MANUFACTURING
Furniture
1975 - 1978
Training schemes for tradespeople are being made to retrain workers in the industry. The government has arranged training through existing workshops or training schools. The idea is to train workers at a lower level, and then to link them up with the company to train them to work at a higher level. The training programme is being expanded to cover all employees. The furniture industry, which has announced a training programme for its workers, is planning to train 300 workers. The training board has been established by two leading employers, with the government's assistance. The training scheme is aimed at improving the skills of the workers.
Furniture trade dispute for arbitration

By DAVID DOUGLAS

THE FEDERATION of Furniture Trade Unions has declared a dispute with the employers and is to go to arbitration. The main points at issue are increased wages, a more realistic provident fund and an improvement in holiday contributions by the employers.

Mr J F Klopper, general secretary of the federation, said that they had had three attempts to get satisfaction, but that the proposals had been turned down.

"We feel we have a good case. We have offered a package deal, which not only asks, but gives. For example, we have been willing to handle the type of situation, which will save labourers to do some work previously handled by portereymen."

The employers, through Mr T Osipovat of Cape Town, had made counter proposals, which had not been acceptable and as a last resort the federation had decided to go to the Industrial Tribunal for a ruling.

Briefly, the employers had offered an increase in wages of 10 percent the first year and five percent in the second. The present wage for a qualified man is £45 6s. The unions have asked for 10 percent in each year.

They want the employers to increase the present holiday contribution of 12½ percent to 15 percent of gross earnings. At present 12½ percent is paid for a 44-hour week and five percent for less than this.

The unions have asked for 15 percent for a 44-hour week, 10 percent for 49 hours to 44 hour and five percent for less than 43½ hours.

On the issue of the provident fund Mr Klopper felt there was a specially good case, as the employers were still paying 70 cents a week, the same as they were when the fund was started, based on the wage in 1933.

THE WAGES

"The wages were then £7, which meant they paid out seven shillings. Now the wage is double but the contribution is still only 70 cents, which is about 1½ percent. The employee puts five percent of his earnings into the fund weekly."

This agreement still has some years to run, but we feel it is rather unfair and we are asking for equal contributions. We are willing to have their contribution to be four percent from July 1 and five percent from July next year," Mr Klopper said.

He pointed out that the increases on wages asked were less than the current rise in cost of living.

The consumer price index shows that the food index, which is the most important for workers, had risen in one year from 141.1 to 169. The index for all items rose from 134 to 155.5 points in the same year.

The workers had agreed in their package deal to accept the 10 percent the first year and five percent the second basis for wages, provided they got their 2½ percent increase in holiday pay and their provident fund proposals, but the employers had refused.

"This means we have a deadlock and must go to arbitration. We are trying to meet them, and at the same time provide incentive for workers to work more steadily."

The employers had put in some counter-proposals about the agreement, including the redefinition of overtime and charge hand.

The unions in the Federation are the National Union of Furniture and Allied Workers, which is in the Cape with about 3,400 workers, and is largely Coloured, and the National Association of Furniture and Allied Workers, the White union.

Most employers in the Transvaal and Natal had been agreeable to the proposals, but the snag had come from the Cape where they were turned down flat. Mr Klopper said
Furniture pay
offer details

By DAVID DOUGLAS
THE CAPE Furniture Manufacturers' Association, which has 3,850 workers in the Western Cape, so far from not being willing to meet the trade unions, has arranged to pay a new scale of wages from July 1, which will add R650,000 a year to the wage bill and another R77,000 in extra holiday benefits.

Mr J Osipovat, chairman of the association, said yesterday that there had been a series of meetings between the employers and union representatives.

Proposals made by the employers were turned down by the union men and the matter will have to go to arbitration.

The union, he said, had asked for journeymen to get a new operatives scale, which would, in effect, have added about 84c to the weekly pay packet. The employers made a counter proposal which did not grant operatives, but for all journeymen to continue, and suggested instead of the present R46.64 wage of R51.50 in the first year and R64 in the second, with all scales in proportion and with a ripple effect.

HOLIDAY PAY

"Cape Town compares more than favourably with all other centres," he said.

The union had asked for holiday pay to be increased from the 12½ per cent, which, in effect, is equal to 6½ weeks' pay for the three weeks' holiday, including the payment for Christmas and New Year which is given, to 15 per cent. The employers have been unable to agree to this, which would amount to eight weeks' pay for the three weeks' holiday.

PROVIDENT FUND

However, the new wages they were to pay would push up the holiday pay.

There was also disagreement about reclassifying foremen as chargehands, for they were regarded as being in a difficult position, and were on monthly salaries.

"They cannot serve two masters at once," he said.

On the provident-fund issue, Mr Osipovat said that the employers were willing to increase their contribution to 4 percent, and for workers to pay 4 percent. He agreed that at present the employers paid only 7½.

The new wage scale, proposed by the employers and which they intend to put into practice from July 1, will mean that everyone will get at least R4.88 a week more.

"We feel our counter proposals are generous and fair, and the gentleman's agreement we are to put into effect no matter what the arbitration says, was purely voluntary," he said.
Training plan bothers furniture men

By DAVID PINCUS

FEARS that a training scheme, which enforces a job reservation for Africans, will lead to a shortage of skilled workers in the furniture industry have been voiced by manufacturers and workers.

The scheme will be implemented with the consent of all manufacturers, except those in the Cape and the Free State, and lays down methods of training Whites, Coloureds and Asians to become artisans in the industry, but specifically bars Africans.

Paradoxically, some of those who are now condemning the scheme privately ("nothing for publication, you understand") not only assisted in formulating policy, but realise the possible harm it could do only about a month ago. And they will have to wait until January 1977 before they can do anything about it.

Explainng his opposition to the scheme, one manufacturer, whose name may not be quoted, said: "The way the training scheme will be published makes it an absolute waste of both time and money. It is designed to protect the jobs of Whites, Coloureds and Asians in the industry, but makes no provision to train Blacks to do any of the better, more skilled jobs in the industry — when it is obvious that in a few years the industry will have to rely almost exclusively on African skilled labour."

Until about six years ago, the industry was staffed by White skilled workers, but then they moved out and were replaced by Coloureds and Asians. Now they are moving out to better, pleasanter jobs and we are now beginning to experience shortages of skilled men.

"We must train Africans now to take over from the Coloureds and Asians. There is no reason why we cannot do that. The Government has adopted an attitude where it allows industry to use Blacks when workers from other racial groups are not available.

"I believe that Africans are more reliable. On some Mondays we have up to 20 per cent absenteeism among our Coloured workers. Absenteeism among our African workers is limited to doing the more menial jobs, has never come anywhere near that figure."

Training

The manufacturer said there was nothing to stop an employer training Africans as journeymen, except for the fact that, in terms of our agreement, we may only employ members of trade unions as journeymen. And Blacks are not allowed to join either of the two trade unions, one for Whites only, the other for Coloureds and Asians.

"We must plan now for the future. The present bad times cannot last for ever. There could be a dramatic improvement in the economy by the middle of next year which will enable us to simultaneously create a large increased demand for furniture and create a host of new, attractive jobs outside the industry which will appeal to our existing Coloured and Asian workers. Where will furniture manufacturers be then, if they cannot train Africans now to replace Coloured and Asian workers?"

Saso Odendaal, the director of the Furniture Industry Training Board, which was established to draw up and administer the new scheme, took a different tack, when he said: "The scheme does not provide for the training of Africans. Its basic concept is to provide training to meet the needs of the industry and we must accept terms of the industrial agreement."

"All we are saying is that the training scheme was not designed to protect the jobs of Whites, Coloureds or Asians."

"WeAE not going to train Africans so that they can push the Coloureds out of the industry. Because of job evolution, we must accept that eventually Africans will come into the industry in skilled positions. We must try to revolutionise the industry by pushing them in and pushing Coloureds and Asians out."
Furniture’s armchair approach

SA’s furniture industry seems to be nodding off across a kind of mental settee. It needs to wake up.

With retail sales topping R750m — 16% of total retail sales — the industry employs 10,800 workers (6,500 Blacks) at 448 sites in the Transvaal alone.

A report, published today, from the National Productivity Institute (NPI) in Pretoria, highlights some of the problems.

The report, Productivity of the Furniture Industry in SA, is based on discussions with 27 furniture manufacturers, and makes gloomy reading.

The NPI latches out at existing training methods (if they can be called that) and demands fresh thought if the industry is to meet the challenges of the late Seventies. They’ll include changing consumer patterns (from high priced to low priced merchandise), against a backdrop of soaring unemployment plus Coloured and Indian union unrest.

What else has the survey to say?

- Bad debts are soaring. The group weighted average investment in debtors per R1,000 sales ranges from R1,250 to R399. Other sources believe that bad debts in the industry now amount to R27,5m, or 3.7% of total sales.
- There is scope for the doubling of present productivity. Only approximately 50% of operators’ time is spent on the job.
- As far as recruitment of personnel is concerned, management shows, to quote NPI, an “unconcerned attitude”.
- Few companies, even the larger ones, bother to recruit personnel on other than “an ad hoc basis”.
- Few companies bother to consider a manpower requirement. Most of the labour recruited is later found to be unsatisfactory.
- The survey teams feel that the selection procedures used in the companies visited were not sufficient to provide them with good quality labour, it adds.
- Labour’s not too happy, either. Turnover is appallingly high, in some cases 50% per annum.

The biggest complaint from workers concerns training. Most companies regard it as a waste of time. To quote NPI, they see it as “an expensive scheme which may not yield an economic return on investment.”

“Sit by Nelly” training methods are still used throughout the industry and an alarming 14% of the companies could not remember one of their apprentices passing a trade test.

Only one manufacturer blamed his training system for the failures. The others blamed the youngsters, the technical colleges and test procedures at Olifantsfontein, Johannesburg.

Manufacturers revealed that 28% of journeymen are not yet competent. Little is being done to remedy this situation. What’s more scary is that White on-the-job workers don’t want to better themselves, learn to use modern machines or cope with new techniques.

The position vis a vis supervisors is no better.
- 7% were trained by outside companies.
- 44% were trained within the companies, but only after promotion had been decided.
- 27% of management interviewed saw no need for the training of supervisors.

And — wait for it — most managers think 70% of their foremen are incompetent.

The NPI report, the eighth of its kind from the Pretoria organisation on industry, will cause a stir throughout the rather sluggish furniture industry. And that’s a hard hit one at the moment. Parker-Knoll MD Gerry Mulford sums it up. “We’ve had a quiet year than normal so that’s true throughout the industry. Buyers are switching from high priced to low priced merchandise.”

But still there’s no crisis, largely thanks to the recession, says Sas Oendael director of the Furniture Industry’s Training Board in Johannesburg. He says there’s hope for the future and it lies in a new apprentice training scheme, scheduled to start next year.

Meanwhile, apprentice recruitment figures have slumped from 125 in 1971 to 26 this year.

Oendael calls for a more streamlined approach to training from management offices to the factory floor.

Meanwhile, battle ranges between two furniture organisations, the White-orientated National Association of Furniture & Allied Workers and the Coloured and Indian orientated National Union of Furniture & Allied Workers. The latter has just pulled out of TUCSA, allegedly because employers want to see more Blacks in skilled jobs.

In June there were reports that the industry was short of 1,000 men in the Transvaal. Not so, says Mohan Lalaran, national secretary of the NAFAW. “There is no shortage. There are hundreds of potential apprentices with around 100 Coloured artisans out of work at the moment.”

With mounting Black unrest and unemployment, Coloured intransigence and a furniture industry slump, the NPI survey comes just at the right time.
1. Group Earnings and Dividends

Induced group earnings for the six months ended 30th September 1976 compared with the six months ended 30th September 1975 and the year ended 31st March 1976 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Six months ended 30th September 1976</th>
<th>Year ended 31st March 1976</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>(R000's)</td>
<td>(R000's)</td>
</tr>
<tr>
<td>Turnover</td>
<td>49 326</td>
<td>48 566</td>
</tr>
<tr>
<td>Operating income</td>
<td>4 102</td>
<td>4 137</td>
</tr>
<tr>
<td>before taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>1 703</td>
<td>1 746</td>
</tr>
<tr>
<td>Net attributable income to companies</td>
<td>2 399</td>
<td>2 391</td>
</tr>
<tr>
<td>Operating income after taxation</td>
<td>2 569</td>
<td>2 608</td>
</tr>
<tr>
<td>Outside shareholders and preference dividends</td>
<td>8</td>
<td>50</td>
</tr>
<tr>
<td>Net income attributable to Afcol ordinary shares not held internally</td>
<td>2 561</td>
<td>2 558</td>
</tr>
<tr>
<td>Exceptional income included in operating income before taxation</td>
<td></td>
<td>325</td>
</tr>
<tr>
<td>Number of ranking shares (000's)</td>
<td>22 787</td>
<td>22 939</td>
</tr>
<tr>
<td>Comparable earnings per share (cents)</td>
<td>11 23</td>
<td>11 15</td>
</tr>
<tr>
<td>Ordinary dividends per share (cents)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interim</td>
<td>5 50</td>
<td>3 25</td>
</tr>
<tr>
<td>Final</td>
<td></td>
<td>8 25</td>
</tr>
</tbody>
</table>

A change in accounting policy has been adopted with effect from 1st April 1976, to allow for the accounted for the results of certain associated companies. The effect of this change has been to bring the income from other operations assets it is more comparable with the income to the group from the group's own activities.

2. Comment on Results

The result is lower than original expectations but in the light of the current economic uncertainties and recent adverse social developments, the Board considers it to be satisfactory.

3. Review of Operations

Comprehensive activities (mainly particle board manufacturing) reflected improved output and productivity. The additional productive capacity which was mentioned in the Chairman's Annual Review has been contracted for as a result of the future demands for particle board. Financing of this capacity has already been arranged.

The furniture industry was impacted by a high level of TV sales in the period and in addition the furniture manufacturing results have been adversely affected by:

- raw materials and cost increases
- sudden disruptions to production as a result of labour unrest in the Rand and the Cape.

The Rhodesian subsidiary (71% owned by Afcol) experienced reduced sales and prospects mainly as a result of unsettled conditions in that country.

4. Assets

Certain group investments in the book value of R9 376 019 (1975: R7 878 560) had a market value on 30th September 1976 of R5 257 570 (1975: R4 703 554). During this period the assets of the laminating division of Basco Laminators were disposed of while the assets of a competing bed company were acquired at a discount. Both these transactions were not material in relation to group assets.

5. Interim Dividends

6% Cumulative redeemable preference shares of R1 00 each. An interim dividend, calculated at the rate of 6% per annum for the six months ended 30th June 1976 was declared on 31st May 1976 and paid on 30th June 1976 (1975: 6% per annum for six months).

Ordinary Shares

An interim dividend of 5 60 cents per share (1975: 3 25 cents) was declared on 2nd November 1976. The dividend is in respect of the full half year whereas in prior years it related to only four months of the larger Afcol shareholders.

6. Prospects

Furniture demand is showing signs of seasonal improvement and some consumer expenditure appears to be switching back from television to furniture but it is not expected that turnover will be at the same level as in the corresponding period last year.

Demand for the Complementary Divisions products is dependent on the furniture and building industries the latter of which is currently in a depressed state.

In the light of the overall economic uncertainty currently prevailing the Board considers it unlikely that the previous forecast of increased profit over last year will be met. These indications indicate that the company will have done well if it achieves last year's results.

For and on behalf of the Board

A. Bergser  Joint Managing
L. Goldberg  Directors

Johannesburg
2nd November 1976

( Incorporated in the Republic of South Africa)

DEACLEARATION OF INTERIM DIVIDEND NO 21

NOTICE is hereby given that the interim Dividend in respect of the 6 months ending 30th September 1976 of 6.50 cents per share on the Ordinary Shares of the Company has been declared payable to Shareholders registered at the close of business on 15th November 1976 and will be paid on 22nd November 1976.

By order of the Board

T. Latting
Secretary

5th Floor
North Tower
54 Sammit Road
Deonferien
Johannesburg 2000
2nd November 1976

Financial Mail November 5 1976
Furniture

Chipping away

Transvaal furniture manufacturers feeling the bite of recession are to press even harder for Black workers to be able to attain top positions in the industry. "While the Transvaal Furniture and Upholstery Manufacturers Association is satisfied with the progress made in opening job opportunities for Blacks, it will continue to ask for improvement in future agreements," says TFUMA president "Hubby" Myers.

A new agreement due to run for 15 months from January 1 - has been signed with the Federation of Furniture and Allied Trade Unions. It allows for certain restrictions on Black job advancement to be lifted.

Manufacturers had asked for complete removal of restrictions. But two unions, the (White) National Association of Furniture and Allied Workers and the (Asian and Coloured) National Union of Furniture and Allied Workers were totally opposed to this, says Myers.

The two unions pointed out that, although six months ago there was an estimated shortage of 1,000 skilled workers in the Transvaal furniture industry alone (it employs the region of 10,000 workers), workless skilled Coloured artisans were now job hunting with little success.

However, under the terms of the new agreement, Blacks can now be employed as seamstresses and seamstresses in the upholstery and curtaining sections of the industry. The same applies to the bedding manufacturing sector, and there they will also be allowed to work as mattress makers' assistants.

Says Myers: "The positive effect of the new agreement is that workers of all races can now be employed in Grade III and Grade IV in the industry." But the top grades (I and II) are still restricted to Whites, Coloureds and Asians.

Actual wage increases are:

- Grade I -- increased by R4.40 (a week) from R55 to R59.40 (8%).
- Grade II -- increased by R4.56 from R50 to R54.56 (9.1%);
- Grade III -- increased by R3.72 from R35 to R38.72 (10.6%); and
- Grade IV -- increased by R2.58 from R32.50 to R35.08 (11.7%).

TFUMA has pledged to continue to chip away at the unions, aiming for a set of solid proposals by the end of next year.
Furniture men to tour S.A.

MEMBERS of the Western Australia Guild of Furniture Manufacturers are to tour South Africa in January, 1978.

The purpose of their visit is to seek sources of supply of particle board, plywood, wood turnings, furniture fittings and upholstery fabrics.

Further information may be obtained from the Regional Representative (Export Promotion) at Durban 313589.
A QUARTER of the 900 firms in the furniture industry are now using the services of the Furniture Industry Training Board — and some notable successes are being achieved.

After 20 months of operation, the board has largely overcome the suspicions of member firms who initially saw us as an extension of the industrial councils or trade unions," says board director Sue Odendaal.

"But we still don't have enough participation. Our target is to get a third of the companies involved before two years are up."

The board, with an annual budget of R180 000 funded by a compulsory levy of 0.5 per cent of each company's annual wage bill, can now show positive proof of the benefits of its training consultancy.

BY TONY KOENDERMAN

The trouble is, admits Mr. Odendaal, that with industry turnover down 8-10 per cent in the last 18 months, any improvements in productivity could lead to reductions in the labour force.

In one example he cites, a company reduced its workforce from 200 to 30 while holding turnover at the same level.

This resulted from improvements in productivity by 34 per cent in the machine shop, 55 per cent in the assembly shop, and 258 per cent in the upholstery shop.

Output per employee in the upholstery section rose from 1.2 three-piece lounge suites a week to 4.3.

The cost to the company of the training programme was R2 100, but the wage bill was cut by R500 000 a year.

Another smaller company increased its turnover, and brought its wage bill down by R5 000 a year at a cost of only R700.

Savings are possible even for the smallest of firms. A five-man business paid a total fee of R69 in return for which some simple task reallocation resulted in turnover jumping from R800 a week to R1 820.

The board's consultancies, carried out by a staff of seven, cover not only the training of workers but, also of supervisors and management. Attention is also paid to the allocation of resources, product lines and utilisation of space on the factory floor.
blessing of God and the Church. The presence of many witnesses was also cited as desirable, especially if the marriage was to end eventually in separation and divorce. The Church was seen to have powers of reconciliation for such contingencies.

In Church marriage, complete with paraphernalia, brought with it a tremendous amount of prestige to the bride, groom and their respective families. But the fact that, to be married, was not an immediately contractable status — that none of Church marriage, marriage in court or nuptial (elopement) was cumulative process of alliance — meant that none of Church marriage was to be regarded as efficacious. It had to be of sufficient size and intensity to ensure the seeds for a growing bond of interlineage dependence...
RECESSION
HITS
FURNITURE
COMPANIES

MEMBERS of the Steel
Office Furniture
Manufacturers Association
are canvassing support
from other non-member
manufacturers to approach
the Government for a re-
duction in sales tax on off-
line furniture.

They claim the industry
has been very badly hit by
the recession. Sales of
some items are down by
just more than 50 percent.
The office furniture mar-
et is down 20% to 25% this year.

Companies approached
are being asked to plot a
calendar of the sales of var-
ious items so that the av-
erage sales of all the man-
ufacturers can be pre-
sented in graph form to
the government to back up
pleas for a reduction in
sales tax.

The past three years has
been extremely tough for
office furniture manu-
facturers and there is a
very rough price war
going on at present.

Many manufacturers are
bidding at near-cost to
gain large orders. A recent
tender to a large gov-
ernment department for
office desks turned out to
be 60 percent below the
second lowest bid.

However, the same day the
delivery was delivered it
had to be returned as unsu-
itable. Now the depart-
ment are asking for
tenders again.

The Bureau of Statistics
shows that sales of office
furniture have been hit
more than car sales by the
recession.
Antiques a booming investment these days

ANTIQUE furniture collectors have notched up a massive 250 percent appreciation on the value of their pieces in the past eight years according to Mr J. Meschede, chairman of the South African Antique Dealers Association.

He says that gains are often much higher than this. A set of Victorian cabriole leg chairs, which dealers could hardly give away 10 years ago now cost more than R1 000 and those dealers who were far-sighted enough to lay in large stocks of this type of furniture are now in every street.

Antique furniture both in South Africa and overseas has shown a steady price increase since the Second World War. Then in 1999 there was a boom in prices and since then the gains have been enormous.

"Real capital appreciation is still ahead," said Mr Meschede. "There is a boom overseas, buyers are snapping up all the available pieces and prices will rocket due to the lack of supply. British antiques are in vogue at present. Buyers come from Belgium, Germany, France and an increasing amount from the Arab countries. French antiques were mainly denounced after the French revolution. Germany's big families sold a great deal in the period after the First and Second World Wars and since the Thirties Britain's stately homes have been putting their antiques on the market with tax laws and death duties helping to keep the flow running. Rapid price acceleration in antiques has not yet hit South Africa, but the experts feel that buyers in this country will follow overseas trends.

Mr Meschede claims that antique furniture is even more stable in capital appreciation than paintings.

Another antique expert, Harry Sefh, a collector of Africana says: "In South Africa we can still find some genuine pieces at realistic prices, but they are being snapped up rapidly. It's a pity that South Africans are not really interested in collecting antiques because so many beautiful pieces of Africana are leaving the country. Visitors are buying up yellowwood tables and kats, yonkmanskas, and stinkwood rietjie chairs and taking them overseas with them."

He adds: "The South African habit of giving unwanted furniture to the maid instead of destroying it has resulted in the restoration of many beautiful pieces which we are finding and restoring all the time."

5 August 1977

(Prof.) A.B.R.E. PAAP
Dean, Faculty of Arts
Few signs of recovery in furniture trade — Afcol

Own Correspondent
JOHANNESBURG — There are no signs of a recovery in the furniture market as reflected in the interim results of the large furniture group, Associated Furniture Companies (Afcol).

Operating income slipped on a small turnover rise and earnings are up only marginally because of tax allowances on the new Brookboard plant.

The board has revised its forecast about year-end prospects. The chairman, Mr. Deel Goss, said in the last annual report that sales should be more buoyant in the second half of the year.

Yesterday’s interim report says: “While there are some indications that the economic decline has been arrested, our previous prediction of a firm improvement in the second half of our financial year is now no longer certain.”

“Unless positive growth occurs soon, it is unlikely that last year’s earnings will be matched.”

The interim dividend is the same at 5.5c and chances are that the total will be kept at 11.5c for the third year in succession. At reduced cover Afcol does not venture a dividend prediction in its interim report.

Sales for the six months to September, 1977 are up 6.9 percent to R52,723,000 from the 1976 half-year’s R49,326,000, which does not constitute growth, taking inflation into account.

Operating profit is down 11.3 percent to R3,640,000 from R4,102,000 but the tax rate has declined to 30.5 percent, which lifted net attributable profit by 4 percent to R2,654,000 from R2,551,000.

Considering the state of the furniture and building sectors, Afcol must be judged to have performed well. The fall in operating profit may be partly due to higher interest charges on loans raised for the Brookboard factory.

Afcol’s balance sheet is basically sound, however.

TOKYO — Nissan Motor Co. expects after-tax profit of about 85 billion yen for the year ending March 31, unchanged from the 85.29 billion last year.
Russell Holdings Limited and subsidiary companies

Directors' Interim Report

The unaudited results of the Group for the six months ended 31st October 1977 and the main features of the operations during the period are shown below.

Income and Dividend Announcement for the Six Months Ended 31st October 1977

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<thead>
<tr>
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<tbody>
<tr>
<td>Turnover</td>
<td>R600'000</td>
<td>R54'702</td>
<td>R103'297</td>
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<tr>
<td>Operating Income</td>
<td>56'944</td>
<td>54'702</td>
<td>14'433</td>
</tr>
<tr>
<td>Less: Transfer to Provision for Unearned Finance Charges</td>
<td>547</td>
<td>1'002</td>
<td>1'800</td>
</tr>
<tr>
<td>Net Income Before Tax</td>
<td>64'334</td>
<td>63'700</td>
<td>12'633</td>
</tr>
<tr>
<td>Less: Provision for Normal and Deferred Taxation</td>
<td>2'787</td>
<td>2'780</td>
<td>5'857</td>
</tr>
<tr>
<td>Net Income After Tax</td>
<td>3'657</td>
<td>3'635</td>
<td>7'076</td>
</tr>
<tr>
<td>Less: Minority Interests</td>
<td>10</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Net Income Attributable to Ordinary Shareholders</td>
<td>3'657</td>
<td>3'635</td>
<td>7'076</td>
</tr>
</tbody>
</table>

Ordinary Shares in Issue | 17'771'980                  | 17'771'980                  | 17'771'980              |
Earnings Per Share       | 20,6 cents                  | 20,6 cents                  | 39,6 cents              |
Interim Dividend         | 4,0 cents                   | 4,0 cents                   | 10,0 cents              |

Business and Operations

Group sales of R6m for the six months under review represent an increase of only 3% over the same period in 1976 which is indicative of the poor trading conditions over this period. This and the pressure on gross margins resulted in a decrease in operating income of 37%.

