, businessmen have vowed that they will not pay the arrears because they are covered by the Soweto Accord, an agreement between the Soweto Civic association, the TPA and the mayors of the councils, providing for the writing off of the R515 million arrears on rental and services for all residents.

The Soweto Chamber of Commerce members pledged to resist and to jointly fight their common enemy.

A TPA spokesman confirmed that the accord did not cover businessmen.

The traders and the three councils are heading for a showdown in the forthcoming meeting as failure to pay may lead to electricity and water cuts culminating in the closure of their businesses - most have indicated that they did not have money to pay.

The president of the GSCCI, Mr Philemon Makhetha, said his chamber was a solid body that was cooperating with other chambers that emerged after the division of Soweto into administrative councils.

He emphasised the need for commitment from businessmen who must support chamber activities and to show solidarity during "the worst of times".

The PRO of the Soweto Independent Shopkeeper Association, Mr Lucas Nkosi, said they fully supported the move by the chamber and reiterated that "as Soweto residents we are part of the accord". His association had asked for a meeting with the the council, but their request had drawn a blank.

Most businessmen claim they have been harassed and intimidated by council officials who have threatened to close their businesses. They have also indicated that they might close their operations because of the financial squeeze and downturn in the economy.