At present there is no indication of an upturn in the economy and against this background it is difficult to project the expected performance for the second half of the financial year, particularly bearing in mind that trading during the Christmas period affects turnover and profits to a marked degree. It is unlikely that earnings for the full year will match those of last year.

Your board has declared an unchanged interim dividend. Provided there is no further deterioration in economic conditions and in view of the dividend cover it should be possible to maintain the same dividend distribution as last year.

Dividend

The Board has declared an interim dividend (No. 27) of 4,0 cents per share (1976: 4,0 cents) payable on or about 20 February 1978 to shareholders registered in the books of the Company at the close of business on Friday 27 January 1978. The register of members will be closed from Monday 30 January 1978 to Friday 3 February 1978, both dates inclusive, for the purpose of determining those shareholders entitled to the dividend.

Where applicable, non-resident shareholders' tax, at current rates, will be deducted from the dividend.

On behalf of the Board of Directors,

W. L. Du Plessis (Chairman),
L. Mankowitz (Managing Director).

Johannesburg: 8 December 1977.
Keep permits, say furniture movers

Deputy Financial Editor

SOUTH Africa's furniture removal and storage industry is threatened by the Government's proposals which would allow anyone to move and store furniture. They are responding by drawing up a memorandum which will be presented with those from other transport associations to the Government.

The issue is also being taken up by the Federated Chamber of Industries.

A spokesman for the S.A. Furniture and Warehousemen's Association in Natal estimated that their 15 members had an investment of about R15m.

"We welcome competition, but this move will open the industry to the back-yard operators and 24-by-night. We favour the existing permit system." He said that facts were being gathered together by the Federation of Road Transport Association.

Investment in vehicles represented R50 000 to R60 000 for each and there was specialised storage.

The Stuttafords Van Line depot at Pinetown, for example, cost R780 000.

A draft list of goods which the Department of Transport intends exempting — this means that it will not be necessary to have a permit to move the goods within specified areas — has been published. The Department has called for comments on its list.

It is expected that the F.C.I. and the Federation will have talks with the department soon.

The list covers agricultural goods, dairy products, ores, and minerals, office and electrical equipment, furniture, newspapers, furniture removals and building materials.
Blumenthal’s determination is in his feisty little company, it (specialising in ready-made knock-down pine furniture and others) to the fore. Projected turnover 1978 is R1.5m (30% up on pretax profit R250 000). Not that started out as a backyard six years ago with R400, the from the sale of Blumenthal’s

makes it impressive that is succeeding at a time when Ndaal, director of the Furniture Outlets, reports that at least 80% of furniture have been forced to annual R750m+ furniture is down by a guessed estimated

that, a mechanical engineer, into business at age 32 nothing about it at all. But working for a boss It was so ulcers for 10 years. The started my own business they

called furniture because he was listed at the prices quoted for wardrobes.” He designs future in knock-down form, ts the manufacturing. The now expanded to about

bought cheaply in bulk, warehoused at the Wyn- man head office, retailed in outlets on the Reef. Sell cash basis with low profit between 20% and 30% mover totalled R15 000, doubling until the June

to sales dropped 30% unmenthal worked out his survival policy — cutting stock, in- creasing the product range, undercutting prices. “We introduced stock control for the first time and started cash and carry lines in the under R20 bracket. It’s incredible how much we sold.” Lost sales ground was regained by the end of that year.

Major problems have centered on stock thefts (the estimate is R300 000 over the last six years) and severe liqui- dity problems. Security has been tightened, but the liquidity problem con- tinues.

With contracted out manufacturing, assets are in stock, which may total R300 000. “We buy for credit, sell for cash. It catches up with you eventually.”

But plans are underfoot to expand Semble-it into a wholesale operation which will improve liquidity. “We reckon we’ll double our turnover which will quadruple profits with the same infrastructure.”

Liquidity problems aside, Semble-it succeeds in the present economic climate and Blumenthal ascribes success to:

- Timing — “It’s not a pat on the back for me. We started pre-1975 when the boom was on. Starting today with the same lack of expertise, we would have failed.”
- Design — “This and getting to know what people want. We’ve learned from our customers and the feedback from our sales staff.”
- Staff — “If you don’t have them on your side, you’re finished.”
- Price — “Our policy is no one undercuts us and we know our opposition. It helps with the pricing.”

Blumenthal’s sights are firmly on exports. He’s exhibited at major furniture fairs for the last three years, has tendered on R10m contract to supply furniture for 4 000 housing units in Saudi Arabia. Nothing’s come of this effort yet. But he’s undeterred.

“Probably if I had concentrated on smaller markets I would already have got somewhere.” He’s determined to

Blumenthal . . . with exports on his mind.

break into the giant US market. Negotiations are currently underway with a US firm to start a warehouse base in Houston, possibly with the assistance of other SA knock-down furniture manufacturers.
FURNITURE

Telltale tables

Furniture looks like going into its third bad year with industry spokesmen only guardedly optimistic about prospects. Manufacturers will be lucky to hold their ground while retailers continue to lean heavily on other lines — electrical, fabrics and the like — to keep turnover respectable.

"At the end of 1977 the decline levelled off and there's still some pent-up demand," says Lasarow, Federation of Furniture, Upholstery and Bedding Manufacturers' president.

It should be hoped so. From an early-1976 peak, output fell 20% but managed to pull about half of that back by year's end. Only one big manufacturer, Cape Town's SA Cabinet Works, failed, although scores of smaller workshops have gone out of business.

Retailers simultaneously felt the rapid decline in furniture sales — a drop of 30% plus in 1976 and it's stayed there since.

Furniture Traders' Association president Al Mankowitz says: "At the time a black boycott hit sales (of all goods) substantially but television gave retailers a boost."

An added boost also came from an unexpected spin-off from TV with higher sales of well-upholstered easy chairs and curtaining.

Lasarow sees real manufacturing growth in the sector this year at a meagre 2.5% but Mankowitz warns of imminent retail price rises topping at least 5% and probably around 7.5%.

"Suppliers and shops have absorbed virtually all costs for two years. Soon they'll have to be passed on to the customer," he says.

Already, the trade is wary of the impending turnover tax which, though not intended to push up the price of goods, is expected to do just that.

Department of Statistics returns for the first nine months of last year show furniture shop retail sales (all items) down to R401.6m compared with R431.5m for the same period of 1976.

Lasarow adds, however, that exceptionally good Christmas sales must have lifted 1977's total sales substantially.

So, if Mankowitz's view that the bulk of retail sales is made up of white goods and soft furnishings is right, Lasarow's belief in a pent-up demand (for tables, chairs, beds, heads and wardrobes) is probably also right.

The 900 furniture factories, with rare exceptions, need the break much more than retailers. Growth of 2.5% in an already depressed sector is the minimum, if furniture men are banking on any sort of comeback.
Chipboard price rises by 15 pc

South Africa's three biggest chipboard manufacturers have increased prices by up to 15 percent, a move that is certain to lead to higher furniture and building costs.

The manufacturers, Bruphy Board, Bisonboard and Neobord, together produce almost all the country's chipboard. The last price increases for chipboard were about two years ago.

Furniture manufacturers use the material, much of the time with a veneer, for wall units, wardrobes, cupboards, table tops and for some office furniture components.

Mr. A. Berger of Afcon — Bisonbord's parent company — said today further price increases were inevitable.
Amrel bids for Melody's

By ELIZABETH ROUSE

AMREL, the SA Breweries retail furniture arm, may take over Melody's if negotiations are successful.

This move follows the hand-off of the OK's Impala Television Services to Amrel.

Melody's will be a marquee for the Amgel group. It has seven outlets, retailing furniture, television sets, musical instruments and household appliances.

Melody's tax profits fell 29% to R263 000 in the year to February 1978, and the dividend was cut from 1c to 7c. The chairman, Mr L M Steer, hoped that business would pick up this year because of the mildly stimulatory Budget.

The vital question is: What will Amrel offer to buy out Melody?

The shares pre-suspension were 30c, giving a market capitalization of R47 540.

Shareholders will be interested in a cash not furniture shares deal, but the two groups (Amgel and Hall Samuel) may work out a cash-share deal.
Recovery ahead

Activities: Manufactures furniture and particle board, with substantial interests in complementary businesses. SA Breweries holds 56% of the equity. Afcol holds 2.5m ordinary shares in Romatex.

Chairman: R. J. Goss, joint managing directors: A. Berger and L. Goldberg

Capital structure: 23.1m ordinary shares of 50c. 55,000,000 6% cumulative preference shares of R1.

Market capitalisation: R26.6m.

Financial: Year to March 31 1978. Borrowings: long and medium term, R5.3m; net short term, R8.8m. Debt/equity ratio: 58.3%. Current ratio: 1.75. Net cash flow: R5.5m. Capital commitments: R1.9m.

Share market: Price: 115c (1977/78: high, 123c; low, 67c; trading volume: last quarter, 80,000 shares). Yields: 15.7% on earnings, 7.8% on dividend. Cover: 2.0. PE ratio: 6.4.

The crunch came in the second half, when pre-tax profits virtually halved to R1.9m (R3.4m), compared to the R3.6m (R4.1m) made in the first half. Overall, Afcol's pre-tax profits slumped 26% to R5.5m (R7.5m). This shortfall was in part due to the competitiveness of the furniture market, but can mainly be attributed to the price war that raged in the particle board industry.

For the year to March 1977, Afcol spent R5m on a new particle board factory, which has been substantially under-utilised in the past year. And then the recent price war coincided with further expenditure to develop and enlarge the usage of particle board, to try and compensate for the over-supply which flowed from the continued downturn in the building industry.

Since March, Brunyeze Plywoods and Afcol have merged their chipboard manufacturing interests, and this merger of competitors has stabilised market conditions. So profits during the current year should pick up.

On the furniture side, real volume of sales rose marginally after two years of decline, but this growth seemed restricted to lounge furniture only. The imposition of GST will no doubt temporarily hurt sales, even though the present sales duty will be lifted.
Despite the depressed furniture market, turnover rose by 8% to R117,9m (R109,3m), and operating income rose fractionally to R14,7m (R14,4m). Pre-tax profit was fractionally higher at R12,8m (R12,6m), as was attributable profit at R7,2m (R7m), but both were lower in relation to turnover and pre-tax margin fell to 10,9% (11,6%).

"Turnover levels were achieved at the expense of margins," says managing director Lex Mankowitz, "but in view of trading conditions, we are satisfied with the results. We felt the effects of a general cutback in consumer spending, and there was no increase in black spending, but we managed to gain a larger market share. The furniture sector's contribution to overall profits was slightly higher."

Trading conditions were better in the second half, helped by the Christmas period, and turnover rose to R61,5m (R56,3m) while operating income showed an increase of 4%. However, earnings per share dropped slightly to 19,8c, compared with 20,6c in the first half.

Trading results in the first two months of the current year have been satisfactory, according to Mankowitz, and the group is satisfied with its present cash flow and debtors. "Russells intends to maintain its policy of high dividend cover," he says.

The price has fallen back to 125c, after 140c last week, and currently yields 8%. The 10c dividend, covered four times, looks secure, and Russells may move ahead sharply with a resumption of consumer spending.

Marguerite Christee
in April, however, Mr. Michael P. J. H. de Wet, the E.D., however, that
conditions imposed on employers to employ Africans in Grade II
must have worked continually for the same employer for four years, and that he must
not be older than 24. There must also be
two qualified Grade I workers at the
firm for each prospective African
Grade II joiner.

If these conditions are met, the
employer must then put the African
worker through a two-year training
course which is monitored by the indus-
trial council — in order, says council
secretary Phi Smut, to ensure that
employers stick to the training schedule.

While he is being trained, he is entitled
to a proportion of full Grade II pay,
ranging from 80% in his first six months
to 95% in the last six months. Learners
will earn at least R48.05 a week, says
Smut. On completion of the course, they
receive a diploma and can do Grade II
joiner work.

A similar agreement has been signed in
the bedding industry (which employs
about 500 workers), although here there
are no designated trades and thus no
Grade I.

Union members are also offered an
additional safeguard — no African can
be trained for a Grade II job if there is a
coloured worker in the plant who has
four years experience and is capable of
being trained to do the work, and no
union man can be dismissed to make way
for a non-union Grade II (African)
worker.

Lalaram pronounces these safeguards
adequate, and adds: "We've told
employers we're prepared to let Africans
into Grade I if they allow them to join an
unregistered trade union and agree to
deal with it. So far they're not keen."

The new dispensation is obviously
fraught with restrictions and safeguards
for union men. Nevertheless, employers
are happy: "It's what we've been pushing
for for a few years now," says Furniture
Association president Ike Lazarow. "It's
an important breakthrough."
Another measure to bring around the market is the "market will be given a great deal of credit around the head.

The Nasdaq-based furniture stock company was $0.67 (80.7) and after decreased provision for unearned charges.

Natural Fnd September 1 1978

Michael Brown
R15-m in holiday pay for workers

Labour Reporter

More than R15-million in holiday pay will be paid out to more than 90,000 building, furniture and garment workers in the Transvaal in preparation for the Christmas shutdown.

About 16,000 workers will share the R4.2-million worth of holiday bonuses being paid out by the Transvaal Industrial Council for the Furniture Manufacturing Industry.

That is about R900,000 more than last year.

The official closure of the furniture industry is from December 23 to January 18, but many factories have advanced this by one week.

Only 89,000 building workers in the Transvaal — 24,000 fewer than two years ago — are involved in this year's holiday payout.

And the total being paid to them in "stamps" money built up over the year is R9.5-million — R4.5-million less than two years ago.

Lack of work

The industry closes from December 15 to January 8.

The Reef's 19,000 garment workers will take home about R2-million, or an average of about R110 each, for their Christmas holidays.

Most clothing factories are closing from December 15 to January 8 but the timing varies and some factories will shut for a whole month because of lack of work.

Resource were helped with the development of a country industry to that
formal education a large band of cattle (L.2 million) and employment
is a small fact that will pay to exploit water resources in the best way.

The success story of a vast sheep and cattle project
became important in 1966 when Botswana was declared a decade as an independent country.

Introduction
MANUFACTURING — FURNITURE

8 JUNE 1981 — 21 DEC. 1981
B&H Chairman Hymie Back paints a fairly optimistic picture of the current year with increasing consumer demand and a "year of growth and stability" for the company. Productivity improvements, through automation and training, are intended, and additional working capital has been negotiated to finance an expected increase in turnover.

However, the R700 000 addition to working capital, acquired through a mortgage on B&H's plants property, may push group borrowings to an unsatisfactory level. Total borrowings at end-December amounted to R1.7m, and interest and commitment costs absorbed R79 000 of pre-tax profit; giving a gross cover of 3.4. With the additional long-term borrowings, cover could fall to less than three, which, if the consumer boom does not materialise may inhibit dividend growth.

Demand for consumer durables picked up in the past year and these conditions continued into the first months of 1979. Back says Back, however, that competition will remain intense. The group's productivity drive should he says, help avoid cost escalation.

B&H changed to life stock valuation last year which reduced taxed profit by R38 000 to R405 000 and stocks by R77 000. The group also excluded the value of labour in finished goods which reduced inventories at end-December by a further R30 000. Nevertheless, B&H ended the 18 month accounting period with higher stocks at R86 000 (R786 000), mostly in raw materials and work in progress following the labour accounting change. These changes had the effect of reducing earnings from 22.3c for 18 months to 17.5c. This means the last six months generated 9.7c compared with 9.3c in the corresponding previous period.

On an annual basis earnings are 11.7c and the dividend is 5.3c — placing the share on a 10.7% yield. There may be a higher dividend this year, but the yield is not very attractive for a thinly-traded share.
Furniture shares

Near-term attraction

Furniture and appliance shares have fallen with the industrial market over the past fortnight, but average prices still stand 51% higher than a year ago. And once the share shake-out has run its course, a further rise seems on the cards as consumers use their tax cuts to finance new purchases.

The sector’s advance has reduced the average dividend yield to 7.1% (1978: 9.1%). By comparison, the overall industrial market yields 6.8% (8.1%), the relative cheapness reflecting some sluggish sectors, like building, which inhibit demand.

The physical volume of manufacturing production of the industry bottomed at 190.2 in 1976. In 1978 it crept up to 197.7, and the first two months of this year weighed in with 191.1 and 190.1. The high January figure must include part of the pre-Christmas rush, since the first quarter is usually quiet.

Manufacturing sales have moved slowly from R3065m in 1975 to R3198m last year — 5.8% above the 1977 figure. This year started slowly and will not benefit from abnormaly good months like those before gas.

Leading manufacturers and retailers expect sales growth to continue this year. Afcol’s profit rose 61.8% in the year to March, and this leading manufacturer anticipates further growth in 1979. The directors expect a pick-up in office furniture sales and improvement in the building industry to enhance profits. But competition is expected to remain intense as there are about 500 manufacturers in the Transvaal alone.

Nationwide, there are over 4,100 retail outlets, says Furniture Traders’ Association executive director Sieg Redlingbuys. FTA expects sales growth of some 7% this year, which is not great if inflation is taken into account.

Future sales growth depends on whether mid-year tax cuts will more than compensate for price increases resulting from more expensive timber, says Russels MD Les Mankowitz. Russels is the largest retailer on the JSE. Although Mankowitz discerns a note of confidence in the industry, he cautions that a significant revival depends on the building industry recovering and unemployment decreasing. In the smaller centres he reckons there could be some over-trading as larger retailers expand.

OK Bazaar is another large retailer. Its furniture merchandising executive, Malcolm Smith, says sales are not “booming” although the second half of the year should improve. Like other retailers, Smith says OK’s stocks are low and there is little delay in obtaining supplies from factories.

Amrel MD Ronnie Cohen says recent staple food and lumber prices increases could harm sales, particularly in the lower-end of the market. But Amrel expects higher sales and profits in the current year after closing several unprofitable outlets.

Retailers selling to blacks are worried that the price increases in food and timber could hamper sales. Disposable incomes are not rising as fast as prices, says Ellerme chairman, Eric Ellerme. But he does not expect the recent price hikes to have a significant impact on sales.

Hi-fi sales are “coming into their own”, says OK’s appliance merchandising executive Arthur Solomon. But until the building industry picks up, white goods face unexciting prospects. And TV sales will remain stagnant until there is a black channel and further electrification.

In the furniture and appliance sector, Tedex appears one of the most attractive buys. Chartist Clive Roffey expects the share a potential upside to 200c, and if 13c is paid this year, the share, at 110c, yields an attractive 11.8%. The dividend projec-

Financial Mail June 8 1979
SAM STEELE
Chair-bound

Activities: Investment and finance companies involved in the manufacture and retailing of furniture. Owns all of Steel & Barrett.

Chairman: F J Roy, managing director, B M Goldberg.

Capital structure: 10.8m ordinary shares of 50c.

Financial: Year to August 31 1978. Turnover (RM) 812 000, Net cash flow R710 000.

Share market: Price 35c (1978-79 high 58c, low 17c, trading volume last quarter 1.1m shares). Yields 12.6% on earnings, 9.5% on dividend. Coverage 1.7.

Gross profit 34.5% of turnover.
Debt Equity ratio: 31.5%.
Return on equity: 17.5%.

Though chairman Edward Roy reports that the first four months of the year show "a satisfactory repetition of improving turnover," it is difficult to project likely trends for the full 12 months.

Turnover (RM) 486 1126 1164 1120
Pre tax profit (RM) 85 116 116 107
Net cash flow (RM) 46 96 95 96
Dividends (RM) 4.6 4.6 4.6 4.6
Net asset value (RM) 47 56 73 75

*Year to February 1978.

Everything depends on the new 100% owned Steel & Barrett. But though the subsidiary reduced debt last year through a R5.5m rights issue, attaining a satisfactory debt ratio could mean dividend restraint since the furniture market is back on track.

Last year S&B earned R595 000, of which R82 000 was attributable to cash flow.
**More in store**

Russell's slightly lower interim earnings were accompanied by a forecast that profit for the year might be lower. But, at end-April, pre-tax profit was 14.7% higher at A16,836 (A14,215.2m), and the final dividend lifted to 10c (6c) for an 18c (10c) total, and it appears that after two good months in the current financial year, another dividend may again materialise.

At the half-year mark earnings were 20c (20.6c) and the dividend was pegged at 4c. Operating margins fell to 10.4% (12.4%) on sales of A64,215.2m (A55,053m). However, management's efforts to reduce costs were obviously successful as, over the year, margins were unchanged at 13.1% on sales of A138,970.2m (A117,590.8m) with 32% (45.3%) tax rate and less to outside shareholders, increased earnings 15.3% to 10c (6c).

In the last year, the group's clothing interests, predominantly the 94% held Manly Boys chain, experienced difficult trading and some unprofitable outlets were closed. In 1977/78 the clothing division contributed 5% to net income and a 6% contribution was negligible, with nearly 10% of net income coming from the furniture operations says MD Mike Markowitz.

Furniture sales benefited from increased consumer spending after the budget tax. The group continued closing unprofitable outlets and opening new stores as opportunities arose, but Markowitz says there was little change in the total number of outlets. However, he notes that retail collection, which showed down in the previous year and 1977/78, increased 17.7% in 1978/79.

Markowitz hopes the 14.7% turnover increase of 1978/79 will be better than in the previous calculations, but that the fuel price increase and its effect on retail selling prices of furniture makes forecasting difficult.

Dividend cover increased to 4.3 (4.1) times because of the expected higher profit of the business in the year. However, the group's cover has seldom been higher, and efforts are being made to limit the extra stocks needed to meet demand.

The share has fallen 15c to 125c in the past twelve weeks to yield an average of 6.6%. The expectation of higher profits is likely to be fulfilled, so a higher dividend is a reasonable safe bet. This implies a yield of 10% higher than most in the furniture sector. As such, Russell seems undervalued.

**Financial Mail June 29 1979**

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**TREND ONLINE**

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**New group takes over**

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**TRADE UNIONS**

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**Principle and practice**

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**8 APR 1979**

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The agreement, which has not yet been gazetted, will come into force in three months' time. Employers and unions both claim it will effectively abolish the job colour bar in the industry.

Until now, employers have not been allowed to employ Africans in Grade I (journeymen's) work at all. Furthermore, Africans have been allowed into Grade II jobs only under a "learnership system," which stipulates that at least one African labour must be available, that the African candidate for the job be 21 years old, and that he must have been in the industry for four years.

The new agreement scraps the industry's "restRICTIVE EMPLOYMENT" clause. But a stumbling-block remains. Africans cannot be indentured as apprentices, the employers arguing that there is no college training available to them in the "white" areas.

However, Winston Smith, secretary of the Transvaal Furniture Manufacturers' Association, says that Africans will still be able to occupy Grade I jobs by making use of the "learnership" system previously applicable to Grade II workers.

Those who qualify under this system will be able to do journeymen's work at journeymen's pay scales, despite the fact that they will not have official artisan status, says Smith.

Some furniture employers argue that the "learnership" system stacks the cards heavily against Africans. But Michael Lalaram, secretary of the National Union of Furniture and Allied Workers, says that "many blacks are doing skilled work as a result of the scheme."

Although Smith says employers are "very happy" with the new agreement, he adds that they are still restricted by Section 3 of the Environment Planning Act, which has resulted in restrictive African labour quotas being laid down by government. "Until the Act is removed, promoting a black still means that you can't replace him with a new worker lower down the scale," he says. This, he argues, may slow African promotion.

Lalaram tells the FM that his union did not oppose the relaxation of Grade I restrictions because "we can now organise blacks into a registered union. We have always said that we will allow the barriers to go as soon as we can."

His union, which represents coloured workers, has started organizing a "parallel" African union and will apply for recognition for it "as soon as the law permits it." Lalaram adds that his union would amalgamate with the new African union — and with the small white-only union in the industry — "within 24 hours" if legislation permitted mixed unions.
PINE FURNITURE
Through the roof

Pine furniture has become one of SA's fastest growing export industries. Worth only R20m in 1977, exports leapt to R180m last year and should reach R200m this year.

"Next year will bring in between R200m to R300m for our members," says Southern Africa Pine Producers and Exporters Association chairman Richard Makin. The company organization certainly seems to be on a boom time if his prediction is even vaguely correct.

Turnaround in the pine furniture industry comes at a time when manufacturers are cutting each other's throats locally in front of sceptical consumers. Enthusiasm about the design or price of its white-good products overseas is growing.

"We expect exports to stabilise at R200m including R15m from us," says Do-it-Yourself Kita's director Jeff Whittle.

His 1990-workforce Bafule design factory opened a year ago with a "small" increase in overseas orders. Whittle conservatively estimates that sales will rise 25% over the next 12 months despite price-cutting by exporters outside the association. "The price of timber has risen 40% earlier this year and now it has jumped up another 15%," says Whittle.

Makini, who also runs Maiki's Corporation in Krugersdorp, fears SA will lose ground in overseas markets. "The country is like a bottomless pit for SA pine furniture exports even though our R150m worth of shipments from his HMB Industries has already reached R120m since February. "The only way we can survive in Europe is by reducing the price of our products. "Our labour costs are up, and we can't afford to price too aggressively. Our competitors in Europe are importing for export. Our prices are too high compared to European competitors and may not be able to survive.

Bugs Boland is wary of endorsing "the bottomless pit for SA pine furniture exports. "We have a 228 work force manufacturing for export at Bafule design, but our prices are too high compared to our competition. "Our prices are too high compared to our competition. "We have a 228 work force manufacturing for export at Bafule design, but our prices are too high compared to our competition. "Our prices are too high compared to our competition. "We have a 228 work force manufacturing for export at Bafule design, but our prices are too high compared to our competition.

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Mortality rates greater than 5/1000 appear in italics in table 1.

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Furnishers settle disagreement over suite

People who order furniture to be made up according to their choice of style or colour should be certain they know what they want as the shop can distort what they take and pay for it.

Kosy Furnishers, in Rosebank, a member of The Mattress House Group, did not hold Mr A Forleo of Parkhurst to this when he refused to accept the red lounge suite he had ordered, although they were legally entitled to make him to court.

Mr Forleo had paid a R100 deposit, 50 more than required. When the suite did not arrive within the promised two weeks, he wanted R50 refunded. This was refused, he was also refused permission to buy something else with his R100.

He refused to accept the suite when it was first delivered because it was six weeks late, the fabric was stained and one of the legs was wrong. Three weeks later the repaired suite was ready for delivery, but Mr Forleo demanded his money back.

Kosy Furnishers offered to remake the suite, to sell it and refund the deposit, or as a gesture of goodwill, to sell it to Mr Forleo at a 10% discount. When he refused all these offers on the grounds that the suite was no longer new, secondhand Star Line contacted the Furniture Traders’ Association (FTA).

The association's executive director, Mr S F Redelingshuis, pointed to Star Line that one of its codes of conduct stated: "No such conciliation (such as cancellation) is allowed for goods cut out or made to order or specially ordered for the special instance and request of the purchaser. The purchaser is thus obliged to honour a special transaction."-

Despite this, Mr Forleo refused to inspect the suite and demanded a refund.

He ignored all letters sent to him from the shop, by the FTA and by Star Line.

Six months later Kosy Furnishers pointed out it could take him to court for the balance owing on the suite, but instead was prepared to let him use his R100 deposit on another item.

Mr Forleo accepted this offer.

A muddle over registered mail

Registering mail is not as safe as one might think it is because the post office will allow anybody to sign for it. This is what Mr Joseph Sochet of Maritime Court, in Kerk Street, Johannesburg, felt when lost mail cost him R17.30.

In November last year a share certificate was posted by registered mail to Mr Sochet when it had not arrived by March this year. Mr Sochet contacted the post office, where he was shown the postman's postal list. His letter had been signed for but the signature was not his.

Mr Sochet discovered the signature was that of a man who ran a shop in the same building as the block of flats in which he lived. The man had no idea what had happened to the letter.

Replacing the certificate cost Mr Sochet R17.30 and he felt the post office was responsible for this amount.

He said he felt that if neither he nor the caretaker was available to accept registered mail, it should be returned to the post office and a notice sent to him, asking him to collect the article.

Funeral parlour would not release bodies

Two bereaved families asked Star Line to intervene when Poonees Funeral Parlour of Lenasia refused to release the bodies of their relatives for burial by another undertaker.

When Star Line eventually succeeded in persuading it was a Sunday so they returned on the Monday, Mr Beckram Poonees, brother of the funeral parlour's owner, Mr Dawid I. Poonees refused to release the body without my brother's permission." He tried to persuade the family to allow Poonees to do the funeral, but the relatives insisted that Poonees should not act as they said they had previous unsatisfactory dealings with them. The independent undertaker in Soweto told Star Line he had let them do the funeral as he had the day before, but had removed the body from the parlour for a few days.

Mr Beckram Poonees told Star Line: "What happened was the family had let us do the funeral. We would have charged them R20 for everything - the viewing, removal and the burial, but the family refused to pay this charge."
Star Line found that Pooness Funeral Parlour had

- Spurned both families' rights to have the bodies buried by an undertaker of their choice.
- Used tactics to delay burying the bodies and insisting on releasing them, therefore delaying the burial for the families for the delay.
- Tried to "bargain" with the families in an attempt to be given permission to arrange the funeral, but when one of the families rejected the "bargain price" outright, charged an exorbitant price for the body's removal and storage.
- By their attitude, one of the families managed to allow them to bury their relative against their will.

Mrs Martha Mavelone of Diepsloot, a member of the first family to complain, and when her aunt passed away on a Saturday, the woman with whom the aunt lodged asked Pooness to remove the body and grant further instructions from the family.

The next day the relatives called at Pooness to instruct them to release the body to City Funeral Directors, whom they wanted to arrange the burial. Nothing could be done as the funeral parlour refused to release one of the bodies, and the family was charged R120, a large part of which was for storing the body during the delay caused by Pooness.

Mr Dawchand Pooness had not made an appearance to the relatives who were forced to stay away from work and return to Pooness the next day. By Tuesday afternoon the family was desperate and asked City Funeral Directors to contact Star Line.

"Pooness are prolonging the agony of these people by making them wait, it's disgraceful to treat a bereaved family this way but it seems they are "upset" to nobody," the Director of the City Funeral Directors told Star Line.

Star Line immediately contacted Pooness Funeral Parlour and asked by Mr Bekram Pooness that he could not release the body even if his brother had "not returned by next year," He could, however, "arrange the funeral," he said. He claimed his brother was unavailable as he had "gone to fetch a body" and only when he returned could the family discuss the matter.

He said he knew that if the body was released the charge would be R120 for "removal and storage for three days." He said he could not understand why the family did not want Pooness to do the burial.

In a further attempt to trace Mr Dawchand Pooness, Star Line contacted another branch of the company, where it was claimed "Mr Pooness is visiting his wife in hospital and is not able to give permission for the release of the body." Later the same day the body was released at a charge of R100. "We gave them a R20 discount," Mr Pooness told Star Line.

in the funeral business to why should we be expected to remove the body and then have someone else bury it?"

Mrs Rebecca Mfuli of Mmahlise, a member of the second family, asked Star Line for help when the family had the same experience with Pooness.

When her mother died the family had asked a friend to summon City Funeral Directors to collect the body and arrange the funeral, she said. The friend had mistakenly called "Pooness Funeral Parlour," he fetched the body. The relatives discovered the mistake and immediately went to Pooness to collect the body.

The family does not want the body to be taken by Pooness," Mrs Mfuli told Star Line when, by late on the second day, they had been unable to get the body.

Mr Bekram Pooness reiterated his brother was unavailable and he could not release the body, regardless of the family's wishes. "I don't know when my brother will return — the people will simply have to wait for him," he said.

At that stage the Pooness quoted the family a 'special price' if they were allowed to do the burial, but the family rejected this.

On the third day the relatives were told they could "save the body if R150 was paid." In desperation they agreed that Pooness should arrange the funeral to finalise "the upsetting business," as Mrs Mfuli put it.

Star Line has asked the Trade Practises Advisory Committee in Pretoria to investigate the matter.
300 years old - with bright future

THE making of furniture in the Cape was one of the first industries to develop in South Africa after the arrival of Jan van Riebeeck.

Today, three centuries later, there are 197 factories in the Western Cape employing 7,498 people.

One of the earliest types of furniture and lately some have found an export market.

The export of Cape-made furniture is a new development. It is growing encouragingly with furniture finding buyers in America and Western Europe.

RISING COST

The industry’s main problem in the Western Cape is the rising cost of materials, the scarcity of good furniture timber, and imports into the Cape market by manufacturers outside the Cape.

The rise in costs has affected every commodity used by the furniture industry, according to Mr. V. Sobha, chairman of the Cape Furniture Manufacturers’ Association.

The cost of timber, boards, foam, cloth, coverings, carriage and railway transport have all increased substantially.

Pine wood, for example, has risen by 35 percent in the past year alone.

The industry has been absorbing the cost increases during the past two years, but obviously the price of furniture to the consumer will inevitably also be affected in due course.

SECOND TIME

The increase in carriage costs was particularly worrying, Mr. Sobha said, because many commodities used in furniture-making were transported from up-country and these costs had to be met a second time when finished furniture was transported back to the interior markets.

Our transport accounts have increased phenomenally; Mr. P.B. Kruij, the vice-chairman of the association, said.

The industry was also experiencing a severe shortage of hardwoods, Mr. Kruij said.

EXOTIC WOODS

There are no hardwoods suitable for furniture in South Africa barring a couple of exotic woods which we get from the KwaZulu-Natal district.

Producers in other parts of South Africa who have penetrated the Cape market are causing concern, and local manufacturers would like to see the buying public giving its support, when possible, to furniture made in the Western Cape.
FURNITURE SECTOR

Comfortably placed

Riding the crest of rising consumer spending over the past year, retailers have felt the benefits of increased turnover and, to some degree, better margins. Christmas has left most retailers with less stocks, fatter wallets and broader smiles than has been the case for several years, as well as a strong base for launching into the Eighties. And, if the experts are to be believed, consumer expenditure should remain buoyant for at least the next 12 to 18 months.

Specifically, this must be good news for the furniture industry, which relies on consumer confidence for growth, and which is traditionally hard hit by any form of social, political, or economic upsets. One of the bigger problems facing the industry is the tendency of consumers to defer purchases of large household items in the face of rampant inflation and political uncertainty, as has been the case over the past four years.

But judging from the performance of the furniture sector over the past year, it looks as if this trend is reversing. The RDM furniture index has advanced by just over 100%, though admittedly from a low base of 75.6 at the start of last year. But this was well ahead of the 58% rise recorded by the RDM 100 industrial index. At the same time, the average dividend yield for the sector has only dropped to 5.1% (7.6%), reflecting far better operating results over the period.

Of the major companies in the sector, Afcol is by far the largest manufacturer, with turnover of R18m (R100m) at end-1979. Although compound turnover growth has been in the region of only 6% over the past four years, with attributable earnings doing marginally better at 6.8%, latest interim results to end-September more than justified last year's share price hike. Attributable earnings were 57% ahead of the previous corresponding period at R5.1m (R3.3m). This was well ahead of market expectations.

However, the impetus behind Afcol's boost was not so much an improved performance from its furniture manufacturing division, but better income from associates and investments, in particular Amrel, Barlows and Romatex. Attributable income from associates was 206% ahead at R1.3m, and investment income rose 39% to R586,000. Also the benefits from the Spinkor deal, which merged Afcol's and Brulpby's particle board operations - have been realised, so income from associated companies should improve even further.

Overall, Afcol looks a good bet. The directors anticipate that earnings this half will at least match the first-half's. My view is they will probably be better in the face of an increasing rate of growth in the economy. Conservatively, if earnings of 45c are reached this year, then a twice-covered dividend of 22.5c puts the share, at 340c, on a prospective 6.6% yield.

Once a wholly-owned subsidiary of Africol, Amrel was hived off in 1976 as the furniture retail arm of SAB. Since coming to the market, the group has recorded an 11.2% compounded turnover growth, no mean feat considering the state of the economy during that time.

In the same period, the group's compound dividend growth moved smartly ahead by an annual 27%, caused mainly by a near doubling to 29.5c in 1979. Recently, Amrel's trading base was enlarged through the incorporation of SAB's shoe interests, comprising Cuthberts, Select-A-Shoe and Multiserv, which contribute about 20% of the group's taxed earnings.

Amrel, too, has benefited from the latest economic upturn, and the results to end-September reflect an "exceptionally pleasing" increase in sales from all divisions. According to financial director Natie Brodie, the group's fortunes started picking up around Christmas 1978, and after a better 1979 Christmas quarter, things are looking good for 1980. Although the latest interim results do not reflect the benefits of the crucial 1979 Christmas period, earnings still improved 88% to 30c on the back of a 54% turnover improvement to R35.7m (R20.1m).

These results will no doubt accelerate the group's expansion programme, as improved cash flows come through. As with other groups in the sector, Amrel is highly geared. But a recent issue of 1.1m shares to SAB for the absorption of Shoe Corp (which had the effect of diluting earnings), has lowered the group's borrowings ratio enough to give flexibility in raising new finance. This will no doubt be required as it pushes ahead in its sales drive and opens more Select-A-Shoe outlets.

Although expansion plans will impact on distributable earnings, Amrel still offers investors sound medium-term prospects. Earnings of 10c are well within reach, and despite a higher debtors book resulting from increased sales, dividend cover will doubtless remain at around 35 times. This implies a 20c final and 13c interim, putting the share at 560c, on a projected 6.1%.

With sales of R185m at end-1979, Russels is the largest quoted furniture retailer in SA, operating over 290 stores and marketing mainly to whites. The group's record over the past four years has been far from inspiring, with turnover growing at a compound 11.3% and earnings and dividends by only 1.7% and 9.9% respectively. But since the year-end things have improved. At the interim stage turnover was 30.6% up at R290m, and operating profit, boosted by wider margins, was 59.5% ahead at R10.6m.

According to MD Les Mankowitz, plans are afoot to open several new furniture outlets.
stores. He feels that last Christmas was outstanding and expects a boom this year. Although he refuses to comment on earnings, a 5c payout in 1980 is possible with the promise of a 10c payout. On this basis, the share yields a prospective 6.7%.

A good performer over the past four years has been Natal-based Relec. It has recorded compound earnings and turnover growth of 17% and 20.5% respectively. The group is well placed in the Natal market, and has benefited substantially from its investment in Game, a cash discount chain which will soon see additional outlets opening in Durban. Also, penetration of the Transvaal furniture market is growing. Already, there are about 50 stores in operation following the recent acquisition of 11 stores from Bronman Holdings.

MD Alec Rogoff says that interim results this year, which are due in a few weeks, will be ahead and that the tremendous upsurge in Christmas spending saw the furniture division achieving record results. Although he is not keen to disclose projected earnings for the year, Rogoff is confident of strong consumer demand in 1981.

Despite diluted earnings through increased share capital an interim of 1s (5c) will probably be declared with a 10c final within reach. This puts the share on a prospective yield of 5.6%. A deceptively high yield and still a solid long-term buy.

As for World and Ellerene, both are well placed in the black market. World's four-year record of earnings and turnover growth has been adequate although dividend growth has tended to lag. Last year's trading conditions were not up to group expectations, but plans to upgrade stores and improve asset management should help this year.

Ellerene's chairman Eric Ellerene says that although the group has gained market share overall sales certainly did not 'run away in the latter part of last year.' For the next 12 to 18 months Ellerene sees a steady increase in demand, especially for better quality merchandise.

If earnings can approach the 11c mark, then a possible 20c dividend puts the share at 41c on a prospective yield of 7.2%.

Overall, the furniture sector looks set to prosper again this year. Many investors, however, have already discounted a strong revival. What frightens others is the relative short-term strength of the sector. But certainly results this year — and next — will back-up current share prices especially if the economy maintains momentum.
Afcol profit doubled, final is 18c

Financial Editor

ASSOCIATED Furniture has more than doubled profits and dividends for the year to March 31, 1980, in yet another surgeing performance from the SA Breweries group.

SAB owns 56% of Afcol, the furniture makers.

Afcol boosted taxed attributable profit last year by 105% from R6 415 000 to R12 211 000.

The final dividend has bounced up from 7c to 18c to give a total of 20c compared with 14c the previous year.

Earnings a share were up from 28,4c to 57,6c.

The results are way ahead of forecast — the directors' original estimate was earnings of 40c.

What is remarkable is the extent of the profit boost from a modest increase in turnover.

— up by 22% from R116-million to R142-million.

That was sufficient to generate an 80% rise in gross operating income from R3 020 000 to R5 159 000.

The directors say “improved economic activity in the second half of the financial year led to increased sales, higher capacity utilisation, and, therefore, profits.

“The also applied to those whose businesses for which we are not included in the group turnover”.

For most of the last financial year, Afcol had major investments in stable companion Almagamated Retail and in Barlows and Romatex.

The sharp rise in dividend income from R1 674 000 to R4 575 000 and the corresponding attributable profits to the 105% rise.

Afcol has, however, increased its stakes in Romatex from 10% to 22% in a deal which included selling all its Anrel shares to SAB and most of its Barlows shares to Romatex’s minority shareholders.

The Afcol directors say “additional earnings will flow (this year) from the Romatex investment which will then have been held for the full financial year”.

They say the 1979-80 figures included only 2c a share from Romatex, whereas had the deal been effective for the full year earnings would have been 67c instead of 57,6c.

The directors forecast “while the same rate of growth in earnings a share cannot be expected in the coming year, there is good reason for optimism with regard to the quantum of expected earnings.

“The improved outlook for growth in the overall economy coupled with expected building industry activity will benefit all areas of Afcol’s investments”.

Afcol shares were priced at 230c yesterday, offering historic yields of 18% on earnings and 8,1% on dividend.

These must look attractive if the overall market perks up...
Afcol’s profit rises 105 pc

By Colin Campbell Deputy Financial Editor

What else can you say about a 105 percent rise in year-end profit and a 167 percent increase in the year’s dividend than “excellent”?

Afcol today reports net profit for the year ended March 31, 1980, of R42m, up from R18.5m the previous year. This is the highest profit in the company’s history.

The board is positive about the company’s prospects and has recommended a 105 percent rise in the year’s dividend to 28c a share. The dividend is expected to be paid on May 15.

The company has been boosted by a favorable exchange rate and by increased sales volumes. Improved capacity utilization and higher sales volumes have contributed to the increased profits.

Afcol recently acquired 67 percent of Romatec, a company that manufactures machinery for the agricultural sector. The acquisition is expected to boost profits in the coming year.

The board has also recommended a special dividend of 10c a share.

The company has also announced its intention to expand its operations in the United States, where it already has a subsidiary.

Afcol is a leading manufacturer of agricultural machinery in South Africa.
B & S meets strong demand

B & S STEEL Furniture has reached a new adventurous phase of its development and this is borne out by results so far this year, says the chairman, Mr R Back, in the annual report.

The company expects a marked increase in demand for its products.

B & S Steel has become subject to borrowing restrictions in terms of foreign exchange control because more than 25% of the issued capital is now held by non-residents as a result of the emigration of a director, Mr J Grossman.

Of the 2 256 400 shares in issue, 758 256 shares (representing 33.6% of the total) are held by non-residents. In terms of the formula applied by the exchange control authorities, the company's South African borrowings are limited to 74.4% of shareholders' funds.

To remove this constraint on its operations, a company controlled by Mr J Grossman — Joe Grossman Family Holdings (Pty) — will reduce its holding in B & S to a level at which the company will cease to be subject to restrictions.

This is subject to Family Holdings right to increase its shareholding to its present level at any time up to and including January 1, 1983, by which date it is expected B & S will have been able to reduce its borrowings to a level at which on the assumption that Family Holdings exercises that right to increase its shareholding, B & S will be able to operate more comfortably within the exchange control constraints.

An agreement has been concluded that the issued share capital and share premium account of B & S be reduced by R105 000 by the cancellation of 263 000 shares held by Family Holdings, and the payment to it in cash of R56 a share in respect of those shares, representing the share capital paid up thereon, and R56 a share by way of a reduction of the share premium account of B & S.

— Reuters
B & S STEEL FURNITURE
Attractive yield 23/15/80

Activities Steel furniture manufacturer. Main products are kitchen units, tables and chairs, office furniture and institutional seating.
Chairman and managing director H Back

Capital structure. 2.3m ordinary shares of 50c Market capitalisation R2m

Financial Year to December 31 1979
Borrowings long- and medium-term R1m, net short-term R1m Debt equity ratio 70.4%. Current ratio 2.1 Net cash flow R592 000

Share Market Price 105c (1979-80 high, 165c, low, 40c, trading volume last quarter, 49 000 shares) Yields 36.3% on earnings, 7.1% on dividend
Cover 4.8 P/E ratio 3.8

Pre-tax profit (R'000) 716 425 304 996
Return on cap % 20.9 15.8 11.0 23.0
Earnings (c) 18.5 12.1 8.6 27.0
Dividends (c) 6.5 5.5 6 7.5
Net asset value (c) 96 102 112 133

*For 1978, accounting period ended June results for calendar 1978

This year’s earnings should be enhanced by a proposal to reduce the issued share capital, over and above any improvement resulting from the more buoyant trading conditions.

The decision to reduce the capital follows the emigration of one of the firm’s directors, J Grossman. This has led to the company becoming subject to restrictions on its borrowings under exchange control regulations, as nearly 30% of the capital is now held by non-residents. And while borrowings are presently within the 74.4% of shareholders funds limit, they are unlikely to stay that way due to the group’s need for additional working capital as turnover increases.

Grossman has therefore agreed to the cancellation of 263 000 of his shares at 60c, subject to his being given the right to restore his holding, at the same price, any time before January 1, 1983. The effect of this will be to reduce the non-resident shareholding to 24.8%, thereby reheaving the group of any outside restrictions on its borrowings.

From the angle of minority shareholders, however, the more interesting effect is that earnings per share on the reduced capital will receive a 12% boost even if the company has to borrow the R158 000 to pay Grossman out. Had the reduction taken effect last year, earnings would have been about 3c against the 27.5c actually achieved. Even a modest 20% improvement in attributable profits this year, therefore, would yield an earnings gain of around 35c.

Profits recovered sharply last year from the depressed conditions of 1978, under the impetus of the improved economic climate, increased production capacity following the automation of certain processes, and improved labour productivity.

The result was a turnover 7.8% higher than in the previous 18-month accounting period and a 36% increase in pre-tax profits. Due to the seasonal nature of profits, 1978 results cannot be satisfactorily annualised, but it appears that last year’s profits were about 134% higher than those earned in calendar 1978, with most of the increase coming in the second half.

The higher level of activity has, however, placed a strain on group resources. The debtors book alone increased by an amount which exceeded gross cash flow, and it is therefore not surprising to find a fairly substantial debt build-up — from R1.1m in 1978 to R2.1m — in the accounts.

DATES TO REMEMBER

Last day to register for dividends
Friday May 30 Aecol 18c, Amal Medical 5.5c, Arnel 28.5c, Argus 95c, Barlow Rand 18c, Dermacult 7c, Eureka 12.5c, Goodhope 8.25c, HCI 9c, IGIC 5c, Metro 70c, Romatech 24c, SA Brew 12.5c, Satsbus 12.5c, Toyota 28c, Walters 15.5c
Meetings
Monday May 26 SAAN, Stulfonem
Tuesday May 27 De Beers Cons (Kimberley), De Beers Ind (Kimberley), FedFood
Thursday May 29 ER Cons (London), Wespeco (O&O) (Alberton)
Friday May 30 B&N Steel (O&O), Sunderland (Cape Town)

All meetings are in Johannesburg unless otherwise stated. Special meeting 0 Ordinary meeting.
**Duros in good form**

Financial Reporter

DUROS, the Cape Town furniture manufacturer, bounced back with a taxed profit of R3.683 in the year to last February from 1978's R1.067.

No dividend has been declared in the preliminary report. Duros last paid a 1.5c dividend in 1977.

The directors say sales ran at much higher levels in the first quarter of the current year.

The seldom traded shares have been static at around 80c.
Boumat goes into Action

By HAROLD FRIDJHON

BOUMAT has bought 80% of Tool Wholesale Holdings (Pty) — the Action Group — for R1 502 500 as from March 1, 1991. On the basis of THW's accounts for the year to February 1990, the agreement in principle was reached. The balance of R62 500 is to be paid in cash or shares, or by both, at the market price when payment is made.

BOUMAT, the 5% share holder in the Tool Wholesale Holdings, the cost is R72 656. Boumat will satisfy the share price of R1 502 500 by a cash payment of R400 000 and by the issue of 100 000 Boumat ordinary shares at 49c. The share price of R72 656 was the market price on the day when the agreement in principle was reached. The share price of R62 500 is to be paid in cash or shares, or by both, at the market price when payment is made.

Mr. Gevusser, executive deputy chairman of Boumat, told me yesterday that the group had been investigating this business area when the opportunity arose to acquire the Action chain.

Buying THW and the Action shops will not impose any burden on the Boumat management structure. Mr. Gevusser, who was the founder of THW with his father, retains a 20% interest and will continue as managing director. The Omus had plans for expansion although there were some financial constraints.

With Boumat behind them, some of these plans can now be implemented and it is expected that this will become another Boumat growth point.

Boumat appears to be on the move. The THW acquisition is the third in a week, but the most important.

Last week the group bought City Metal Works for R720 000, which was paid for by the issue of 150 000 Boumat shares at 49c. City Metal manufactures kitchen pride kitchen units, one of the three leaders in the field. It specialises in housing contracts and individual sales of units through distributors.

The other acquisition was to buy out the 40% minority shareholder in Knoc (East Cape) for R250 000 which was also paid for by a share issue. The number involved was 70 000 Boumat ordinaries at 470c.

Neither of these two acquisitions will have a material effect on Boumat's earnings a share or in its net assets a share.
Amrel to open 70 more outlets

By ELIZABETH ROUSE

Amrel, the SA Breweries group furniture and shoe retail division, plans to open 70 outlets this year — a sign of the group's optimism about the consumer upswing.

This expansion follows on the opening or re-opening of 41 shops and the closing of 30 shops in the past year in line with the group's rationalisation and updating policy.

The chairman, Mr Dick Goss, says in the annual report that the group's capital structure is adequate to finance the envisaged growth, but it is advisable to rearrange the borrowing pattern Long-term loans are being raised.

The 1980 balance sheet shows that interest-bearing debt rose to R35 000 000 in the year to last March from R33 000 000 in 1979 and total liabilities to total shareholders increased to 1.91 after remaining at 1.81 for some years.

Mr Goss says Amrel trades on the principle of different chains of stores to serve specific markets. There are 12 such chains within the group and this policy allows it to focus on a particular market and encourages flexibility in day-to-day operations.

A partnership is being negotiated with the Coloured Development Corporation in the Cape to facilitate store openings in selected areas for both furniture and shoes.

The group operates shoe shops successfully in partnership with the relevant Government corporations in Bophuthatswana and KwaZulu.

Amrel plans to open 20 furniture stores and to re-open five shops. The Early Bird Television service division has moved successfully into household appliance repairs and this service will be expanded.

The shoe division trades under four main trading names — Cutberths, Selecta, Barnes and Mulliserv. A programme of store rationalisation and openings is under way.

Many Cutberths stores, better suited to Selecta's self-service style of trading, are being converted. Low-return stores are being weeded out and replaced with opportunities more suitable to Cutberths' requirements. Selecta will open 37 units with major emphasis on the Western Cape. Four Barnes stores will be re-opened and Mulliserv, the heel-bar division, will expand by about 20 units.

Amrel again surpassed the national retail sales growth in the furniture and shoe sectors over the past year. National retail sales rose by 13%, with furniture increasing by 20% and footwear by 9.5%.

Amrel's turnover rose to R125 650 000 from R7 500 000. Furniture division sales increased to R97 200 000 from R77 000 and shoe division sales were up 29% to R28 400 000 from R24 300 000.

Earnings climbed by 76% to 124.2c from 70.7c and dividends were raised to 41.5c from 32.5c. Shareholders are assured of further earnings and dividend growth on Mr Goss's optimistic view of the growth in consumer spending and the opening of further outlets.
FURNITURE

Well padded

SA's furniture industry has certainly come out of the recession and indications are that increases in consumer spending will make 1980 a record year.

According to the Standard Bank Business Indicators, for April, retail sales (in current prices) are up 41.5% on the corresponding period last year and the industry is confident of strong consumer demand for the rest of 1980.

This increase claims Sieg Redelinghuys of the Furniture Traders Association as the result of boom conditions in the property market and increased money in consumer hands. Turnovers soared last year as a result of the unleashing of pent-up demand — we expect 1980 to continue this trend. Furniture is considered a semi-capital item and as conditions improve it is one of the first luxuries afforded.

The electrification of Soweto and the
UNIVERSITY OF CA EXAMINATION ANS

All answer books must be numbered

Number of books handed in 3

Number of this book

AFCOL

Keeping ahead

Activities Manufacture furniture and particle board Tours, etc., of Romates Ltd., subsidiary of SA Refrigeration Ltd.

Chairman R. J. Goss, joint managing directors J. A. Roper and I. Goldblatt

Capital structure 1,314,800 ordinary, 35,000 6% cumulative preference of R1.50 per share, R17.5m net short-term; R8.3m debt equity ratio 33.3% Current ratio 1.7 Net cash flow R8.7m Capital commitments R8.9m

Share market Price 450c (1970-80 high, 490c; low, 120c; trading volume last quarter, 247,800 shares) Yields 12.8% on earnings, 4.3% on dividend Cover 2.0 P/E ratio 2.8

AFCOL's Goss, streamlining the product range

Although chairman Dick Goss says growth in normal operating profits this year will be less dramatic than in the year to end-March, Aflol is nevertheless likely to achieve results which will keep it well ahead of the industrial pack. Last year the group recorded an earnings improvement of 52c, during the second half probably taking account the attributable portion of retained earnings of Romates which became an associate in January. This was more than double the 26c gain of the first six months, and came from a turnover increase of 27% compared with 11% in the earlier period.

It is thus clear that earnings growth was significantly enhanced through the benefits of a more effective spread of fixed overheads, and capacity expansion. The same pattern is likely to continue this year, says Goss, noting that Aflol still has some unused capacity and can streamline its product range to create even more. The group has no intention of expanding physical capacity at present but there is room to stretch effective capacity by increasing the number of shifts worked.

Consolidation of the retained earnings of Romates will enhance results even further. Last year, only 2% of Aflol's earnings were attributable to this factor, but Goss points out that had the change in investments been effective for the full year, earnings would have risen by a further 10c. For the current year, therefore, it is likely that Aflol could show earnings in the region of 60c, up 20c even if operating profits remain unchanged. Dividends will continue to move in line with earnings as the company intends maintaining its 2.5% dividend distribution policy and the view that a much greater proportion of earnings will now be attributable to associate companies.

<table>
<thead>
<tr>
<th>Company</th>
<th>77</th>
<th>78</th>
<th>79</th>
<th>80</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on cap (%)</td>
<td>14.0</td>
<td>14.4</td>
<td>15.5</td>
<td>19.6</td>
</tr>
<tr>
<td>Turnover (Rm)</td>
<td>917</td>
<td>1,020</td>
<td>1,136</td>
<td>1,422</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>75</td>
<td>4.5</td>
<td>10.1</td>
<td>15.2</td>
</tr>
<tr>
<td>Gross margin (%)</td>
<td>11.5</td>
<td>8.9</td>
<td>9.0</td>
<td>14.0</td>
</tr>
<tr>
<td>Earnings before tax per share</td>
<td>27.5</td>
<td>18.1</td>
<td>27.4</td>
<td>57.6</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>11.5</td>
<td>9</td>
<td>14.4</td>
<td>29.9</td>
</tr>
<tr>
<td>Net asset value per share</td>
<td>159</td>
<td>168</td>
<td>206</td>
<td>313</td>
</tr>
</tbody>
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Although turnover will remain the same on disclosed earnings, the change in profit mix does in fact mean that dividend policy will become more liberal. In the past, the company has been reticent about half the income derived from investments, but now, with investment income attributable to equity accounted associates, it will probably be distributing slightly more than the actual cash income from this source.

This can only be clearly seen by analysing the effect of the consolidation of Romates. Had this been done last year, Aflol would have shown earnings attributable to its investment in Romates of 17c, a share of which half would have been passed on to its own shareholders. Actual income from Romates, however, would have amounted to only 7c per Aflol share, a shortfall of 10c on the amount attributable to Romates which if company would distribute.

Aflol believes other associates such as Romates, Spanish and United will tend to come out the situation. And in any case, its commercial director J. A. Roper says, "The order that has been taken in the full year shows that past 2c could indicate that past dividend policy has been too restrictive."

Despite this, turnover for the first three-quarters of the group and Romates in the present 2.2% with the growth of total shareholders funds from R12m in 1970 to R17m in 1981, in over time, before interest and for gross value investments, the debt equity ratio has declined from 40% to only 10%, which management believes to be too low.

And if shareholders funds are adjusted for current values of investments the ratio drops even further to 35%.

For the present fiscal year, at least one stockbroker says, Aflol earning 25c and pays 10c, or a 66% improvement in each case. This could prove conservative as stripping out Romates, it suggests, gain of only 11c in operating profits which is virtually the same as turnover improvement in the second half of last year. It may not, therefore, adequately reflect cost benefits from a further improvement in capacity use.

Nevertheless, at 450c even this forecast puts the share on a prospective yield of almost 10%, which represents excellent value under present market conditions.

Koren Blomstrand

Refrigeration
FURNITURE

Sitting pretty

"Boom! What boom?" That is what most furniture retailers are asking after the first six months of 1969. That is, the trading conditions have been uneven and the level of consumer spending has fallen quite sharply. Yet it is difficult to assess how much of this has been due to the extent that customers are committing their funds to other, more essential purchases. Not the least of the problems is that most of the companies are anticipating the second half of the year. Traditionally, the last quarter of the year is the most profitable period before Christmas, when knowledgeable, are boom.

Retailers for June were more than an average amount of sales. In many cases, inventories were probably drawn from sales in anticipation of the July tax cuts.

Whether the new credit card rates will be maintained is not certain, but several retailers would be unlikely to do away with them. From the point of view of the consumer, the lower rates may increase the demand for credit in the second quarter.

The cases of the bottlenecks are as fold. During the first quarter of 1969, much of the industry's smaller manufacturers closed down, tired out from the tremendous crush of orders, which they received from the manufacturers, who then had to cut back on the amount of new orders they were willing to accept. In the last instance, some of the orders are too large, and the manufacturers are not able to meet the demand.

Although manufacturers have announced price increases averaging 10%, the retail merchants, who have been able to pass along some of the increases, have not been able to pass along all of them.

Considerable upside

If share prices follow earnings growth in the next few months, then there appears to be a considerable upside for furniture with its average prospective yield of 3.9% and a dividend yield of 1.5% for the first six months of the year. The share price may have room to rise.

Ames, a relatively young company with expansion potential, reached a

versus threat of shortages in the coming months, and some manufacturers are expected to close shop unless a month or two of orders are forthcoming with demand.

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Hugh Parker  
(88)  
(on 5/5/88)  
optimistic

By Financial Reporter  

WITH its Pretoria Furniture Factory subsidiary in liquidation, the Hugh Parker group, helped by the consumer boom, is optimistic about increased earnings in the future, according to the annual report for the year to end February.

The furniture division has become very active and a "very good profitable year is expected," says the chairman, Mr J H Pretorius.

The report says that subsidiaries Pretorius and Praetor Industrial (veneer board manufacturers) performed "very well" in comparison with previous years and good results are expected for the year ending February 1981.

Group pre-tax profit was up at R295,543 (R144,977). Taxed profit soared to R350,514 (R186,030) as a result of a much lower tax rate of 0,15 (0,66). This occurred because of the devaluation suffered by the company a few years ago. The group plans to utilise this concession in the forthcoming year.

The group paid a 3,5c (2,5) dividend on earnings of 12,9c (2,7) a share, representing a dividend cover of four times (1,1) which the company considers to be healthy.

Retained income was up at R1,924,001 (R1,212,659), the current ratio was down at 1,98 (1,99), and the net asset value was up at R2,904,268 (R2,801,059).

At 65c, the share currently yields 6,4%.
KING WILLIAM'S TOWN -- Fire completely destroyed the workshop of a Dimbaza furniture factory early yesterday.

The fire is believed to have started about 2am, but by the time the King William's Town fire brigade reached Dimbaza the entire Nouveau Furniture Manufacturing Company's factory had been destroyed.

A Ciskei National Development Corporation spokesman said a full investigation would be launched into the cause of the blaze. -- DDR.
EL workers ordered out after refusing to work

He claimed he was manhandled by one of the foremen at Border Boxes after an argument over how many pallets he had made on Tuesday.

The foreman grabbed me by the front of my jacket and started shaking me around, asking why I had only made 45 pallets that day," Mr Mfamana said yesterday.

"I managed to get loose but then he came over and told me I was going to be fired on Friday for disobeying him.

Mr Mfamana said he wouldn't go, and was taken to see management. "They told me not to argue with the foreman and said I was dismissed.

When they went outside, said Mr Mfamana, workers confronted Mr Cahill and asked him why their committee chairman was being dismissed.

"Mr Cahill told them Mr Mfamana had not been dismissed, so they went back to work.

"Later, Mr Mfamana said, he was called aside and told a second time that he was dismissed. However, he refused to sign off or accept his pay.

"Yesterday morning he reported for work as usual, and was taken to see management again.

"They told me to take my money and sign off," he said.

"When I walked out the workers stopped again and asked Mr Cahill why I had been dismissed and why I was manhandled.

"Mr Cahill told them I was fired for going with the foreman.

Workers told the Daily Dispatch they were not satisfied with the explanation and felt their union leader was being victimised.

They said the Security Police arrived soon after 8 am and at 10 am Mr Cahill told them to leave the plant.

Mr Mfamana said the Daily Dispatch the workers could return today and he would rehire the workers he wanted.

"If I haven't got enough people, I'll employ new workers or bring them from our other branches," he said.

Mr Cahill refused to discuss the allegations made by Mr Mfamana and accused the trade union of "trying to make some mileage out of this."

"Mr Mfamana can make whatever allegations he wants," Mr Cahill said.

He said he would be prepared to discuss the matter this morning "after this has been resolved."

Workers interviewed at the SAAWU offices yesterday lunchtime said they would not go back to work if Mr Cahill was going to be selective.

"We feel management is discriminating against the trade union," Mr Mfamana said.

Three committee members, Mr Vusumzi Magwina, Mr Nokелеle Luvano and Mr Johnson Pute, claimed they had been warned by their foreman that they were going to be fired because of their union affiliation.

Mr Cahill refused to discuss the trade union's position in the factory or any claims made by workers.

"This trade union business has been brewing and it has now reached a head," he said.

"Everything will be sorted out eventually."

DDR
KING WILLIAM'S TOWN — Estimates of fire damage caused to a factory in Dimbaza on Sunday morning have been put at about R320 000.

The chairman of the Ciskei National Development Corporation (CNDC), Mr. Franz Meisenboll, said the CNDC-owned building was worth R170 000.

"The CNDC did not own the contents so I cannot be certain of the value, but I would guess the contents were worth about R150 000," he said.

Although the factory carried the name Souvern Furniture Manufacturing Company, it was in fact the San Remo Upholsterers, a subsidiary of a Durban-based company, that had taken over the factory shortly before the fire completely destroyed the workshop and storage space.

The office block next to the factory was not damaged.

Mr. Meisenboll said the CNDC may have a building at Dimbaza which could accommodate San Remo. We are looking at the possibility of putting San Remo into another building almost immediately.

"The CNDC has put up buildings for rental and we hope we will be able to lease a building in Dimbaza to San Remo.

"If this is possible, San Remo will be able to restart manufacturing within a few weeks." Mr. Meisenboll said.

"The cause of the factory fire is not known yet — DDR."

1 One or both ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.

2 Candidates are not to communicate with other candidates or with any person except the invigilator.

3 No part of an answer book is to be torn out.

4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University.
32 workers back on job at box factory

EAST LONDON — Half the workforce at Border Boxes here started work again yesterday after being ordered off the premises on Wednesday.

The other workers were paid off.

The director of Border Boxes, Mr Mike Cahill, said all 64 workers who downed tools had reapplied for work yesterday morning.

More than 40 of them were refused entry to the factory, but 16 left the factory minutes later after they were allegedly intimidated by those outside the gate.

"We were left with 32 of the former staff, a group of new workers, and a crew from our Monplais factory," said Mr Cahill yesterday.

Wednesday’s strike followed the dismissal of Mmamana, chairman of a workers committee at Border Boxes elected by members of the South African Allied Workers Union (SAAWU).

Mr Cahill said yesterday that Mmamana was dismissed because of insubordination when he was asked to explain an argument with his foreman.

"I told Mr Mmamana the only way we could sort out the problem would be for him to get out," said Mr Cahill.

Mr Mmamana refused to accept his pay and refused to sign off.

"The next thing, all the workers downed tools," said Mr Cahill.

Mr Cahill spoke to the workers and they eventually went back to work.

However, on Wednesday morning Mr Mmamana again refused to accept his pay and was asked to leave as he walked out of the office block. The workers asked him what had happened and ran into the building to tell the others.

When they heard what had happened, the workers downed tools.

Mr Cahill said he gave them a choice: either go back to work or go.

"At last I lost my patience and told them to clear the premises. A lot of them didn’t want to go, but eventually they all left and we shut the factory down."

Yesterday, Mr Cahill said he told workers at the outset that he would not recognise SAAWU or the people elected to the workers committee at SAAWU’s offices.

"The staff can elect who they like as their representatives — as long as it is done on the premises."

He rejected the committee put forward by SAAWU and said most of the members and shop stewards had only been with the company for a short while.

At least nine staff members had not attended the meeting, said Mr Cahill.

"We do not wish to represent the workers who were paid off yesterday, and would not hesitate to do the same in the future if there was any intimidation," said Mr Cahill.

The branch secretary of SAAWU, Mr T. Kasa, denied Mr Cahill’s claims that workers were intimidated.

"We do not wish to represent the workers who were paid off yesterday, and would not hesitate to do the same in the future if there was any intimidation," said Mr Cahill.

He said the dismissed workers, including Mr Mmamana, would start looking for new jobs.

However, he was grateful to SAAWU for getting rid of the "dead wood" at the pallet-making company.

"This is running like a dream. I have got better people who are prepared to do an honest day’s work."

He claimed the committee and shop stewards had become insubordinate since the union started to make its presence felt at Border Boxes, and had only needed a small excuse to spark off confrontation.

Mr Cahill said he had given names to the police of the 32 workers who were paid off yesterday, and would not hesitate to do the same in the future if there was any intimidation.

"We do not wish to represent the workers who were paid off yesterday, and would not hesitate to do the same in the future if there was any intimidation."

Mr Kasa denied Mr Cahill’s claims that workers were intimidated.

"We do not wish to represent the workers who were paid off yesterday, and would not hesitate to do the same in the future if there was any intimidation."

NOTE CAREFULLY

1. The answers only on the right hand pages will be marked. The left hand pages may be used for rough work, but no credit will be given for such work.

2. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.

3. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.

4. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.

WARNING

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.

2. Candidates are not to communicate with other candidates or with any person except the invigilator.

3. No part of an answer book is to be torn out.

4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination room.
R500 000 fire at Reef factory

Argus Correspondent

Johannesburg. — A fire at a furniture factory in Mico last night caused damage estimated at more than R500 000.

The alarm was raised by a watchman on the premises of Furncraft about 9.30 pm.

One engine was sent but could not control the blaze.

A fire brigade spokesman said: "Because of all the wood that was burning, the fire was pretty intense and I had to call in another three pumps."

I also requested a snorkel to enable us to pump in water through the collapsed roof.

The managing director, Mr. Harry Sumasky, said today that the machine shop had been gutted as well as vast stocks of wood and cloth.

At least R500 000 worth of machinery has been destroyed.

"The stock I've been building up for the Christmas period has also been destroyed, and that will push the damage bill up considerably."

...
Those foreigners again

The Board of Trade and Industries' (BTI) refusal to push up duties on imported carpets leaves the R120m a year carpet manufacturing industry in SA facing strong competition from cheap foreign suppliers.

Earlier in the year, the SA Carpet Manufacturing Association (CMASA) applied to the BTI to raise import duties on imported finished carpets. With the slump in the northern hemisphere, foreign manufacturers, particularly from the US, are finding ready local markets for their goods.

"Yes, there has been a certain amount of dumping by the US and we feel it is a threat to the industry," says Dunlop Flooring’s MD, Nigel Yeadon.

Yeadon points out that the problem lies in the limited issue of permits to import cheap raw materials. Local manufacturers are forced — as are manufacturers throughout the textile industry in SA — to purchase raw materials from this country. Costs here are considerably higher for fibres, yarns and petro-chemicals needed for fabric processing.

"It seems as if an excess of imports has to be a fait accompli before government will impose higher import duties — allowing the horse to bolt before they close the stable door," Yeadon says.

John Briscoe, MD of the carpet division of the Romatex group (which comprises some of the biggest names in the carpet manufacturing industry — Van Dyck, Constancia and Crossley among them), and chairman of CMASA, says the association has seen the encroaching effects of US carpet distribution in Europe.

In the UK, for example, carpets imported from the US constitute a substantial 30% of the market.

According to Briscoe, the BTI "appreciates and confirms" the US threat to the local industry, but says: "The level of imports has not yet reached a point where disruption of the local market is taking place."

US threat

But the US carpet threat seems to be offset to some extent by the present boom. Says Briscoe: "As with all semi-durables, carpets are enjoying high growth rate at present and the industry considers that 1981 will be a good year."

BTI director Jerry Breyer is clear about the board’s grounds for refusing to support the application for higher import duties. "The board applied its normal yardsticks to the application and found that it wasn't justified. The board found that the import level was not sufficiently high to warrant a higher duty."

The solution? In Yeadon’s opinion, more import permits for manufacturers to balance the import benefits of local distributors. Members of the industry feel that government’s unwillingness to increase import duties on carpets at this stage is almost like sweeping business from under their feet.
Afcol leaps ahead of last year at halfway

By DAVID CARTE

Afcol, the furniture and upholstery group in the SA Breweries stable, virtually trebled profits in the six months to the end of September. The group earned and paid more in its first half than all of last year.

Turnover soared 56% to R101,037,000, pre-tax profit 39% to R16,615,000 and taxed attributable profit 172% to R13,933,000.

Earnings per share were 120% better at 60c (1991:22,6c) and, with cover constant at 2, the interim dividend was raised in line to 30c (12c).

The full year’s earnings last year were 57,6c and the dividend 25c.

The furniture subsidiaries contributed 38.8% (63.1%) of taxed profit and equity accounted associates and non-furniture companies the balance of 61.2% (36.9%).

This means the non-furniture interests did even better than the furniture interests.

The company attributes the group’s “dramatic achievement” to an exceptional performance by the non-furniture interests and improved productivity resulting from greater capacity utilisation.

Increased demand in the furniture and building sectors from January 1991 aided capacity use. Streamlining the product range added to capacity — and profits.

On prospects, the joint managing directors, Mr A Berger and Mr J V Kirtley, say: “It would be unrealistic to expect the same rate of improvement in earnings in the second half against a substantially higher base of comparison.”

Mr Berger tells me Afcol still has unused capacity to put to profitable use.

COMMENT. Perhaps second half earnings will not be 170% better than the 36,5c earned last second half, but the consumer boom seems set to continue through the festive season.

With this and further capacity utilisation running in the company’s favour, there is little doubt Afcol will add more than 40c in the second half. This is to suggest an improvement of 14% — the inflation rate.

This suggests minimal total earnings of 100c and a total dividend of 50c at the year-end — an improvement of 74% odd. These conservative figures would put the counter, at 67.5%, on a prospective PE of 6.5 and yield of 7.3%. The price must go higher.
Afcol's interim a good pointer to SA Breweries

By Colin Campbell
Deputy Financial Editor

Belief that interim results from South African Breweries can only be excellent is substantiated further by today's glittering results from Afcol.

Half-time profit of Afcol is up from R7.05m to R13.95m, to record a 172 percent increase, and the interim dividend has been raised from 11c to 20c a share. In all of the previous financial years, Afcol reported an attributable profit of R11.27m, and made a total distribution of 20c a share.

Though there is understandable caution from the board that shareholders should not expect the same rate of improvement in the second half, it is sure to be good and that there will be a higher final dividend than last year's 1c a share final.

There is a breakdown between earnings derived from furniture manufacturing and from equity accounted associated companies and other non-furniture manufacturing interests. Last year Afcol increased its stake in Romatex to the point where it could equity account its interest. Because the stake in Romatex was increased during the latter part of the financial year, the Romatex contribution was then modest.

I have not seen the latest Romatex figures published yet, but assume that there has been an "intelligent" guess at Afcol's to its share.

Even so, there has been strong growth at Afcol which has been generated from the internal growth for furniture which, in turn, has been largely from the overall pace of the economy.

Furniture manufacturing contributed 58 percent of half-time earnings compared with 61 percent in the previous financial year. Because of the element of equity accounting, turnover growth should not be related directly to net earnings growth but for the second half time turn over was up 50 percent at R100.8m.

The board has authorised, but not committed, a further R4.50m of capital expenditure, which suggests a producer to more should it be needed that the market has further to expand.

This growth could be in for a period of direction if could be in for a period of further growth. In the past, Afcol has already paid 60c a share in the share for the past 12 months, and its non-furniture manufacturing interests are clearly strong.

At 60c and 1c last week's final and this week's interim, totaling 7c, the shares would 2.4 percent.

For growth and income Afcol, in my book, is a buy.
Klaas van der Poel

Klaas van der Poel has a degree in Operations Research from Tilburg, Holland. He has been with Shell International Consultancy for 10 years and worked for that company in several countries around the world. His experience includes the design and development of systems for financial management, manufacturing, control, and production optimization. He has taught courses in Management Information Systems, Operations Research, and computer science at the Business School of the University of Cape Town, South Africa. He is recognized as a member of the consultative group of the Computer Society of South Africa and specializes in requirement definition and design of industrial systems.

East London hit by factory strike

Labour unrest in the city yesterday. The South African Furniture Industries' Union announced a strike to pressurize management, had earlier refused to negotiate. The union called for a meeting of management and representatives of the workers' committee at 3 p.m. last Thursday. The meeting was scheduled for 2 p.m. that day. A special meeting of the union's executive was called for that night, at a cafe in the suburb of Rassens. Mr. Ralph Kock, the union's president, said yesterday that the workers had been prepared to negotiate but management had not. The workers had been told that they would have to accept a lower wage rate. The union had been forced to call a meeting because the management had refused to negotiate.

Another factory strike

Mr. Richard Mole, the union's acting chairman, said yesterday that the workers had been forced to call a meeting because the management had refused to negotiate. The union had been forced to call a meeting because the management had refused to negotiate.

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Management running away back to work

CAPE TOWN — The management of East London Furniture Industries was yesterday accused of "running away" from negotiation after dismissing 170 black workers on Friday.

The secretary of the South African Allied Workers' Union (Sawu), Mr Xolani Kota, said the union was trying to negotiate with management to get the fired employees back to work.

"I have been trying to put out feelers for two days now, but the managing director, Mr P W Makite, has been unavailable for this time.

"We have telephoned, called and left messages, but management refuses to answer them."

Mr Kota said the workers had refused to return to work when officials from the Labour Department arrived and threatened them with prison or fines for striking illegally, he said.

The workers then refused to return to their jobs.
Nationwide boycott planned by union

By Drew Forrest

The South African Allied Workers' Union (SAAWU) is to stage a nationwide boycott of an East London furniture group which has refused to negotiate on the reinstatement of its black workforce, dismissed after striking last week.

Union members throughout the country would be asked to boycott the products of East London Furniture Industries (Pty) Ltd over the Christmas period, SAAWU general secretary Mr. Sam Kikane said yesterday.

The union would also seek the support of community organisations, churches, trade unions and foreign labour groupings such as the Zimbabwe Congress of Trade Unions, Mr Kikane said. A large proportion of the furniture produced by the factory is exported to Zimbabwe.

If no negotiations had become necessary, he stressed, to "show management that SAAWU is not a union to be fooled around with."

Mr Kikane said that since the 176 workers had been dismissed last Friday, management had "dodged" all union overtures to discuss their reinstatement.

Central to the workers' grievances is the claim that they were forced to join the National Union of Furniture and Allied Workers' of South Africa (NUMFAW) — a registered body affiliated to Numsa.

In a press statement, NUMFAW assistant secretary Mr A J M Greens winked said that in terms of a registered "closed shop" agreement the company could employ only members of his union.

"The South African Allied Workers' Union has no legal right to approach any employee in the furniture industry to discuss terms with them," he said.
Men to test labour laws

EAST LONDON — Workers dismissed after a stoppage at East London Furniture Industries Ltd are suing the company for work as normal today as part of a strategy to test the legality of the Wittehahn recommendations. Mr S K B Kikuna, general secretary of the South African Allied Workers’ Union (Saawu), said yesterday.

According to Saawu, about 170 workers were dismissed after a dispute with management last Friday about attempts to make them join a parallel union.

Mr Kikuna said some of the dismissed workers were approached by security police on Wednesday night who told them they could report for work yesterday.

About 20 had turned up for work and all except two had been re-employed. The two who were turned away said they had been told they were not wanted.

Mr Kikuna said the re-employed workers suspected they had been given back their jobs only so they could train new workers and that they could then run the risk of dismissal.

All the workers, apart from one or two who feared victimisation because they had been labelled as instigators, would report for work today to see if they would be taken back.

If the company did not re-employ all the workers, it would be a “contravention of industrial laws and would amount to a ‘lockout’,”

Mr Kikuna said the workers’ view was that they had been on strike.

They disagreed with management and, while waiting for a reply, were called together by three representatives of the Department of Manpower Utilisation and told they were on strike and could face charges.

Accusing the company of “unfair labour practices”, Mr Kikuna said it was illegal for an employer to force a worker to join a union of the employer’s choice. He said it had threatened initially and told they would be dis-
Accusing the company of "unfair labour practice", Mr Kikline said it was illegal for an employer to force a worker to join a union of the employer's choice. He said workers had been threatened initially and told they would be dismissed if they did not join the union.

"We will test the new laws and the Wielhahn recommendations and if they are ineffective, they will be exposed," he said.

The head of the security police in East London, Colonel A. van der Merwe, said yesterday he was not aware his men had called on dismissed workers "but it is quite possible. It has been done in the past. People are afraid of intimidation and we want them and give them an assurance they can return to work," he said.

Mr Kikline also called on the company to send a representative to SAWU's office to return workers' building society books held by the company.

The books were until recently held for the workers by the building society concerned, but a spokesman said this system had proved unsatisfactory. He said workers would quote their clock-in numbers when wanting to draw money and in some cases had no other identification. This situation had resulted in some cases of fraud and it had been decided to return the books to the paymasters of companies whose employees banked under this system.

He said the paymasters were in a better position to identify workers and emphasised the decision affected a number of other companies and had no bearing on the situation at East London Furniture Industry.

Mr Kikline said dismissed workers would be unwilling to approach the company individually to collect their books for fear of victimisation.

He said he would approach the company to send a representative to the SAWU offices to return workers' books there — DDR.
EAST LONDON — Former East London Furniture Industries workers who lost their jobs when they allegedly would not let a trade union meeting take place at the Dryer Street factory here on November 14, have claimed that trade union affiliation was not the major issue in their downing of tools.

"The real issue was general dissatisfaction with working conditions at the factory," the workers said.

"The question of trade union affiliation was the last straw because we realized that it would be difficult for us to get redress of our grievances through a trade union promoted by management."

"While the trade union issue seemed to have been the major issue because of circumstances at that particular time, it was preceded by many other complaints which had not been settled."

Issues raised by the workers as having brought matters to a head over a long period were:

- Lack of adequate facilities for protection against dust which is a real hazard in many departments in the factory.
- Working on machines which did not conform to basic safety standards.
- Disatisfaction with the operation of the medical aid scheme.
- Dismissals and demotions which were generally unexplained and often leading to blacks being replaced with coloured workers.

Calling for high educational standards when employing staff and disregarding qualifications when placing people on jobs.

"And being told they were talking nonsense every time they raised their complaints with management."

On safety, several issues were raised and included machines that were not adequately made to cut the possibility of accidents to a minimum, no provision of respirators against dust, no safety shoes and no overalls in areas where these were necessary.

On the medical aid scheme the workers said they contributed R1 a week but every time they went to see a doctor they had to pay for prescriptions and when they returned from sick leave they only got a quarter of their weekly pay.

"What is the point of contributing to the scheme when we have to pay for all the medicine we use and what is the advantage of the scheme if we are not paid when we are off sick?" a worker asked.

They quoted several instances of dismissals and said a good example of demotion was when a time-keeper who is matriculated was demoted and sent to work in the boiler room.

The managing director of the company, Mr P. W. Mackie, refused to hear what the workers had to say.

"I am not interested in conducting a public debate on nonsense," he said.

"They are making a lot of wild statements which have no basis and I am not interested, really, in getting involved in a public debate through newspapers with them." Mr Mackie thanked the reporter for offering the opportunity to reply to the allegations — DDB.
Workers allege harassment threat

EAST LONDON — Two former East London Furniture Industries workers have claimed members of the South African security police have threatened them with "full-scale harassment".

Mr Morena Manzi and Mr Sipho Dluto, who were among the 170 workers who lost their jobs at the factory last month, said they had been approached by four men — three white and one black — at their homes on Sunday night.

Mr Manzi said the men arrived at his Mdantsane home at 10 pm and forced the door to his room open after speaking to his father.

"They said I was a former E L Furniture Industries employee and demanded my reference book," Mr Manzi said. They also told him he should not lie in bed when they were talking to him.

"I was accused of having introduced the Allied and Furniture Workers' Union and led to the dismissal of many workers at the factory,

"They said I had threatened workers and forced them to join Sasa and ultimately forced them to walk out on their jobs."

"After this they promised me full-scale harassment."

Mr Manzi said he challenged the men to name one worker he had threatened or forced out of work but they told him they had nothing further to discuss with him as they had delivered the message they had for him. He said the men also warned him against harassing unemployed workers by mobising them and if he continued doing so they would refer him to Brig Charles Sebe to detain him under Proclamation No 32.

Mr Dluto said the men told him to go back to his job.

They also told him that Mr Manzi had said he and Mr Elvis Salmon had started the trouble at the factory.

Mr Dluto said he challenged the men to bring Mr Manzi but they refused.

The head of the security police here, Col A P van der Merwe, refused to comment on whether his men had called on the two men — ODR.
Revitalised

Activities: Investment and finance company with subsidiaries manufacturing and retailing furniture. Owner 100% of Steel & Barnett.

Chairman: H. A. McNeil, managing director: B. M. Goldberg.

Capital structure: 10.9m ordinary shares of 50c. Market capitalisation: R7.4m.


Share market: Price: 68c (1980-81 high: 102c, low: 43c, trading volume: last quarter, 1.4m shares). Yields: 18.1% on earnings, 8.8% on dividend. Cover: 2.1. PE ratio: 5.5.

77 78 79 80
- Return on cap % - 11.9 10.7 11.0 14.2
- Turnover (Rm) - 179.3 206.0 209.3 244.4
- Pre-tax profit (R'000) - 1,164 1,120 1,224 2,070
- Gross margin % - 6.6 8.2 10.1 13.6
- Earnings (c) - 5.2 5.5 6.2 12.3
- Dividends (c) - 3.6 2.6 4.6 6
- Net asset value (c) - 73 75 78 102

After doubling earnings in the year to end-August, Sam Steele expects further substantial advances in turnover and profitability for 1981. Chairman Hugh McNeil says, in the new-look annual report, that trading in the first five months of the current financial year has been buoyant, which suggests that the consumer boom still has sufficient momentum to keep the group on its new growth tack.

The past year was a record growth period. Turnover increased 26.1% to R24.4m, but improved operational gearing produced gross profits (pre-tax and interest) 63.3% higher at R3m (R1.9m). After tax and minorities, net profits were nearly doubled to R1.3m (R677,000), giving earnings of 12.3c (6.3c), from which dividends of 6c (4c) were paid.

The past year was also important for the group in that it resumed expansion of its retail division in 1980. Three new outlets were opened, giving a total of 75 stores nationwide, and a further six are planned this year.

This expansion has been made possible by the continuing strength in consumer demand and the group's infrastructure which is capable of meeting the needs of a larger trading base. Hence the forecast that profitability will improve this year.

Financially, the group was strengthened materially in 1980. Total borrowings were restructured with the negotiation of a R2m medium-term loan, and further borrowings facilities have been arranged should the need arise. Thus at end-August, total borrowings were R7.2m (R6.1m), giving a debt equity ratio of 63.3% (68.3%). Gross profit cover on interest and leasing was 3.5 (2.4). MD Montie Goldberg says Samstel could, if necessary, increase gearing considerably and still retain a sound financial structure.

It seems unlikely, however, that gearing will change much in the current year because of the strong cash flow and the group's traditional conservatism. Goldberg says Samstel has increased its bad debt provision to R400,000 (R350,000) a year, but collection rates remain sound.

When control of the group changed hands last year, Samstel's manufacturing and property assets were considered dull performers by the market. However, the manufacturing side showed very strong profit growth and the property portfolio was revalued, adding 17c to net worth. In addition, the Steeleedale land zoned for commercial and industrial purposes, its balance sheet value could be further enhanced this year.

For the current year, McNeil expects turnover growth will exceed that of 1980. But with stockturn up at 7.8 (7.3) times, debtors well controlled and possible further gains in operating margins, gross profit should perform even more strongly.

At this stage it would not be unreasonable to expect earnings to advance by at least 30% to some 17c a share, with a minimum dividend of 6c. On what could be a conservative forecast, the share at 68c yields a prospective 11.8%. This appears cheap, given the stronger financial state of the group and especially if the industrial market recovers.
Municipal Reporter

Row over factory noise

The Cape Town City Council is to take action in one of the city's biggest furniture factories over excessive noise.

According to a petition signed by 25 residents of Pinelands, the factory in Ndabeni is now excessively noisy to the extent that it is a public nuisance. The council has been inundated with complaints about the noise from residents living close to the factory which abuts Old Mill Road in Ndabeni.

Houses on Gousboom Road Pinelands are separated from the factory by a belt of gum trees which also forms the boundary between Cape Town and Pinelands. According to a report by the Town Clerk, Mr. B. G. Bechtl, the council's own noise readings confirmed that the noise from the factory is not just exceeding the city's noise standards but is excessive.

The factory, said Mr. Bechtel, had made token efforts to improve matters, but the management's attitude was that the complaint were exaggerated and the factory was being victimised. But, the council's findings were that the volume of noise was far in excess of the permissible level prescribed in the SA Bureau of Standards code of practice.

The council has been told that unless it takes steps to make it face a possible legal act, to compel it to implement its nuisance regulations.

The council in turn has taken legal action and the executive is satisfied that the case does constitute a public nuisance.

The council's attorneys have been offered to take the necessary steps against the factory.
Strike over pension in EL

EAST LONDON - A working shift of about 80 workers at Lotem Design furniture manufacturers at Greenfields here staged a one day strike on Tuesday in protest against proposed legislation on pensions.

By Wednesday morning all but six of the workers were back at work. The six workers not back at work were suspended and are expected to return to work next week.

Dissatisfaction among the workers at Lotem over the pension issue started about two weeks ago when the workers approached the management and asked that their pension money be released to them.

The Managing Director of the factory, Mr. Nick Terblanche, told the workers he would put their request to the Industrial Council, which controls the provident fund.

On Tuesday, Mr. Terblanche informed the workers that they would not be able to get their money as the request had been turned down by the Industrial Council.

The workers then walked out of the factory after expressing their dissatisfaction. They were told if they were not back at work by 5 p.m. on Wednesday they would be considered to have dismissed themselves.

On Wednesday morning the workers returned and had to sign a letter of reinstatement undertaking to abide by all rules and regulations of the company, especially those governing the provident fund.

In a statement the production manager of the factory, Mr. Ian Bruton, emphasised that the company had no control over the pension fund as control was vested in the Industrial Council.

Mr. Bruton also emphasised that no workers had been fired.

DDR
Fined R3000 for underpaying staff

East Rand Bureau

A German furniture factory owner, who underpaid his employees by nearly R3000, was fined R3094 today by a Germiston magistrate.

Gert Janko (40), the owner of a furniture factory in Randfontein, pleaded guilty at a previous hearing, was acquitted of one count of underpayment. A witness, Mr Simon Simon, failed to appear to give evidence.

Janko told the court that since the Industrial Council inspectors had visited his factory in February last year he had difficulty in controlling his workers.

The magistrate Mr T. J. Smith, suspended sentence for three years and ordered Janko to repay the outstanding amount of R2000.67 to his employees.

The money is to be repaid within six months in monthly instalments of R166.95.
Women workers: Work done, hours per week, cash wage and payment

Information on work done, hours worked per week, cash wage and payment

Table 30 below

Wages and payment in kind for 77 women workers is listed.

Table: Wage and payment in kind for 77 women workers is listed.

- Windows once a fortnight for a few hours.
- Windows once a month.
- Part-time to wash and iron, and any other women on the farm.
- Full-time workers to cook and clean, and perhaps two more.
- As those listed below.
- The farmer, wife, and employees two.
- The farmer's wife, employees, and two.
- The woman, even at wage rates as low.
- No work for many of the women, even at wage rates as low.
- Workers, on order, with larger male labour force, there.
- The willingness of the woman to work in the house is a major requirement of the farmer in taking on men.
- General - the willingness of the woman to take on men.
- Partly as those listed below.
- Partly as those employed reluctantly.

Domestic workers in cotts.

Wages which are probably lower than those of most for the farmer (or his wife) and this is reflected in wage or not working at all. They are a captive labour force.

Women are faced with the choice of working for the farmer practically impossible, even if jobs are available, so the mean that little on the farm and working in the town is

Washington type of work

EAST LONDON — The National Union of Furniture and Allied Workers of South Africa has now opened a full-time office here.

The national director, Mr A. J. Groenewald, said that due to his union's now becoming an integrated union for all races in the furniture industry, the executive council decided to appoint two officials on a full-time basis to attend to all union matters in this area.

He said the branch secretary, Mr A. J. Groenewald junior and the organiser, Mr Hamilton Maqutiyana, could be contacted at phone 26953 during working hours — DDR.
Workers made to join 'closed' union

By STEVEN FRIEDMANN
Labour Reporter

ALL black workers in the Natal furniture industry are forced to join a registered trade union — on pain of losing their jobs.

Rival unions say this stipulation— the result of a "closed shop" agreement between employers and the Tucsa-affiliated National Union of Furniture and Allied Workers — has serious implications throughout the industry.

By signing such an agreement, they argue, registered unions which have gained permission to enrol black workers could make it "extremely difficult" for other unions to recruit workers in the industry.

They add that established unions can thus gain the right to represent all black workers in an industry — without actually recruiting one.

It was also established yesterday that "closed shop" agreements of this sort — whereby employers are not allowed to employ workers who do not belong to a particular union — make it more difficult for new unions to register.

The general secretary of the SA Allied Workers Union, Mr. Samuel Kitane, has claimed that the stipulation is "an attempt to freeze out real unions and ensure that employers only have to deal with tame unions of their choice."

Mr. Kitane claims that SAAWU has been organizing furniture workers and that many of them wish to resign from the registered union. However, the "closed shop" provision means they cannot do so.

A notice signed by the Industrial Council for the Furniture Industry, Natal, and posted in factories reads: "Important Notice As From August 1, 1980, all black employees working in this factory must become members of the National Union of Furniture and Allied Workers of South Africa."

The council's secretary, Mr. D. J. Rossouw, said yesterday that the notice was issued after the "closed shop" clause in the industry's industrial agreement was extended to black workers.

The "closed shop" is common in agreements, but usually covers non-black workers only. Since the extension of the clause to black workers, those who have not joined are subject to dismissal.

Mr. Rossouw said that "93% of the black workers have joined the union."

He added: "We are not planning to see that those who don't join are dismissed. But we have told the union to be patient because workers usually join when the legal position is explained to them."

He said that "in this industry workers cannot join another union. It has been established, however, that workers are legally entitled to do this as long as they remain registered union members."

The clause could hamper new unions who try to win official bargaining rights in the industry.

According to industrial law, unions already registered may object to the registration application of a new union if the union which objects can prove it represents a majority in the industry, the new union may not be registered.

"Closed shop" clauses would obviously enable a registered union to claim majority membership, even if it was not voluntary.

The industrial registrar, Mr. Matt le Roux, said yesterday that labour legislation did allow him to take into account the fact that the objecting union had enrolled members through a closed shop.

If the objecting union had a closed shop, he could assume that workers who had also joined another union were not voluntary registered union members.

But the new union would have to prove majority membership, not the established one.

Labour experts say this would make it extremely difficult for a new union to gain registration.

The Government's National Manpower Commission is currently investigating the "closed shop."
SA Brews in major new growth plan

AMREI, the furniture dealing arm of SA Breweries with large shoe interest, is embarking on an aggressively competitive expansion programme costing R7 million this year.

Key point of the programme is the establishment of discount furniture warehouses where customers can walk in and get the help of home decorators furnish an entire home.

The establishment of branded discount furniture warehouses which will offer customers a wide variety of quality furniture at prices not to be outdone, will take the strain of managing director RonMe Cohen when the work.

The first two warehouses, each costing R3 million, will be built in Durban, inAlberton and in Pretoria, which will open before the Christmas season.

Building work started in Durban in the new warehouses, which are being designed to compete with other furniture chains.

The existing 4 000 sq m Amberwood store in Pretoria, which will be redeveloped this year, will have the additional space to be called Amberwood.

By March 1981, a warehouse will be built in a well-populated shopping area with the help of furniture and other household goods, which will be on offer.

Sizzling furnisher plans

Amrei is aiming for the medium to up-market furniture trade, but prices will be at competitive levels. An indoor shopping complex will be built in Pretoria, which will be the flagship of the chain to be called Amberwood.

The existing 4 000 sq m Amberwood store in Pretoria, which will be redeveloped this year, will have the additional space to be called Amberwood.

Existing furniture-warehouse components of Amrei — Geen & Richards, Lubes, McNees and Melody — are scheduled for expansion. Amrei has signed leases on 20 new stores, the majority of which are now being built. They will be opened from April to September this year.

Four Melody stores are being added with the aim of getting a stronger foothold in the musical instrument business in South Africa. (In fact, Amrei is already the top quality supplier and supplier of the Continent.)

Amrei’s shoe division, which last year opened 100 stores, is to add 25 stores to its empire this year. Eleven unopened shoe stores have been closed and R1.5 million is being spent in refurbishing existing stores.

The Barnes chain, which operates mainly in-store branches, has opened two free-standing stores in Johannesburg and Pretoria.

More ambitious is the establishment of a chain of initially six women’s high fashion shoe outlets in up-market urban areas such as Sandton.

In addition, 25 new Multiwear boutiques (shoe repairs and keys) will be opened in stores this year.

Last, but not the least important, Amrei’s profit growth area once SATV’s Channel 2 is launched, is the Bath and Beauty division service division. The division takes care of all OK and Amrei repair work, and profit growth should be substantial once black-box television sets in quantity. The division is also expanding furthering domestic and household appliances.

Brockman says the total will be 60% to 65% of the overall total, with the remaining 35% to 40% being spent on repair work. Sales could be in the R80 million to R110 million region.

Ronnie Cohen is optimistic about Amrei’s growth prospects for the 1981-1982 year and expects a real growth of 30% in its furniture business.
The furniture industry chalked up a massive R3600m in retail sales last year for real growth of about 19% (35% in money terms).

Although similar growth is considered unlikely this year, the industry is pitching its efforts at 14% real growth, despite an increase in timber prices, which are expected to contribute to a 15% rise in furniture costs and changes to the Credit Agreements Act which could affect spending in the initial stages.

The furniture industry's success last year must be seen against a growth of about 8% in the SA economy. Department of Statistics figures set December retail sales by dealers in furniture and household requisites at R239.9m (R21.1 billion for all retail sales) against a January to November total of R1.3 billion.

Of the R192m taken in November, R88.8m was spent on furniture, R60.9m was spent on domestic appliances, R15.3m on TV sets, and R30.6m on domestic furnishings (carpets, mattresses, pillows).

National president of the Furniture Traders Association (FTA), Alan Giddy, says the industry will have to heed warnings that reduction in the growth of retail sales would be felt to a greater extent in the furniture trade than in any other sector. He believes, however, that the industry can look forward to a year of good sales and good results.

He is backed by GM of the OK Hyper-mas, Gerald Manne, who says sales figures in his stores have been exceptional, with sales particularly strong in the appliance area especially TV.

With the Rand Show opening this week, the trade will soon have a good indication of what sales will be like this year, as the show is normally the industry's major sales stimulation — although highest sales are achieved at year-end.

Legislation introduced earlier this year requires a 10% initial payment to be made in cash on all goods bought on credit — whether the payment is by cash or credit card.

Although this is not expected to affect white goods greatly, it could initially cut into black purchases.
Afcol posts another 100% plus increase

By DAVID CARTE
Deputy Financial Editor

"UNPRECEDENTED" furniture sales boosted Afcol, SA Breweries R200-million-a-year furniture maker, to its second successive earnings increase of more than 100% in the past two years.

Following up earnings growth of 107% in 1980, Afcol reports an earnings surge of 119% in the year to March 31. Earnings a share were 121.3c compared with 57.6c.

With a final dividend of 31c, making 61c for the year, the dividend improvement was also 110%.

Largely because of "pent-up demand during the period 1974 to 1978", sales soared 95%, or R560-million, to R1 735 000.

Once again the economies of greater throughput lifted profits more than proportionately. Pre-tax profit soared 97% to R29 865 000.

A small increase in the tax rate was more than offset by a 157% rise in dividend income and earnings of associates to R1 735 000, so that attributable earnings were 110% better at R29 917 000.

One reason for the big rise in associate earnings was the larger stake in Romatex, which yesterday reported a 58% earnings increase. The yearends are out of line, but my calculations are that Romatex contributed R6 270 000 of the associate total of R1 735 000, or no less than 22% of group earnings.

On prospects, the company says: "A buoyant building industry and improved consumer incomes indicate that furniture sales will continue to grow in 1981, but at a lower rate than last year."

"There is already some evidence of this slowing growth rate, according to retail sources, but it is too early to tell whether this is cyclical or the effect of recent changes in credit regulations."

The group says it has added to capacity and will augment this. Tins will enable the group to meet increased demand and "should result in increased earnings per share."

"However, it would be unrealistic to expect earnings to grow at the rate of the last two financial years."

COMMENT: At 696c, Afcol yields 5.2%. The high yield suggests market concern about its vulnerability to a downturn, but it could also mean the results were better than expected.
Afcol reports big
furniture sales

Associated Furniture Companies, the furniture and diversified
manufacturing company in the SA Breweries Group, has more than
doubled its earnings for the second successive year.

Out of earnings a share
of 121,2c compared with
57,6c previously, the com-
pany has declared a final
dividend of 31c to make a
total of 61c for the year
ended March 31. This
compares with a total of
29c in the previous finan-
cial year.

Profit before taxation
almost doubled from
R15,5m to R28,9m on a 30
percent rise in turnover
from R142,3m to R193,8m.
Dividend income and at-
tributable net retained
earnings of associated
companies rose by 159
percent from R4,6m to
R11,7m and taxation more
than doubled from R5,8m
to R11,9m. After deduc-
tion of outside sharehold-
er's interests in subsidiary
companies and preference
dividends, attributable
earnings were 110 percent
higher from R13,3m to
R28,0m

The directors say that
the rate of improvement
in earnings was in excess
of expectations at the be-
inning of the financial
year but more in line
with prospects indicated
in the interim report.

During 1980 there were
unprecedented sales of
furniture — mainly the
result of pent-up demand
This demand, which result-
ed in an increase of 36
percent in the turnover of
the companies consoli-
dated in Afcol's accounts,
led to a substantial
increase in utilisation of
capacity, improved effi-
ciency and resulted in
improved levels of profit.

The equity-accounted
companies whose sales are
not reflected in this turn-
over, yielded an even
greater percentage
increase in earnings for
the same reasons.

On prospects, the direc-
tors say that a buoyant
building industry and im-
proved buyers' incomes
indicate that furniture
sales will continue to
grow in 1981 but at a
lower rate than last
year's — Sapa
Kallenbach group goes to Gaydon for R1m

By HAROLD FRIDJIK

GAYDON, still listed on the JSE under "cash assets", has followed up the R3-million deal by means of which it acquired the Ulus group of companies, by buying the Kallenbach group for R1-million in cash.

The vendors have warranted that the Kallenbach group will earn R60 000 before tax in the financial year to June 30, 1981. In a statement, Gaydon says that the acquisition of the Kallenbach companies will have no material effect on the net asset value of Gaydon, but the directors expect that the earnings from Ulus and Kallenbach will amount to about 17c a share for the year to February 1982.

It is intended to change the name of Gaydon to Barlebon Industrial Holdings. A detailed circular, incorporating a transmitted listing statement and giving details of both the Ulus transaction and the Kallenbach acquisition, will be sent soon to shareholders.

The 10 Kallenbach companies are at the upper end of the office furniture market, manufacturing and marketing through their own outlets. Apart from design the group's selling emphasis is on a complete service including full delivery. The goods they supply can be financed through their own leasing company.

Kallenbach's managing director and chief executive, Mr Claude Campeier, and Mr Tony Michael, will continue as top executives.

Mr Peter Goldberg, managing director of Gaydon, says that a R3-million development programme for Kallenbach has already been started and that the new factory with its modern machinery should begin production by the end of July.

Mr Ronald Price has joined the Gaydon board and Mr Harry Levin has resigned as a director.
SAM Steele made an 80% increase in taxable attributable profit from R581,000 to R1,048,000 in the six months ended February 28.

The interim dividend has been raised from 2.5c to 3.2c out of earnings a share of 9.6c.

Samstel owns Steel & Barnett, the furniture group and is an investment and finance group.

The chairman, Mr H A McNeil, said the large rise in half-year profits resulted not only from increased consumer spending but also the group's policies to express its inherent growth potential as well as substantially expand the retail division.

It is anticipated that profitability will continue to increase for the remainder of the financial year.
Steel & Barnett, the furniture group, made a taxed profit of R1 700 000 (R1 600 000) in the six months ended February 28.

The interim dividend has been raised from 8.5c to 12c out of earnings of 30.7c (15.1c).
LEVELLING-OFF AFTER THE BOOM

Turndown spells turmoil for furniture trade

THE economic turndown has meant turmoil for the office furniture industry — and complicating the field is one leading company's coup in getting three of the year's biggest contracts worth R18-million-plus.

After gearing up to cope with R14-million worth of orders last year, the industry fears a leveling off and even a decline in new business as the boom peters out.

Masterplanners, the company which won the plum contracts from the Bophuthatswana Government, Standard Bank and Liberty Life, believes its netting of the provision of 7000 work stations may prove a serious disruption of what is now a shrinking market.

If the industry hits the R50-million turnover level again this year some R15-million will represent the small orders which are of little concern to the big four — Masterplanners, Dashing, Anglo Dutch and Hendler and Hendler.

These industry leaders concentrate on the remaining R35-million share of the market, competing for the larger orders and contract work, which is the mainstay of their turnover.

Exacerbating this intensely competitive situation is the fact that a large proportion of the available market is represented by a few major contracts.

Chasing after these — and in particular the plum R3.5-million Standard Bank furniture contract — meant that all the major contenders were involved in an intensive scramble and vast amounts of development money in their attempts to net the big ones, many extending into realms beyond their manufacturing capabilities.

Added to this is the fact that the whole concept of office furniture has undergone something of a revolution in the past few years, substantially brought about by the high cost of office space.

Not only must new desk designs foresee the future in terms of all the electronic needs now increasingly demanded by developments in office equipment but given the fact that by 1985 it is expected that office floor space will cost about R200 per square metre.

This means that companies who simply supply office furniture are liable to fail by the wayside.
small directors A Berger, L Goldberg

Capital structure: 23.1m ordinaries of 50c, and 550 000 6% cum prefs of R1

Market capitalisation R138.6m

Financial: Year to March 31 1981 Borrowings long- and medium-term, R16.9m, net short-term, R2.1m D Deb equity ratio 18.4% Current ratio 1.7 Group cash flow R22.2m

Share market. Price 800c (1980-81 high, 720c, low, 300c, trading volume last quarter, 176 000 shares) Yields 20.2% on earnings, 10.2% on dividend Cover 2.6 PE ratio 4.9

78 79 80 81
Return on cap (%) 14.4
Turnover (Rm) 100
Pre tax profit (Rm) 59
Gross margin (%) 78
Earnings id 18.1
Dividends (d) 9
Net assets value (c) 168

* includes dividends received from associates

Contrary to the cautious forecasts of some of the listed consumer goods companies, Afcol is budgeting for continuing excellent results. Chairman Dick Goss says that after the past two years, when earnings trebled, growth will slow down. But strong demand and new capacity should lead to a real increase in earnings.

Afcol, against the current trend, seems happy to live with existing dividend cover. Since 1977 the percentage payout has remained at 50%, despite a substantial hike in capital employed. At the same time, Afcol has steadily reduced gearing from 85% in 1977-78 to the current 18.4% (taking the market or directors valuation of investments).

This year, Goss says, the group intends maintaining a 50% distribution in spite of higher interest rates and initiated working capital needs. The 50% payout ratio is misleading: Ill-timings by associate companies are stripped out, the payout ratio increases to 65%. Dividend cover is thus 1.6 times, nearly half the three-times average for the industrial market, and stockbrokers believe the average will be increased further in the next year.

Afcol policy will thus isolate the group in terms of market trends. Management is happy with the low retention rate because of Afcol's under-gear position. Since 1977 borrowings have been reduced steadily and sharply. Such is gearing capacity that in 1981 group cash flow, before accounting for associates' retentions could have repaid the R18.6m total borrowings in nine months. The annual interest, leasing bill was covered 12 times by gross profit last year, on top of that R1.4m was lent to SAB at 'competitive' interest rates.

Provided yields on assets can be maintained, growth should boost earnings. Near-term, there is no reason to expect that distribution policy will alter. Growth has slowed from the levels of the past three years and while there is some

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Growth continues

Activities Furniture manufacturing in the SA Brewers group. Complementary activities include textile dye and particle-board manufacturing. Investments include a 21.7% interest in Smith subsidiary Romatar.

Chairman R J Goss joint managing

the demand for money

and investment as interest

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the Quantity

rate
AMREL

FM 26 6/81

Continuing market inroads

Activities: Retails furniture from 145 stores and shoes from 230 stores, and operates related service activities nationwide. SA Breweries owns 68.9% of the equity.

Chairman: D M Lubner, managing director: R S Cohen

Capital structure: 6.9m ordinaries of 25c, 1.7m 8% cum red prefs of 87c, and 400 000 6% cum red prefs of R1. Market capitalisation: R46.8m.

Financial. Year to March 31 1981. Borrowings long- and medium-term, R15.2m, net short-term, R32.3m. Debt equity ratio 111.8%. Current ratio 2.3. Group cash flow R15.3m. Capital commitments R5.9m.

Share market: 6.35c (1980-81 high, 900c, low, 475c, trading volume last quarter, 18 000 shares). Yields 31% on earnings, 10.2% on dividend. Cover 4.1 PE ratio 3.2.

Return on capital (%) Turnover (Rm) Pre-tax profit (Rm) Gross margin (%) Earnings (c) Dividends (c) Net asset value (c)

<table>
<thead>
<tr>
<th>Year</th>
<th>78</th>
<th>79</th>
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<td>12.3</td>
<td>16.9</td>
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<td>126.6</td>
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Despite some doubt on how proposed changes in credit laws will affect sales, Amrel chairman David Lubner is optimistic that furniture activity will continue growing in real terms in the next three to five years. He is also confident Amrel’s expansion programme will enable the group to continue making inroads into the market and, at the same time, increase earnings.

In the year to end-March, Amrel reported its best ever performance. National furniture sales grew 30% and footwear sales increased 23%. Against this, Amrel’s furniture sales rose 39% and footwear sales were 37% up.

This increase in market share stems in part from the ability to rapidly expand last year from a base enlarged during the 1976/78 recession. In financial 1980/81, 18 furniture outlets were opened or re-sited, and the shoe division expanded by a net 29 stores — 16 stores were closed.

The market share penetration also stems from sound asset management. The Amrel retail market started growing last early in 1980, throughout the year many traders reported difficulties in getting stock. Amrel entered the 1981 financial year with inventories up 34% and a wider store coverage of the market. During the year conservative credit ratios were maintained, in all likelihood, some debt provision could perhaps be written back.

To finance both increased working capital requirements and to prepare for the current financial period, debt equity was levered up slightly. Amrel’s policy is to maintain total liabilities at no more than twice equity. In 1981, this figure was on target, but it includes a R16.1m deferred tax provision. This is a source of medium-term finance and thus could, arguably, be classified as shareholders’ funds.

Taking into account the annual deferred tax charge, group cash flow in 1981 rose strongly to 20.1m (R13.7m), which was sufficient to repay the R47.7m (R36.0m) total borrowings in just over 28 months (22 months). The annual interest/tax bill is covered 7.5 (8.7) times. However, even on annual commitments cannot be calculated as Amrel does not disclose lease commitments.

AMREL BY DIVISIONS

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<th>Turnover</th>
<th>Pre-tax profit</th>
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<td>Service</td>
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This year Amrel expects another earnings advance, though Lubner warns against anticipating the growth of the past few years. Since 1978 turnover has grown at a compound 43.2% and pre-tax profit at 86.5%. Earnings and dividends have advanced 72.4% and 73.2% respectively.

Historically, Amrel has traded at a discount to the market, stemming, it appears, from the fact that the group is highly geared and the retail furniture trade is highly vulnerable to economic cycles. Also, Lubner has substantial fixed overheads. This rating may be unjustified, however, if TV 2 has the expected booster impact on furniture sales and the positive margin between liquidity and profitability is maintained.

Amrel’s income attractions are strong, but there is near-term downside pressure being exerted by overall market forces.

Amrel’s Lubner...still optimistic
A DURBAN magistrate last week sentenced 58 workers of successfully
inundated, Coalers Road,
of striking.

The workers were allowed to have peace on strikes on Tuesday to over
the dismissal of a colleague and management planning to redevelop.

The magistrate, Mr. J.J.
Beith, found that the total
labour force had not stopped
work and there was
doubt as to the identity of
the people who took part
in the alleged strike.

He found that the con-
duct of the management
had almost amounted to a
lockout.

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In the end, that alone will be the solution to the everlasting crisis.

where learn to husband precious en, 7/9 and find new sources of power.

The outlook for years to come is one of continuous turmoil as people every-
eryday per se, but only out of cheap oil.

As the saga of the past eight years shows, the world is not running out of
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**Long Term in the Winner Sector**

A detailed analysis of long-term performance in the winner sector reveals several key trends. First, there is a noticeable increase in the market share of leading companies, indicating a consolidation of market power. Second, the introduction of innovative technologies has been pivotal in driving growth, particularly in the electronics sector. Third, consumer behavior has shifted towards premium products, driving up the demand for higher-end goods. Lastly, regulatory changes have played a significant role in shaping the landscape, with stricter environmental standards encouraging companies to adopt more sustainable practices. These factors combined have contributed to a robust long-term outlook for the winner sector.
EAST LONDON — Unathi Timber, a furniture factory at Dmbaza in the Ciskei, has just completed a quarter million rand expansion project to manufacture its own blockboard and plywood requirements.

The factory which manufactures mainly school, domestic and office furniture was established just over a year ago in conjunction with the Ciskei National Development Corporation (CNDC) at a cost of R1-million.

Mr Piet Swart, managing director of the factory, says all their blockboard and plywood requirements had to be bought prior to the decision to undertake in-house production.

He says the new facilities became an urgent priority following the signing of a R1-million contract with various Border and Eastern Cape furniture suppliers.

The factory draws its raw wood mainly from indigenous wood found in the area. It has also won a large order for the production of various wood products, to be sold in the National Parks Board's numerous shops.

Unathi suppliers all Ciskei schools with their furniture requirements — DDC
World Furnishers. Group has increased its pre-tax income by 40.5 percent from R2.87-million to R4.03-million in the year ended June 30.

Attributable after-tax income was 41 percent higher from R1.78-million to R2.54-million, earnings a share rising from 31.3c to 44.3c.

The final dividend has been increased from 3.75c a share to 4.5c a share making total dividends for the year 10c against 8.25c previously.

In their comments on the results, the directors refer to the previous year's pre-tax income increase of 22.6 percent and say that the group again exceeded its sales and cash budgets.

They add that the Winna acquisition is undergoing a process of full rationalisation with certain unprofitable stores having been closed.
Furniture FM 131181

Cautious mood

Although furniture retailers have had a better year than many expected, there is distinct caution in their predictions for the last quarter — traditionally the big sales period.

Before the new Credit Agreement Act came into force earlier this year, retailers expected that it would seriously affect sales. However, after an initial dip, trading by and large returned to previous levels.

The Furniture Traders Association's Sieg Redelingshuys says real growth in the trade could be in the region of 6% this year. Sales reached about R1.6 billion during 1980. In the six months to end-June, retail sales by dealers in furniture and household requisites reached R806m compared with R646m last year, according to the Department of Statistics.

Redelingshuys says some retailers experienced a dip in sales during September and October but are expecting this to level out during the traditional November/December buying spree.

He adds that the sales valley which is expected during 1982 will probably last until mid-year and pick up thereafter. He expects the trade to do slightly better than the economy as a whole next year, with growth of around 4%.

But SAB's major furniture manufacturer

Afcol has already reported signs of slowdown. And Natale Kirsch, whose listed holding company Coki has shares in both Don and Russell's, is expecting a real drop in growth.

However, another major manufacturer reports no sign of slump, but believes that shortages of skilled labour will place constraints on further growth next year.

Eric Ellerine says the Ellerine retail chain experienced slower sales during March and April immediately after the introduction of the new Credit Agreement Act. Since then, however, sales have picked up again — although not to the same levels.

Ellerine adds that although sales have been affected, he has been delighted with the new Act. He says it has made for a far better industry. He sees the introduction of TV2 and TV3 as the bell point for the coming year. It is already having a positive effect on TV sales. His company has laid in a lot of stocks for November, December and January.

Because of the cost of entertainment and its inaccessibility, says Ellerine, it is likely that TV2 and TV3 will have a greater impact on blacks than TV1 had on whites.

Gerald Manne, GM of the Hyperamas, says sales of furniture and major durables are sound, but there has been a slight ebbing back. Sales of TV sets at the Hyperamas have shown incredible growth of 40% over last year, he adds.

Manne attributes the increase to demand in the home entertainment market. He says there is a natural upgrading of equipment as more people buy video recorders and auxiliary equipment. The replacement market, the change in the licensing regulations and the increase in sales to blacks have also been factors. Manne says the market should be further stimulated during 1982 by the introduction of colour portable sets.

And the higher expectations of young married couples, who have high combined incomes, should lead to a continuing demand for durable goods.
Cane firm does well

Finance Reporter

BUSINESS is going extremely well for Mooi River Cane Industries, started in December 1980. The managing director, Mr W F Seymour, says there is no shortage of customers. All items now being made in his factory are already sold, and there are many orders in the pipeline.

Mr Seymour came to South Africa from Victoria Falls, Zimbabwe, three years ago and worked for National Development Corporation of South West Africa/Namibia. Before coming to Mooi River, he acquired his first factory when he bought Pittcane Furniture Manufacturers in Pinetown.

Now Mr Seymour will be making Mooi River his head office for the manufacture of cane furniture. The Pinetown branch will remain as a shop window and training centre, which will alleviate the problem of a shortage of trained staff.

At present the staff of the Mooi River factory consists of four whites, five Indians and 26 Zulus. Two of the Zulus used for weaving are blind.

It is obvious, says Mr Seymour, that the demand for cane furniture is increasing, and there is also a definite opening for a profitable export market—firm enquiries have already been received. All this has led to his company becoming the largest but one of its kind in Natal.

The raw cane is imported from the Far East from such places as Malaya, Indonesia, Singapore and Taiwan. Unfortunately the cane grows only in a monsoon climate and not in South Africa.
which returns on capital employed were poor and profit growth sluggish, the group recovered in financial 1980 with a sharp jump in taxed attributable profit to R1,1im. Last year, taxed attributable income showed a 45.5% advance off the higher base.

Despite chairman Lionel Jossel’s confidence that the group’s problems are now well behind it and that prospects are encouraging, the market has remained cautious. In fact, the share price has fallen 10c since the preliminary results"
Property
Stake
for Duro's

DUROS, the Cape furniture group recently taken over by Gordon Verhoef & Karl Krause, is boosting its earnings a share by 34% to 9.95c (7.4c) through the injection of several property companies.

The managing director, Mr Len Duxton, said agreement had been reached between the shareholders of certain property-owning companies and H Oppenau & Co, Duro's wholly owned subsidiary, for the acquisition of the property companies for R1 642 500. The price would be paid partly in cash and Duro's shares.

Three main properties are involved — two blocks of executive apartments in Cape Town and a Cape Town office block.

In a second deal the group is buying a factory from Mobilia Furniture in Atlantis for R580 000. The factory will be used to relocate the Duro's furniture operations currently housed in a Cape Town factory.
Workers hit at pension pay-outs

By Tony Davis, Labour Reporter

Workers in the Transvaal furniture industry are incensed by a new pension scheme.

There are about 11,000 workers in the industry, all members of the Transvaal家具 National Union of Furniture and Allied Workers of SA because of a closed-shop agreement.

The concern arises from the phasing out of the old provident fund and its replacement with a pension fund.

Workers started contributing to the new fund at the end of October and have been told to apply for a refund of half their provident fund contributions which will be paid out from the first of April.

The remaining half will be transferred to the pension fund.

But workers say they are entitled to a full refund of their provident fund contributions.

They claim they were not told by the union that they would receive a total pay out at the end of October.

However, they were later told that they would receive only half their funds but they must wait until the next year because their contributions were tied up with investments.

Many workers had made commitments towards expenses such as housekeeping and found at the end of October they had no money coming to them.

Workers told The Star that they had no mandate to change the pay-outs and were forced to accept the fact.

Millions of rand are tied up in the pension provident fund scheme in the Transvaal furniture industry.

Workers claim general union meetings were cut short by their leaders when the subject of contributions was brought up. The pension row has already seen one executive member of the union being expelled for demanding that the 11,000 workers he part out in full on the basis of the union's previous commitment.

What the workers want to know from their union is:

- Why did the union change its position on refunds?
- Why must they now wait until next year for half their contributions?
- Did the union have the mandate of the workers to make the changes?
- Who is accountable for the earning of investment profits from the funds?

Both the union and the Industrial Council for the industry are reluctant to comment on the dispute.

The union's general secretary, Mr M. Lalam, said the workers would definitely receive their full pay-out from the first of April.

Furniture workers have already sought legal counsel on the issue.
MANUFACTURING — FURNITURE

1982 — 1986
Furniture men still laughing

"DEPRESSION? What depression?" That's the response from leaders in the furniture industry to the Bureau of Economic Research's forecast of an 8% decline in real terms in private consumption expenditure on furniture and other household durables this year.

The BER forecast is supported by the Standard Bank's economic survey, which states that sales of durable goods will bear the brunt of the economy's downturn.

The Furniture Traders Association's executive director, Sieg Redelingshays, forecasts a 5% real growth rate in the furniture industry as a whole, based on the real GDP growth rate of 2%.

"With new customers continuing to come on to the market in significant numbers, there is plenty of room for expansion," he says. "People psyche themselves into a depression."

The only problem that Mr Redelingshays foresees is in the cost spiral of raw materials, which may push up retail prices. He believes it's about 10%.

Baron chairman of Ellerman Holdings says he is optimistic. "I don't believe the decline will be of the order suggested by the BER."

The TV boom will continue to help us and black consumers provide a steady growth potential.

By Colin Bower

Furniture, points out that, in addition to the normal orders, that will emanate from expansion by large private and public institutions, 12,000 workmen are already committed for the next 12 to 15 months.

The market for office furniture "systems" is R3.0 million, and Mr Range looks forward to healthy growth on his company's R172 million sales figure.

Rennie Burch, executive chairman of B & S Steel Furniture, is not overly concerned, and says that his company is not budgeting for a downturn this year.

Don Mather, managing director of Sun Steel Holdings retail division, reports no discernable downturn, and says he does not expect one.

Last year his division enjoyed real growth of more than 40% and supported by black consumer spending he expects a similar figure for 1982.

Beale's managing director Alec Logoff says his company is opening new stores this year, the effect of which will be to offset any possible downturn in the market.

The only dissentant voice among those canvassed comes from Mr Charles Horne, who sees no real growth this year.

If the economy is correct, however, the R2.0 million furniture industry will increase in terms by more than R100 million over the next 12 months.

DEPRESSION? What depression?
A breakthrough recognition agreement in a homeland "border area" has been won by the Kosain-affiliated Paper, Wood and Allied Workers' Union.

In terms of the agreement signed yesterday, the Zululand Furniture Factory in Port Durban, KwaZulu, has recognized the union's right to take up any factory issue including wages on behalf of the 200-fold workers.

The firm is owned by the Corporation for Economic Development, formerly the Banita Investment Corporation, and because it is in KwaZulu it is not covered by minimum wage provisions applying in South Africa.

A union spokesman said the agreement was one of its most successful. "It is simple and embodies many rights for workers and has no restrictions," the spokesman said.

Management had initially objected that the union was not registered for the area but had since displayed "a progressive and open attitude to the union and its worker committee," he added.

The Paper, Wood and Allied Workers Union had already forwarded wage demands to management which are to be discussed, the spokesman said.

The union's membership in northern Natal has risen from nothing to about 3,000 since last April and it has signed two other recognition agreements in the area. These are with Anglo Alpha's Cappa Sacks in Isithebe and Suppl Kraft in Mndim
A breakthrough recognition agreement in a homeland "border area" has been won by the Non-white-affiliated Paper, Wood and Allied Workers' Union.

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The union's membership in northern Natal has risen from nothing to about 3600 since last April and it has signed two other recognition agreements in the area. These are with Absa's Capta Sacks in Isithebe and Sappi Kraft in Mandini.
A timber price list error causes a knotty problem

AN ERROR in the South African Timber Milled Association's price list for SA pine for 1972 and its correction a few days later has sparked a bitter row.

According to the first price list, industrial timber with dimensions of 200mm by 200mm, 200mm by 300mm and 300mm by 300mm were increased by 10% over their prices last year. In the corrected price list, these prices went up by 4% over last year's prices.

Hilton Piggott, executive director of Excelsior and Co, which makes furniture for the export market, says the subsequent rise is a shock and will affect the profitability of his company.

"To the export businessmen we have to quote prices for six months at a time and normally have our current market trends and the prices of timber in the first price list we received from Sama," he said.

"But we make chairs and use about 200m³ of 150mm by 150mm, 200mm by 200mm, and 300mm by 300mm. The increase in the price of timber is causing us to become increasingly uncompetitive in the export market and if it continues, we'll be forced out of it in a year."

When interviewed, Piggott said, "We're very concerned with the high prices in the first price list and the drastic rise over last year's prices. It's going to affect our profitability."

In the report, which is based on the prices quoted in the first price list, the prices of timber are higher than those quoted in the second price list. This has caused a great deal of confusion in the industry."
'Closed shop' to be tested in court

By STEVEN FRIEDMAN
Labour Correspondent

THE controversial "closed shop" provision, which forces workers to belong to a trade union, is to be tested in the Government's new industrial court.

The case is likely to be closely watched by both employers and unionists. The closed shop is firmly supported by most established unions, but has been attacked by emerging unions and employers, who see it as a violation of workers' freedom of association.

The registrar of the industrial court confirmed this week that the case, brought by Natal furniture company Grafton Everest against the furniture industry's Natal Industrial Council and the National Union of Furniture and Allied Workers (NUFAW), an affiliate of the Trade Union Council of SA, is to be heard.

He said a date for the hearing had not been set. "The parties are negotiating on a date and we are waiting for them to come back to us," he said.

The case concerns an agreement negotiated at the Natal council which means all black furniture workers must belong to the NUFAW. The closed shop in the union has only recently been extended to blacks.

Grafton Everest brought the case after three of their workers refused to join the NUFAW. The court told the company it must fire the workers.

At one stage, the council sent an agent to the plant to eject the three. But he was turned back and they are still working at the plant.

It is understood that the three refuse to join because they support the unregistered SA Allied Workers' Union. Informal sources say other NUFAW members at the plant originally backed the SAAWU.

The company has now taken the case to the court, arguing that to fire workers because they refuse to join a union is an "unfair labour practice."

The NUFAW's secretary, Mr. Johan Lalaram, confirmed yesterday the company had brought the case, but added: "We believe their attorneys have told them there is nothing illegal about the closed shop."

"Instead of doing this, why didn't they apply to the Minister of Manpower for an exemption from the closed shop, which they can do?" he said.

It is understood that the company has not asked for an exemption because this would mean that the closed shop principle would not be tested in court.

Date: 17/10/88

Degree/Diploma/Certificate for which you are registered (e.g. B.A., B.Sc.) B.A.

Subject: ECONOMICS
(to be copied from the heading on the Examination Paper)

Paper No: PAPER NO I
(to be copied from the heading on the Examination Paper)

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Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University.
Natal firm asks Court to test 'closed shop'

Mercury Reporter

A NATAL furniture company has asked the Industrial Court to test the controversial 'closed shop' provision, which forces workers to belong to a trade union.

The case is being brought by Grafton Everest against the furniture industries' Natal Industrial Council and National Union of Furniture and Allied Workers (NUFAW), an affiliate of the Trade Union Council.

It concerns a council agreement which forces all Indian, black and coloured furniture workers to belong to NUFAW.

The closed shop has been extended only recently to blacks.

The closed shop is firmly supported by most established unions but has been attacked by emerging unions and employers who see it as a violation of workers' freedom of association.

It is understood that Grafton Everest brought the case after three of their workers - one who has worked for the company for 25 years - refused to join NUFAW because they supported the unregistered South African Allied Workers' Union. The council told the company they must dismiss the three workers.

The company has now taken the case to the Court, arguing that to fire workers because they refuse to join a union is an unfair labour practice and runs counter to the principle of freedom of association.

Tested

NUFAW's secretary, Mr Mohan Lalaram, yesterday confirmed that the case had been brought by the company but said 'it was the right of any employer to ask the Minister of Manpower for an exemption from the closed shop agreement.'

It is understood that the company has not asked for an exemption because this would mean that the closed shop principle would not be tested in court.
From humble beginnings...

to a giant money-spinner

By Robin Parker

INSPIRED by the opening verse of the wooden-carvers' ballad, the Garden Route forest furniture industry has grown into a R6-million-a-year money-spinner which is attracting increasing international interest.

The industry which provides work for more than 2,000 workers, draws its materials from 30,000 ha of indigenous forest covering the hills and valleys between Mossel Bay and Humansdorp.

The beginnings were humble. The Jonker family made the first tentative steps into forest furniture building more than 50 years ago. The 'factory' was a small room in Kynsna's main street.

The growth of the industry has been phenomenal. Now all the major manufacturers have large factories in Kynsna's burgeoning industrial area.

And the demand is such that the waiting list for any piece of furniture could be up to two years.

The final crafted masterpieces are to be found in homes from Aansvoel to Aachen, Malmsbury to Memphis, but the industry's main market is South Africa.

Kynsna, at the heart of South Africa's holiday playground, is rubbing its hands in glee as prices climb.

A prime grade stinkwood tree may take anything up to 300 years to reach maturity, which accounts to some extent for the price paid for the final product. For blackwood the period is slightly shorter.

The species are carefully cultivated by a band of foresters and their labourers in the green hills surrounding Kynsna.

For several years the saplings are nurtured before being transferred to the forest where possibly, in 300 to 400 years, they will be felled to provide furniture for those roaming earth in the year 2490.

After felling, the indigenous woods are auctioned annually by forestry staff. The bidding is keen, with the major manufacturers eager to carry off the prime examples of stinkwood, blackwood and yellowwood.

The wood is then transferred to one of the sawmills where it is cut into manageable lengths and then stacked for drying for up to a year. Then follows a period of oven drying before the wood is deemed ready for use.

Mr Boet Matthys, sawmill and store foreman at Fechter's factory in Kynsna has more than 50 years experience in the industry.

"Oom Boet", as he is known to Prime Ministers, Cabinet Ministers and many international dignitaries who have selected wood for their furniture from his store remembers the industry in its 'backroom' form.

"Everything was cut by hand and the fancy feet and doors all carved by master carvers who worked at astonishing speed.

All that has disappeared now the victim of progress.

But they have still not invented a machine to assemble the furniture. And it is this that the buyer has to be prepared to pay for, that final human touch which makes each piece of furniture unique.

● Pictures by PETER STANFORD

FORESTER Mr Willie Cooper with saplings. These trees are seven years old and their size indicates their slow growth.
to a giant moneyspinner

By Robin Parker

INSPIRED by the opening
verse of the wood-
carver's ballad, the Gar-
den Route forest
furniture industry has
grown into a R6-million-
year moneyspinner
which is attracting in-
creasing international
interest.

The industry, which
provides work for more
than 2,000 workers,
draws its materials
from 60,000 ha of indigene-
ous forest covering the
hills
and
valleys
between
Mos-
set
Bay
and
Humanskop.

The beginnings were
humble. The Jonker fam-
ily made the first
canvas
steps
into
forest
furniture
building
more
than
60 years ago. The
"factory" was a small
room in Knysna's main
street.

The growth of the in-
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Knysna, at the heart
of South Africa's holiday
playground, is rubbing its
hands in glee as prices
climb.

The indigenous fur-
ture industry is one of
the few not feeling the
effects of the economic
recession. Says one re-
presentative: "The de-
mand for good quality
furniture is such that
people will pay any price
to get it."

And do they pay! The
record price for a cu.m
of stinkwood is more
than R9,000, and even
blackwood, the cheaper
and most popular variety,
of wood is close to
R1,000 a cu.m. Prices be-
tween R5,000 and R10,000
for an eight-chair din-
ning suite are common.

A prime grade stink-
wood tree may take any-
ting up to 300 years to
reach maturity, which
accounts to some extent
for the price paid for the
final product. For black-
wood, the period is slight-
lly shorter.

The species are care-
fully cultivated by a
hand of foresters and
their labourers in the
green hills surrounding
Knysna.

For several years the
saplings are nurtured be-
fore being transferred to
the forest where possi-
ble, in 300 to 400 years
time, they will be felled
to provide furniture for
these roasting earth in
the year 2000.

After felling, the indig-
enuous woods are auc-
tioned annually by forest-
y staff. The bidding is
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The wood is then trans-
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Mr. Boet Mathys, saw-
mill and store foreman
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50 years experience in
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"Oom Boet," as he is
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■ Pictures by
PETER STANFORD

FORESTER Mr. Witte Cooper writes: "These trees are seven years old and their size indicates their growth.

A FECHTER'S factory worker puts the finishing touches to a chair.
Isolation will unfetter a siege mentality

by Cheetha Hayrom
New York Staff Reporter

BUCK HILL (Pennsylvania) — Mr Tony Bloom, chairman of the Premier Milling group, has told top United States executives here that political and economic isolation will intensify the "siege mentality" in South Africa.

Addressing a conference on American businesses operating in South Africa organised by the Yale School of Management, Mr Bloom warned yesterday that isolation would be a "negative, retrogressive step" that would persuade South African's to accept "otherwise unacceptable formulas." It would "intensify the paranoid siege mentality which repels below our national psyche," he said.

"The stifling of United States interests would remove a positive and constructive influence and would cause hardship and suffering among those who need help most."

South Africa was at the crossroads, he said.

"If the Government chooses the road which will carry its bold statements about adaptation and the removal of discrimination into practice, then one can proceed with confidence that the potential of our country will be realised."

"If, on the other hand, South Africa was to choose the other road, cling to the obstacles of the past, retreat into its heavily armed white-steam and embark on another dangerous wave of arrests, hangings, detentions without trial, then..."

"...no doubt we will survive — the period ahead is not going to be a pleasant one."

The responsibility for the choice was heavy. It was here that America's political and economic interest could make a lasting contribution.

"These companies operating in South Africa could ask themselves some questions, Mr Bloom said.

"Are they spending enough time, money and effort on training their workers?"

"Are they promoting on merit alone and seeking out blacks with the required qualifications for managerial positions?"

"Can they do more to improve the living standards and job opportunities for workers?"

"Are they contributing to workers' lives outside the job?"

"Are they giving enough support for philanthropic projects which will benefit all sections of the community?"

Mr John Kane Berman, said the South African Government planned to enact one of the cruellest and most massively destructive laws.

Another speaker, Mr Berman, a member of the executive committee of the Institute of Race Relations, said that the proposed Orderly Movement and Settlement of Black Persons Bill would be the most drastic piece of apartheid legislation since the pass laws were extended to include women in the 1950s.

It was possible, he said, that attempts to confine increasing numbers of blacks to the homelands would be one of the major causes of racial conflict in South Africa in the years ahead.

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Paper No. TWO
(to be copied from the heading on the Examination Paper)

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Deal Party
sawdust getting
in people's hair

By JERRY McCABE 2/16/82

A "sawdust storm" is getting in everyone's hair and some Deal Party employees are most unhappy.

Mrs Evelene Butler, who works at a nearby firm, said "On Tuesday the sawdust was raining down on us. It formed a mist over Deal Party for the whole day. My car was absolutely covered in the small sawdust particles."

Allegedly at the root of the problem are two furniture manufacturing factories in the area, which have been accused of "polluting" the area recently.

"My hair is constantly dirty from the sawdust. Everything is always full of dust," another woman employee, who did not want to be named, said. She said it had become impossible to open a window in their building because everybody soon became "covered" in fine sawdust.

Mrs Joan Stevens, who also works near the furniture factories, said there were "all sorts of things floating around." She said they had to accept the sawdust as an occupational hazard. "I suppose the factories cannot really help it."

Mr Roy Pritchard, general manager of Frystark, one of the firms allegedly responsible for the sawdust storm, said people who complained were "making a mountain out of a molehill." He said his firm had a minor problem with excess sawdust because of a breakdown of a dust extractor but this was now being repaired.

"We may be responsible for some of the stuff in the air but there are plenty of other culprits as well. Anyway, people should expect this sort of thing from an industrial area," Mr Pritchard said.
TODAY the Industrial Court begins hearing a case, which will provide the first test of its attitude to a key labour issue — the closed shop.

This principle means workers must belong to a union (often a specific union) to work in a particular job.

The issue sparked off violent debate overseas, where it is generally backed by unions, opposed by employers.

Here, it is usually enforced through industrial council agreements between employers and established (previously non-black) unions.

The new, mainly black, unions say their established rivals simply go to employers, get a closed shop covering blacks and, hey presto, a large (unwilling) black membership is theirs.

Today the court, sitting in Durban, will begin hearing a case in which furniture firm Grafton Everest wants it to declare a closed shop an “unfair labour practice”.

Three of its workers refuse to join a furniture union affiliated to the Trade Unions Council of SA, which has a closed shop for black workers.
Union to test ‘unfair dismissal’ law in court

By STEVEN FRIEDMAN
Labour Correspondent

THE Industrial Court is to be asked to order the reinstatement of a worker who was allegedly unfairly fired at a Wadewille liquor company — a case which will test for the first time recent changes to labour law.

Until now the courts have compensated workers who have been unfairly dismissed, but have not ordered their reinstatement.

And, in another development, an attempt to challenge the controversial closed shop principle — which compels workers to join a union — in the court for the first time may be thwarted on a technicality as a result of an argument heard by the court on Monday.

The move to seek a reinstatement application was announced yesterday in a statement by the National Union of Wine, Spirit and Allied Workers, a registered union with close links to Tucsa’s Garment Workers Union.

The union will seek the application against Distillers Corporation of Wadewille, which, it alleges, fired a union shop steward without following laid-down dismissal procedures.

According to the statement, the company has refused to reinstate the worker and the union is thus taking the matter to the court.

The union says the case will “test the effectiveness of the recently amended Section 43 of the Labour Relations Act, which on its new form is untried by the court.” The Section deals with “unfair labour practices.”

The “closed shop” action was heard by the court in Durban yesterday. It has been brought by Natal company, Grafton Everest, of which three workers face dismissal by the furniture industry’s Natal industrial council because they refuse to join a Tucsa-affiliated union.

The union has a “closed shop” agreement with employers on the council.

The Mail’s Durban correspondent reports that the industrial council’s lawyer asked the court to refuse to hear the case because, he argued, the company had not followed correct procedure in bringing the case to court.

The court is still to decide on this argument.
Cracks in the facade

Unity within the Progressive Federal Party in the Transvaal has never been monolithic. But it is showing more cracks than usual as a group of generally young anti-establishment "pragmatists" manoeuvre to seize control from the old-PFP northern suburbs elite.

They claim to have no ideological differences with the establishment, but to be anxious for changes to increase efficiency and party image.

So far the party leadership proclaims a bland ignorance of the rebels' existence. Southern Transvaal chairman Douglas Gibson, whose areas most of the pragmatists are based, says there is certainly no split if it is defined as secret plotting against party leaders.

"If, however, our strategy of promoting party growth and leadership in key areas outside the traditional PFP seats results in people like me being pushed out, then that's fine," Gibson said.

Transvaal PFP chairman Max Borkum, who is a prime target of the pragmatists, would not discuss them. If, as the FM believed, they were mainly from the southern Transvaal region, then it was up to Gibson to comment, said Borkum. He also would not comment on the attempt by Marius Barnard, MF for Parktown, to unseat him as Transvaal chairman. It was Barnard's "democratic right" to stand, he said.

The pragmatists, who are not willing to be identified at the stage, claim the Barnard candidacy as an early trial of their strength. Barnard failed by only 22 votes.

Gibson says that far from being surprised, he had expected Borkum to lose. While Orange Grove MEC Joel Mervus was surprised at how close Barnard came, Mervus says he has no indication of a possible rebel movement except at the congress, when he was told by one of his constituency people that the Barnard candidacy represented "the other regions" trying their strength.

Ironically, the establishment policy of building grassroots strength outside the traditional PFP areas in anticipation of taking advantage of an electoral split between Nationalist and Conservative Party voters coincides exactly with the rebels' policy of building strength in those same areas in order to eventually outvote the establishment.

In both cases, that policy could be working. PFP party strength in Randburg is now in excess of 450, that is Westdene more than 350, Johannesburg West is close to 400, and Florida over 300.

This is still small in terms of the 1 500 to 2 000 members some of the northern suburbs constituencies can show — but strength is building up rapidly.

Grafton Furniture Manufacturers has failed to obtain an Industrial Court declaration that a closed shop provision affecting three of its employees is an unfair labour practice.

The case, which has attracted widespread interest from unions and employers, concerns an agreement negotiated at the Industrial Council for the Furniture Industry (Natal). A closed shop provision in the agreement stipulates that workers in the industry must belong to the National Union of Furniture and Allied Workers (NUFAW), an affiliate of the Trade Union Council of SA (Tusca).

However, three Grafton employees have refused to join the union. Grafton decided to go to court when the industrial council refused to grant it further exemptions from the closed shop provision. Such a refusal meant that Grafton would have had to fire the workers (who have worked for it for 16, 25 and 28 years respectively) if they persisted in their refusal to join the NUFAW.

Ernie Wentzel SC, who appeared for Grafton, told the court that the company wished to obey the law, but in doing so it would cause harm to persons with whom it had no quarrel. This was why the company had asked the court to give guidance on the matter.

In a 29-page judgment, the court has ruled that this application is "an irregular step." It has granted the application by the industrial council that it should be set aside.

The court has ruled that Grafton did not follow the procedure laid down by the Labour Relations Act. This stipulates that the company should have referred the matter to the industrial council before bringing it to the court. The next step that could have been taken by Grafton, if it disagreed with the council's decision, would be to appeal to the Minister of Manpower against the council's decision.

Wentzel argued that the council was the very body whose competence was at issue and it was therefore inappropriate for it to deal with the dispute.

The court also disagreed with Wentzel's interpretation of its powers. He argued that the industrial council is not an inferior court to a magistrate's court. If in its own field it is a court of original jurisdiction as if it were a superior court.

The court has placed a far narrower interpretation on its jurisdiction, and on its authority to make declaratory orders. Says the judgment: "The Industrial Council has not been established as a superior court or a division of the Supreme Court. It is a creature of statute, it has no jurisdiction beyond that granted by the statute creating it."

Grafton has still to decide what its next step will be. The court's ruling does not appear to prevent the company from bringing the matter back to the court once it has followed what are deemed to be the correct procedures.

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Financial Mail December 10 1982

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PROGRESSIVE FEDERAL PARTY

PFP's Borkum... almost ousted as Transvaal chairman
Afcol posts 73% higher profits

Own Correspondent

JOHANNESBURG — Associated Furniture Companies (Afcol), thriving from higher sales and improved operating efficiencies, has posted a 73% increase in attributable profit to R15.7m for the six months to end September.

This takes earnings to 64.9c a share (35.2c a share) and outstrips the company’s performance in the six months to end March 1987, when earnings of 62.2c a share were achieved.

In line with the policy of covering the dividend twice by earnings, a significantly higher interim of 32.5c is to be paid (19.5c).

Shareholders could be in line for more good news, if executive chairman Laurie van der Walt’s forecast of a significant increase in earnings for the year is correct. “The amount of orders on hand indicate a good level of sales during the important December quarter.”

Afcol’s sales climbed 27% to R244m (R192m), while operating profit shot up 85% to R18.9m (R10.2m).

Lower interest payments and a higher tax rate of 49% (35%) left taxed profit at R16.2m, 74% up on the previous interim.

The balance sheet at the half-way stage shows gearing has been reduced from 49% to 29%, a feat the directors consider “most satisfactory.”

This performance was brought about by containing the growth of net assets to only 4% — despite a sales increase of 27% — and by a R13.4m cash receipt resulting from the sale by Spankor, in which Afcol has a 50% holding — of its property portfolio to an associated company.
Firm fails over closed shop test

Labour Reporter

A NATAL furniture manufacturer, Grafton Everest, has failed in its attempt to get the Industrial Court to test the controversial ‘closed shop’ principle which forces workers to belong to a particular union.

And as a result it could be called on by the furniture industries’ industrial council to fire three ‘long-service’ employees if they persist in their refusal to join the Tuasa’s National Union of Furniture and Allied Workers.

In his written judgment, the Court’s deputy president, Dr D B Ehlers said that Grafton, which had asked the Court to rule that ‘closed shop’ forcing its workers to belong to the Tuasa union was an ‘unfair labour practice’, did not bring its application properly.

The court action follows the Natal furniture industry’s industrial council turning down Grafton’s application for an exemption from the ‘closed shop’ provision on behalf of its three employees who are allegedly members of the SA Allied Workers Union.

Irregular

In the judgment, Dr Ehlers said the company’s court application was ‘irregular’ as Grafton had not followed the procedures laid down in the Labour Relations Act.

In terms of the Act, Grafton should have referred the dispute to the industrial council before bringing it to court and further, the company had the right to appeal against the council’s decision to the Minister of Manpower.

Dr Ehlers also upheld the argument put forward by the industrial council that Grafton’s application for exemption had been brought in terms of the wrong clause in the Act.

The Court’s ruling allows Grafton to either appeal to the Supreme Court against the judgment or to refer the matter to the Court again.

A company spokesman said they would be meeting with their legal representatives in the new year to discuss which procedure to follow.

A union source said the three workers would probably be given a further 90-day period to join the union before Grafton was asked to dismiss them.

An industrial council spokesman said the matter would first be discussed by the full council before any decision was taken. No meeting had yet been arranged.
THE owner of a City interior decorating firm was fined R100 (or 50 days) in the Magistrate's Court yesterday for contravening six sections of the Labour Relations Act and the Industrial Council Agreement.

Aivar Wagley, of Wagley Interiors, Loop Street, Cape Town, pleaded guilty to failing to forward the total weekly deductions made from employees' wages between August and September last year to the Industrial Council for the Furniture Manufacturing Industry.

He also pleaded guilty to failing to pay holiday fund contributions.

Mr B Carroll was the magistrate. Mr R Warren appeared for the State. Wagley was not represented.
Money owed to ex-furniture men

Labour Reporter

A LARGE sum of money has not been claimed by employees who have left the furniture industry.

The secretary of the Industrial Council for the Furniture Manufacturing Industry, Natal, Mr J S Olivier, said yesterday that a large amount of money had accumulated in the sick pay, provident and holiday funds and if this was not collected before June 30 it could be forfeited.

Mr Olivies said the money was not large capital sums in the funds because the monies were made up of weekly contributions, but urged people who had left the industry without claiming their money to apply to the industrial council urgently.

Applications can be sent to PO Box 1554, Durban or in person at Salmon Grove Chambers, 407 Smith Street.
200 workers retrenched

**Mercury Reports**

DICK Whittington Shoes (Pty) Ltd in Pietermaritzburg has retrenched 200 employees out of a workforce of more than 2,000.

Mr Graham Crouch, managing director of the company, told the Mercury yesterday that the 11 percent who had been laid off had been given a week's notice.

'We had to lay them off because of the downward swing in the economy,' he said. The retrenchments came from all categories and the employees had not been dismissed on a 'last in first out' basis.

A spokesman for the National Union of Leather Workers said he would not comment on the retrenchments until he had discussed the matter with management.
Heavyweight boxer Mike Koranicki appeared briefly before a Johannesburg regional magistrate yesterday, charged with contravening agreements relating to the furniture manufacturing industry.

Mr Koranicki (30) of Lombard Street, Randview, Alberton, who is charged in his capacity as director of Kramer's Upholsterers in Alberton, was not asked to plead.

Five of the charges relate to his alleged failure to pay monthly contributions and submit statements to provident, trade union and training funds between November 1982 and February 1983.

The sixth charge is an alleged failure to pay the Industrial Council a guarantee of R1 267 to cover payment for his employees in respect of these funds. He faces an alternative charge of failing to notify the council of any changes to particulars in his registration as an employer in the furniture manufacturing industry.

Mr Koranicki was remanded until August 4.

He speaks up for SA

South Africa will be represented at the US finals of the International Prepared Speech Competition by Mr Nigel Pitton of the Johannesburg Engineers' Toastmasters Club.

Mr Pitton won the district competition in Durban at the weekend.
CLOSED SHOP FM 27 88

Grafton's battle 16

Grafton's battle against the closed shop in the Natal furniture industry shows what a difficult issue this is becoming in labour relations in SA

A provision in an agreement negotiated at the Industrial Council for the Furniture Industry (Natal) stipulates that workers in the industry must belong to the National Union of Furniture and Allied Workers, an affiliate of the Trade Union Council of SA (Tusca)

Grafton tried last year to obtain an Industrial Court declaration that the provision was unfair labour practice. It approached the court after three of its employees refused to join the Tusca union, and the industrial council declined to grant the company further exemptions from the closed shop provision. Such a refusal meant that Grafton would have had to dismiss the workers (who had worked for it for 16, 25 and 28 years respectively) if they persisted in their refusal to join the Tusca union.

The court, however, took the view that Grafton had not followed the procedure laid down by the Labour Relations Act (LRA). This stipulated that the company should have referred the matter first to the industrial council. The next step that Grafton could have taken, if it disagreed with the council's decision, was to appeal to the Minister of Manpower.

Not surprisingly, Grafton was unhappy with this ruling. The company's legal representative had argued that it was inappropriate for the council to deal with the dispute because it was the very body whose competence was being questioned.

Grafton nevertheless decided to take the matter to the council. However, it appealed to the Minister after the council was not able to resolve the matter to the company's satisfaction.

A decision by the Minister may have then settled the matter. But just to make things more complicated, an amendment to the LRA earlier this year removed the Minister's power to grant exemptions from industrial council decisions — including those governing the closed shop. The authority to grant such exemptions was transferred to the Industrial Court.

A difference of opinion now exists over whether the Minister still has the authority to grant exemptions on matters referred to him before the amendment to the LRA came into effect on May 1. Grafton made its appeal to him before this date.

Some senior government men believe the Minister has the power to decide on issues referred to him before the LRA amendment, but the industrial council disagrees. It is seeking a Supreme Court declaratory order prohibiting the Minister from making a decision — not on the Grafton appeal — but on an appeal by another company failing within its jurisdiction for an exemption totally unrelated to the closed shop.

However, the effect of this legal challenge is that efforts to get the Minister to make a ruling on the Grafton appeal have been stalled. It now appears that a decision by the Minister on the Grafton appeal will have to be delayed, pending the outcome of the Supreme Court hearing on the other case.

There is a singular irony attached to this protracted process. If the Supreme Court prohibits the Minister from making a decision on matters referred to him before the LRA amendment, Grafton will be steered back in the direction of the Industrial Court — something that the industrial council resented so fiercely in the first place.

continued on P101
The challenge to the "closed shop" in Natal furniture firm Grafon Everest is not dead.

Last year the company took a Tasco union and the furniture industrial council to the industrial court because the council wanted it to fire some of its workers for refusing to join the union.

The case was seen as a key test of the closed shop, but the court ruled it could not decide on it because it had not been referred to the council first.

Grafon is still trying to get the case back to the court, but its efforts are being delayed by a Byzantine legal wrangle about whether the Minister of Manpower has the right to exempt workers from the "closed shop.

So the case may not return to the court for a good while yet.
Twenty-eight sacked

By PHIL MTIMKULU 16/8/83

TWENTY-EIGHT workers from two different companies have been sacked after they approached their management for pay increases.

The two incidents took place at Watergate and Datco in Alberton and Vaal Reefs Electrostatic Powder Coating in Alberton. Seven workers were fired at Datco on Friday and the rest came from Vaal Reefs who were sacked yesterday.

Mr Brandt, who said he was the owner of Watergate and Datco, said as far as he was concerned the seven workers went on strike. He said by virtue of them stopping the machines and affecting production, they had gone on strike and thus he was not going to re-hire them.

At Vaal Reefs, a person who identified himself as Mr Ginsburg, refused to talk to reporters.
Twenty-three workers at Vaness Products, Koe-doespoort, went on strike today after a unilateral wage adjustment by management.

The workers claimed that the shop stewards had not been consulted before the 16 percent adjustment was announced.

Vaness is a branch of Brupy Doors Boksburg.
Gundle buys up B&S controlling interest

CASH-RICH GUNDLE Industries has acquired a controlling interest in B&S Steel Furniture for R3 836 389 and an offer is soon to be extended to minority shareholders.

The offer price will be R4.14 a share — the same as that paid by Gundle for the Back family’s 50.1% holding in B&S of 1,190,000 shares — payable in cash.

If all minorities accept the offer, and there is little reason to think they won’t, Gundle will have to reach deeper into its pocket for another R3 837 095.

The total cost of the acquisition would thereby total R7 694 484.

B&S shares were suspended from the furniture sector of the Johannesburg Stock Exchange yesterday at the company’s own request.

B&S’s last sale price was R2.95. The minority offer, therefore, affords shareholders a 38.7% premium.

An announcement by the companies yesterday said it was intended to re-list B&S’s shares once stock exchange formalities have been fulfilled.

The R4.14 offer price is equal to B&S’s net asset value of R3.06 at the end of the group’s latest financial period, to December 1981, Net assets then totalled R13 135 827.

The chairman of Gundle, Mr Clifford Gundle, said the B&S purchase did not represent the end to Gundle’s acquisition aspirations but that “(Mr Back’s) two sons and son-in-law will continue to contribute their expertise to the ongoing growth of the company.”

No managerial changes were envisaged for B&S and the new subsidiary would operate as a “totally separate autonomous operation.”

The move by Gundle sparked market speculation that the group could use B&S’s listing to reverse Gundle’s other operations onto the JSE.

However, Mr Gundle said Gundle would continue to operate as a private group and that a listing was not envisaged at this stage — “It certainly wasn’t the reason we bought B&S.”

The chairman said that if ever the group required a listing, it would go to the market by itself. However, because of its present cash position, such a move was “some way off.”

B&S’s taxed profits fell to R1 641 949 from R2 122 891 in the year to December but total dividends were maintained at 18c.

In his annual review, Mr Back said 1982 profits were likely to be “substantially decreased” — a forecast which has since been confirmed by Mr Gundle.

However, Mr Gundle said his group did not buy B&S on present-day considerations.

“We’ve seen B&S grow through the years and our attitude is, ‘What is going to happen over the next 10 years?”’
behind BGS suspension
Cundall may be the force
Business Day
B&G's embarks on buying spree

Business Day

By Mike Jensen
THE Supreme Court has been asked to take the unprecedented step of forbidding a union to organize workers in an industry.

This is the implication of a case brought by Tusa's National Union of Furniture and Allied Workers (NUFAW) against Fosatu's Paper, Wood and Allied Workers' Union.

NUFAW has a closed shop, forcing furniture workers to belong to it. This is common, but has never prevented rival unions recruiting in a closed shop industry. Workers can join the rival but need an exemption to resign from the closed shop union.

But NUFAW now wants the court to grant an interdict stopping PWAU recruiting in the industry.

In Natal recently, Tusa's Garment Workers' Industrial Union changed its constitution to provide for the expulsion of members who join another union.

This was a response to competition by Fosatu's National Union of Textile Workers. Its effect could be that workers who join NUTW will lose their jobs.

Both responses indicate that established unions are increasingly concerned at the emerging union threat to their closed shops.

They are set to fight this with legal and constitutional moves rather than attempts to rally worker support.
Furniture workers still firm on pay bid

Russell’s furniture-factory workers stated yesterday that they would stand firm in a bid for higher wages.

All 150 workers at the Wardle factory went on strike at 8 am and singing freedom songs, wanted all the day for the results of negotiations between management and representatives of the Commercial, Catering and Allied Workers’ Union (CAMAUSA).

“We have a strong spirit,” said a workers’ representative. “We will continue to strike until we are no longer hungry.”

Union men said that management is reluctant to grant the increase of R80 demanded by the workers.

They want the workers to return to the factory floor while negotiations continue, but the workers have refused.

Workers are dissatisfied with working conditions, citing the high-handed attitude of their bosses as the cause of the problem.

Policeman allegedly hit boxer

West Rand Bureau

An incident in which the South African lightweight boxing champion, Aladdin Stevens, was allegedly knocked cold in a Randfontein police charge office had a sequel in court this week.

Detective Sergeant Piet Wessels appeared before Mr M.C. Pretorius in the Randfontein Magistrate’s Court on a charge of common assault.

Mr Stevens was apparently in the charge office making a statement when he was said to have been knocked out by a punch.

The boxer is ranked number five in the world and known as a formidable fighting machine.

Detective Sergeant Wessels was warned to appear in court again on May 4.

Victims put in cupboard

East Rand Bureau

A 76-year-old Germiston pensioner was threatened with a knife and tied up by an intruder yesterday.

Police said a man threatened Mrs Martha Human of Emil Road, Primrose, and a domestic servant in her home at 10:30 am. He tied them to the chairs and put them in a cupboard.

He ransacked the home and made off with a revolver, radio and an unknown amount of cash.

A police spokesman said the women were able to free themselves shortly afterwards and raise the alarm. They were not injured.

Primrose shop assistant Mrs Charmaine Cuestane (20) of Ramons are Supplies, was also robbed at knifepoint yesterday. An amount of R400 was taken.

Advertising

Isolation of II

By Fiona Macleod

Barbara Hogan, serving 10 years in prison, has brought allegations of maltreatment and the withholding of privileges against the head of the New Johannesburg Prison and the Commissioner of Prisons.

She claimed in an application before the Rand Supreme Court yesterday that she “may not survive mentally and physically, the cruel and inhuman treatment”.

Hogan applied for an order compelling the prison authorities to afford her the rights and privileges provided for convicts.

Mr Justice P.J. Schabert postponed the case to August 20.

Hogan made certain allegations in an affidavit and at an interview with the Star.

Matthea, head of the correctional service.

Hogan said she was kept in isolation.

Brigadier Malibungu, the new commander of the prison, has been given the task of clearing the way for new applications.

Hogan said she was kept in isolation and was not allowed to speak.

Brigadier Malibungu refused to comment on the allegations.

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Brigadier Malibungu refused to comment on the allegations.
Strike at Russells may spread

THE strike by over 150 workers at Russells furniture warehouse in Roodekop near Wadeville, is likely to gain momentum as several workers employed by the group have threatened to down tools in solidarity with the strikers.

This was confirmed to The SOWETAN yesterday by an organiser of the Commercial, Catering and Allied Workers' Union of SA (Cawusa), who said that other workers have threatened to join the strikers if the management was not prepared to meet their demands.

The organiser said that the workers were locked-out when they arrived for work yesterday. They left the premises and later assembled at the union offices in the city.

The workers, all members of Cawusa, last week went on strike in demand of a wage increase and recognition of their union. They demanded a R40 increase across the board. They are earning R49 per week.

The union spokesman said that they have held talks with management concerning the workers' demands. Management has "blatantly" refused to give workers increases, he said.

This attitude, he added, has prompted workers at other Russells outlets to threaten similar action. The workers are to hold a meeting today at Khotsi House.

Management has declined to comment on the matter.
Supply of hardwoods 'cannot be guaranteed'

JOHANNESBURG — South Africa would have to reduce its dependence on other countries for the important supply of hardwoods to the furniture and joinery industries, the Minister of Environment Affairs and Fisheries, Mr Sarel Hayward, said yesterday.

While South Africa had sufficient provisions of softwoods, especially for the building trade, the future supply of hardwoods from abroad could not be guaranteed, Mr Hayward said at the opening of the new centre of the Furniture Industry's Training Council in Johannesburg.

The threat of diminishing supplies, he added, was being caused by the burgeoning international demand for hardwood species.

Furthermore, the world's tropical forests were being depleted faster than they were being replanted.

At present trends, it was calculated that the world's supply could last another 60 years.

Mr Hayward said his attempts to stimulate local production of hardwoods, had established 400 hectares of selected species in the eastern and northern Transvaal.

These plantings would be increased to a total area of 1,100 hectares, providing timber for the furniture industry.

Mr Hayward said he had also appointed a committee to investigate the feasibility of marketing blackwood and other indigenous timbers from the Southern Cape and Tzitzikama regions — Sapa
INDUSTRIAL COUNCILS

Whose jurisdiction?

A demarcation dispute that has bedevilled industrial relations in the building and furniture industries for almost 30 years is close to being resolved.

At issue is whether workers making built-in kitchen and laboratory cupboards, as well as other fine woodwork such as church fittings, should fall under the jurisdiction of the industrial councils for the building industry or those of the furniture industries.

All involved are believed to have agreed, in principle, on a solution. Clarification is still awaited on a few minor areas of disagreement. No one is prepared to reveal details of the settlement. It is claimed that the matter is extremely sensitive and any premature discussion "could be prejudicial to the final negotiations."

However, the FM has learnt that, in essence, the agreement provides for dividing the contested functions between the jurisdictions of the different industrial councils. The seemingly logical solution, however, is more complex than appears at first sight. The dispute has a legacy that stretches back to the post-war days and it has taken a year of "extremely sensitive negotiations" to get the parties to the point where they are now.

One of the problems is that employer groups insisted that no employees should be prejudiced in any way by the final settlement. There are thousands of employees involved together with a number of trade unions and employers. With some employees destined for a change in status in terms of the new demarcation agreement, which could mean they will be entitled to changed benefits under their new industrial council, negotiations became extremely tricky.

In addition, legal sources say that there were principles of labour law at stake. The splintering of big industries through the emergence of new technology is leading to the demise of some large industries and the fragmentation of trade union groups. This has major implications for SA labour law.

However, there seems to be a degree of elation that a settlement is finally in the offing. Industry spokesmen say an anarchic situation existed with employers playing one industrial council off against the other - often to the detriment of employees.
UNION DEMARCATION

Closed shop threat

The Paper Wood and Allied Workers' Union (Pwawu) has been granted costs in a case involving a dispute with the National Union of Furniture and Allied Workers (Nufaw).

The judgment is likely to lead to a serious challenge to the Nufaw's closed shop in the furniture industry.

The case has a convoluted history. Earlier this year the Pwawu, which is affiliated to the Federation of SA Trade Unions (Fosatu), recruited a number of workers at Pat Cornick, a Brits furniture factory. Alarmed at this encroachment, the Nufaw made an application to the Rand Supreme Court for an urgent interdict to prevent its rival from organising in the furniture manufacturing industry.

The argument the Nufaw used was that the Pwawu's constitution did not make provision for it to cover furniture workers. It said the paper union was therefore acting in contravention of its own constitution. The Nufaw also argued that workers who joined the Pwawu would be endangering their right to continued employment as it had a closed shop for the industry. At that stage the Pwawu gave the Nufaw an undertaking not to organise furniture workers.

However, the Pwawu had applied to have its scope extended to cover furniture workers before the Nufaw's application came before the Supreme Court. By June, when the matter came up for hearing, the extension had been granted. As a consequence, the hearing revolved around costs and whether the Nufaw had been entitled to prevent the Pwawu from recruiting furniture workers at the time the application was lodged.

In the hearing, legal representatives for the Pwawu argued that the furniture union was a corporate body apart from its members. The Nufaw therefore did not have the right to bring the application because it had not suffered any harm.

Mr Justice M B Labe, who handed down his judgment last week, found that in other circumstances the Nufaw would have had the right to approach the court on behalf of its members — although it had itself suffered no harm. But he also found that the Nufaw did not necessarily have the right to claim the relief it sought in the costs hearing.

The judge said the Nufaw had not come to court to claim relief for its members. Rather, it had sought to prevent the Pwawu from canvassing or accepting as members any workers employed in the industry who were eligible for Nufaw membership. Because Nufaw had used the fact that the Pwawu constitution did not cover furniture workers as the basis for its argument, it meant that the Nufaw did not have the right to seek relief.

UNION
Taiwan loses seat to Babelegi

A BOPHUTATSWANA manufacturer is eating into Taiwan's domination of the garden furniture market in the United States.

It cannot beat the Chinese on cost price — in spite of favourable steel rates from Iscor — but a shorter distance to the US East Coast gives it the edge.

Johan Mostert, who has brokered and co-ordinated the deal between an American buyer and Telitube at Babelegi, says a sample consignment of 2000 chairs to Houston prompted an order for 2-million. This has been raised to 4-million.

The deal was arranged when Mr Mostert, of JH Mostert & Son, displayed a portable garden gazebo in Dallas and at the Chicago Trade Fair.

Now he is looking at exporting chrome hubcaps to Detroit and shoes and mattresses to the US.

The order for 2-million garden chairs is worth R6.25-million and will be shipped to the US from Durban in 2000 containers from November.

Mr. Mostert says "We found that the landed price of Taiwan chairs in the US was cheaper than the raw material price in South Africa. But with help from Iscor and the Decentralisation Board our prices come close."

Durban's advantage over Taiwan in shipping distance to the US East Coast makes the Babelegi chairs competitive.

Rail costs from Babelegi to Durban, however, are a stumbling block. Mr Mostert says South African Transport Services charges R1 000 to rail a 40ft container to Durban. The same container costs $1 650 to ship to the US.

To avoid crippling rail costs, lsithobe in Kwazulu — a major decentralisation point — will be the site of another factory to produce garden furniture for the US.

According to Mr Mostert, steel rod, PVC and aluminium garden furniture are other possible products. Hulett's Aluminium and AECI are designing prototypes.

Mr Mostert says "Within two or three years, South Africa could be a world leader in the export of garden furniture. Manufacturers have to develop a global strategy and look for small mark-ups on high volumes."
Company ‘threat’ to send union men back to Transkei

Staff Reporter

THE General Workers’ Union is to take a Strand company to the industrial court unless the firm’s migrant workers, allegedly fired for belonging to the union, are ‘immediately reinstated’.

The GWU general secretary, Mr David Lewis, said the union had written to Strand Foam, giving the company a list of union members and asking for recognition.

Yesterday a company director asked all workers who belonged to the GWU to ‘stand to one side’.

Two arrested

When the majority of workers indicated that they belonged to the union, they were fired and told that transport back to the homelands had been arranged. Mr Lewis said two union organisers, the Rev Howard Marawu and Mr Wilson Fundana, paid R40 admission of guilt fines late last night after being arrested for being in a black hostel without a permit.

The two men said they had been arrested near one of the influx control monitor points at the intersection between the N2 and the turn-off to Lwandile, at the bottom of Sir Lowry’s Pass.

However, a Western Cape Development Board spokesman said a board inspector had arrested the men in Lwandile township, some distance from the monitoring point, while they were addressing a meeting of workers.

The managing director of Strand Foam, Mr W J Laurie said 216 workers were employed at the factory. Fifty of them had left because their contracts had expired and another 50 were in dispute with the company.

Death threats

“There are unregistered unions from Cape Town trying to interfere with our works committees which have run for 34 years.”

He said the union was “going as far as threatening to kill employees who do not join the union, so much so that we are now housing some employees on the factory premises.”

“There are 50 workers, with whom we are negotiating, who were intimidating the other workers to join their unregistered union and whom we would like to send back to the Transkei,” Mr Laurie said.

He said that the factory was “operating normally” today.

Nail-biting is part of election — councillor

Tygerberg Bureau

“NAIL-BITING IS one of the things you have to accept in an election,” says Durbanville town councillor Mr Eddie Pivaz.

This week he won a narrow 10-vote victory over his opponent in Kenridge (Ward 4), in the municipal elections.

It was the first election in his 12 years as a councillor that Mr Pivaz has had to fight. And it was a close thing against newcomer Mr Lukas Oliver, chairman of the ratepayers’ association.

NEW PEOPLE

“Nobody should consider themselves entrenched in any position because the population is always shifting and new people move in and out,” Mr Pivaz said.

He enjoyed the election and did not mind the close finish.

“I am encouraged by the outcome,” he said, “that with the proper channels of communication between councillors and voters, great things can be done.”

Pact ends Transvaal’s rugby chaos

Argus Correspondent

JOHANNESBURG — The turmoil inside the Transvaal Rugby Football Union has ended with a peace pact sealed by a triple handshake.

Mr Louis Luyn, called in to take over the presidency of the TRFU, last night emerged from negotiations with the pledge “Transvaal rugby starts a new era and we intend to work our way back to the top.”

Harmony was restored when Mr Luyn clasped hands with the two main protagonists in the battle that was brought to a head when the controversial Mr Janie le Roux was forced to quit on Monday night as

Angling teams named for contest

Staff Reporter

THE Western Province rock and surf angling teams to take part in the mmu inter-provincial tournament at Struisbaai on October 12 and 14 and the national championships in Port Elizabeth in March have been selected.

The official Western Province team to fish in both tournaments is Heavy tackle Dave Menness (captain), Boetie van der Berg, M Pugh, C Bauernmeister, H van Greunen, A Kriel, D Wright, G Roberts and J Barnard (reserve).


The Western Province Association for the Struisbaai
Furniture plant moves to eZibeleni

By ANDRE JORDAAN

Business Editor
EAST LONDON — A factory which manufactures office furniture has been re-located at eZibeleni, near Queenstown, at a cost of R2 million.

The factory, PM Office Furniture Industries, is wholly owned by Labour Intensive Industries Trust — abbreviated as Litet — a subsidiary of Anglo American and De Beers. Litet was established four years ago to exploit business opportunities where jobs could be created at a relatively low capital cost per job.

The Eastern Cape director of Litet, Mr John Davies, said the factory had been based in the Northern Cape. It had been re-organised and moved to eZibeleni to take advantage of Eastern Cape decentralisation concessions. The managing director is Mr Derek Brandt.

Litet provided share capital for the R2 million investment and also made use of loan funds from the Transkei Development Corporation, which owns the factory premises at eZibeleni.

PM Furniture Industries is the sixth Litet project in the Border area, the most recent being the take-over of W J Palmer, an East London electro-plating and metalworking concern.

Mr Davies said Litet had invested almost R3 million in the projects, creating a total of 1 900 jobs. — DDR
Profits tumble in furniture industry

December 1985, against 11.4% in the previous year. Projected into the first quarter of 1986, furniture sector sales as a contributor to total retail sales are expected to drop to 7.5% — the lowest on record.

It is a sign of the times that companies which have reported a sharp slump in earnings but are still in the black, are considered to have put in a "noteworthy performance".

This was the case with Afcol, which reported a 32% slump in earnings in the year to March from 117c to 79.5c a share. But the real crunch for the company will come in the current six months to September.

After reporting a good profit in the interim to September 1984, the group saw its second-half attributable earnings fall 60%. A similar fall in the current year could see the dividend down sharply from last year's 46c (59.5c).

Afcol shares have held up relatively well and were last traded at 789c, which puts them on a historic dividend yield of 5.1%. This compares with the average yield of 3.3% for the furniture sector.

The shares have oscillated in the last 12 months between a high of 949c and a low of 535c. With a dividend cut likely in the face of probable lower profits in the current year, the shares seem set to test its lower levels.

Elmerine was another company which showed a sharp decline in profitability in the six months to June and the dividend was cut by more than half to 5c a share.

At the current price of 728c, the shares are on a historic dividend yield of 4%. The shares have moved within a narrow band of 580c and 770c in the past 12 months.

Two of the worst-hit companies in the six months to June were W & A subsidiaries Bradlows and World Furnishers. They reported losses of R2,4m and R2,9m respectively, after previously being in the black, and no dividends were paid.

Bradlows shares have slumped to a 12-month low of 486c, while World, at 115c, is midway between its high and low of the past 12 months.

Cape-based Montays has not yet reported for the six months to June. But this well-run company was barely making profits in the half-year to December and the dividend was passed.

At 65c, the shares are near their low and almost half their high point in the last 12 months. Consumer shares are traditionally the last sector to benefit from an upswing in the economy. Shares in this sector could be regarded as recovery stocks at some later stage.

But with so many other imponderables presently affecting this sector, the short-to-medium-term outlook is not promising.
Many jobless as recession hits furniture trade

Argus Correspondent

DURBAN — More than one in three of the 29,000 workers in the furniture industry at the beginning of August last year have been adversely affected as their employers have either gone bust, retrenched or gone on to short time.

And although a secrecy clause in the Manpower Act would not allow any breakdown of figures by province to be made public, Natal had been worst hit, said executive director of the Federation of Furniture Manufacturers, Dr Winston Smith.

The Western Cape was faring better than other regions, he added, mainly due to public service orders by and on behalf of Indian and coloured parliamentarians in the Houses of Delegates and Representatives.

VOLUNTARY CLOSURE

Figures supplied by the various Industrial Councils for the Furniture Industry show that 13 of the 1,183 factories in Natal, the Western Cape and the Transvaal last August had gone into liquidation by the end of April this year.

Nearly 1,392 workers lost their jobs as a result, while a further 821 were put out of work by the voluntary closure of another 105 plants.

In addition, 2,386 employees were retrenched, resulting in a combined loss of 4,599 jobs, or almost 16 percent of the total.

Another 5,641 men and women went on short time in 156 factories as production fell 30 percent. And short time in an industry which pays hourly for a normal 44-hour working week, could be as low as 20 hours, said Dr Smith.

"We have about the same number of workers as the motor industry, but our statistics have lacked the impact because they are "spread out over a great many more factories."

The relaxation since February of the repayment period on hire-purchase agreements to 24 months had been of some benefit to manufacturers but the market for consumer durables would not improve until interest rates came down and the economy picked up, said Dr Smith.

Nine small furniture manufacturers in Natal are to be prosecuted for not registering with the Industrial Council.

A spokesman for the council said that since the council agreement on wages and conditions was extended to a number of areas outside the three major urban centres in the province in December, 11 of the affected 45 companies had made it known they were opposed to complying with the the agreement — particularly as it affected wages.

The manufacturers claimed they could not afford to pay the same wages as their competitors in Durban, Pietermaritzburg and Pinetown and the Minister of Trade and Industry had requested a Wage Board inquiry into the issue.

A spokesman said the council was not enforcing the agreement on wages, but was insisting that manufacturers go along with other provisions of the council agreement until a decision was made by the Government probably by the end of July.
Importers of kitchen furniture answer back

When assessing imports of these products, they have to be divided into two distinct categories.

The first is at the top end of the market where a very high quality product is being brought into South Africa. The second is the importation of over-the-counter fully knocked down units for the do-it-yourselfer at a very low cost.

Mr Alan Hamilton, managing director of Top Drawer, which imports the up-market Siemens and Fabel Haft ranges from Germany, said that at the upper end of the market there is no question of products being imported and dumped at low prices. He said that in this sector the average price of units is 10 to 70 percent more than the best locally produced products.

He said that his company — which he claims is the biggest importer of top-quality units — imports and sells units to the value of about R3 million a year.

Others in this sector, he says, probably import units to the same value and thus there is a total top-end imported market of R8 million, against the estimated total market in South Africa of all types of kitchen units of R200 million — or 3 percent.

He pointed out that there is a 25 percent duty on imported kitchen units and this combined with the fall of the rand against most major currencies has placed severe pressure on importers of kitchens and prices have risen accordingly this year.

He also said that the claims that there are 123 containers of kitchen furniture on their way to South Africa is hardly believable as this would represent 700 average size kitchens.

FIVE LOADS

At the other end of the market, Mr Gernot Ehrlich whose company, Boxed Furniture, is a major importer of cheap kitchen units, said there is no question of these being dumped on the South African market.

He said that his company imports about five container loads of kitchen units a month representing 68 full kitchens with an annual value of around R5 million.

He estimates that no more than another R1 million cheap units are imported a year. Thus cheap imports represent no more than four percent of the local market.

A FAIR PROFIT

He added that he could sell far more in South Africa but is limited by availability of the units from his suppliers who are working at full capacity and thus are certainly not dumping their products here.

His products are sold in fully-knocked-down form by specialist DIY companies in South Africa at R58 per base kitchen set-up. This is considerably lower in price than locally manufactured products “but still gives a fair profit.”

He also pointed out the 25 percent import duty plus cost of shipping and the falling rand, but added that even on this basis, chiefly because of their long production runs, he can import products at a competitive price.

Thus the top and bottom end imports, combined are estimated at around 7 percent of the market and importers claim that this cannot be construed as a threat to local manufacturers.
Recession takes another toll.

Furniture trade lays off 4,000

The furniture trade has retrenched about 4,000 people as near-empty showrooms bear witness to one of the bleakest Christmas periods on record.

Spokesmen say the recession has hit the trade as hard, if not harder, than the motor industry.

The retrenchments represent about 10 percent of employees in the retail furniture trade.

Industry experts predict that while there were about 1,400 manufacturers three months ago, the number will shrink to nearly 800 if present trends continue.

"You can sum it up by saying that it is dead quiet in the morning and just dead in the afternoon," said Mr. Arthur Solomon, general manager (furniture and appliances) for OK Bazaars.

The executive chairman of another major retail chain, who wishes to be anonymous, said, "We have had to retrench 700 people already. I estimate that, nationwide, about 4,000 people have been given their marching orders."

Mr. Sid Ellerne, an executive with another major group, added, "As bad as things are now, we expect them to get worse in January, February and March."

The furniture men say that the recession has hit so hard that many well-established traders are going into liquidation, and others are looking around desperately for potential purchasers of their businesses.

"About 80 percent of the trade is controlled by the major groups. I believe that that figure will rise significantly in the coming months," said a spokesman.

By Harvey Thomas:

"The small guys are fighting for survival now. I think it will be a bloodbath in the traditionally quiedy times of the early new year."

Mr. Solomon said that there were a number of reasons for the drop in demand, which he estimates at 30 percent.

- The increase in GST
- The higher deposits now required on all "big ticket" items
- The shorter repayment periods

"The fact is that the Government has brought about an attitude in which would-be buyers where they are psychologically put off spending," said Mr. Solomon.

He added that a good example was video recorders. The deposit required used to be 10 percent. It is now 30 percent. Repayment was allowed over 24 months. It is now 12 months.

"The high interest rates are also discouraging customers," said Mr. Solomon.
4 000 furniture workers fired

By JOSHUA RABOROKO

THE South African furniture industry has re-trenched about 4 000 workers as empty showrooms bear testimony to one of the gloomiest Christmas periods on record.

This figure, obtained from various sources in the furniture and appliances trade, represents about 10 percent of people employed in the retail furniture industry.

Furniture experts have also predicted that, whereas there were about 1 400 manufacturers three months ago or so, this number will squeeze to about 800 if present trends continue.

Mr Sid Ellerme, an executive of a major furniture group, said that as bad as things were now it was expected that they will get worse in January, February and March next year.

Although his company did not retrench workers, the furniture industry had been "very heavily affected", resulting in about 4 000 losing their jobs.

He mentioned that things might improve during the second half of next year. He attributed the slackness in the business to drought and the recession.

An executive chairman of another major retail chain who prefers to remain anonymous, said that they have had to retrench 700 people and predicted that more people will be given "marching orders" next year.

Mr Arthur Solomon, furniture and appliances general manager of OK Bazaar, said the situation could be summed up by saying that "it is dead quiet in the morning and just dead in the afternoon".

Recession hammers furniture industry

By DIANNA GAMES

The furniture industry in South Africa has been hard hit by the present economic recession with several outlets around the country being closed, and December credit purchases down to half.

Mr S F Redelinghuys, executive director of the Furniture Traders' Association - which represents 95% of all the country's outlets - said: "You can be assured we are taking the necessary action to remedy the situation as fast as we can.

"As much as the industry doesn't want to go to the Government for assistance every time we are in a difficult situation like this one, they are unfortunately involved and we have to look to them," he said.

He said the high cost of money and "unreasonable" instalment sale agreement regulations such as increased deposits and reduced repayment periods had had a "terrible impact" on business.

He said December had shown a drop of 30% in hire purchase sales, while cash sales had only risen by 22%.

He said the drop in HP sales meant a drop in income from finance charges.

"With a turnover of R2.4 billion in 1984, that amounts to a considerable sum."

The uncertainty of the market could make any long-term planning and budgeting in 1985 a "waste of time", he said.

"We are worried that both the traders and consumers will lose confidence in the furniture market and I urge them not to," he said.

Mr T Sturrock, managing director of Russells which has 150 outlets countrywide, said: "All our questionable outlets are under review. We have closed one and have one or two others lined up."

He said the recession had "quite dramatically" affected the industry which was in its worst situation since the Second World War.

A spokesman for Bradlows said business was substantially down on last year and he did not envisage any improvement within the next six months.

Mr I Cohen, managing director of Amalgamated Retail which owns six furniture organisations countrywide, including Lobners and Geen and Richards, said they would also be looking at closing non-viable outlets as business was bad.
AFCOL, a major furniture manufacturer, is working on a lay-off and short-time plan that could affect 10% of its 9,000 labour force.

"The social implications of unemployment are horrendous, but I doubt that any furniture manufacturer is now running at a profit," says Mr. Jack Chaskelson, the chief executive.

There were 1,400 furniture manufacturers "and already 100 have dropped out". He estimates that there are 35,000 people employed in the industry and substantial lay-offs are on the cards.

AFcol volumes are down 25% to 28% on the same month last year but cost inputs have jumped by 15% and overheads by 12%.

He says the furniture industry will only be clear of this, "rough passage with an upturn from a low base by the last quarter of 1985".

Retailers of furniture and durable goods are also suffering.

Over the past month 1,500 staff have been laid off by OK Bazaars.

Mr. Arthur Solomon, general manager of furniture and appliances at OK, says furniture and appliance sales were 25% down in January compared with the same month last year.

He says car prices have increased by 100% in the past five years while those of major appliances have risen by only 20% to 30%.

He feels once the stock in hand has been sold, the cost structure of the retailer will necessitate a 15% to 20% price hike in appliances later in the year.

Mr. Solomon says numerous representations have been made to the Government on the need to ease the stringent hire purchase regulations introduced in August.

"Although we have received a sympathetic hearing, nothing has been done to improve our position," he says.

Mr. Ron Cohen, the executive chairman of the retailer, Amrel, says January sales were disastrous. Sales dropped by 30% compared with the same month last year.

"Astronomical losses were recorded in the bigger quoted companies in January and even clothing sales were disappointing."

Unemployment figures are reaching record levels and, "in the last few months by not replacing staff, the Amrel head-count has dropped by 200".

He says that shoes ordered for delivery in March/April had arrived in January because manufacturers feared cancellations.
The National Union of Furniture and Allied Workers of South Africa has called for a halt to all unnecessary imports of furniture at a time when 4,000 of its members are unemployed because of the recession.

In a hard-hitting statement the union says it is deeply concerned at the amount of furniture being imported into South Africa. In the first nine months of last year R36 million worth of furniture was imported.

The union believes even greater volumes of imports will be dumped on the South African market this year despite the low value of the rand.

"At the present time some 4,000 of our members are unemployed and, if the volume of imports is translated into local production, it could provide employment for at least 1,500 of our members in about 70 small factories," the statement said.

Mr. S. Redelingshuys, executive director of the Furniture Traders' Association said his organisation sympathised with employees who were out of work and fully understood the plight of unemployed union members.

He said the unemployment figure for people who had been made redundant in the retail sector of the furniture industry had now topped 10,700.

However, he said the percentage of furniture being imported was infinitesimal compared to the R2.6 billion annual turnover in the trade.

Mr. Redelingshuys added that his organisation would discourage any curbs on the free enterprise system such as import permits.

The union said it was confronted daily by out-of-work members who were losing their homes, having their household goods repossessed and were facing starvation because of what it claimed was the irresponsible attitude of the local business community.

"We are not prepared to let this matter rest and while we appeal to the government to stop all unnecessary imports of furniture by all the means at their disposal, we on our own will compile a list of those retailers who are stockists of that furniture which is taking the bread out of our mouths and appeal to our fellow workers in all industries to boycott those businesses totally."

Mr. Redelingshuys believed such boycotts would be counter-productive. Both furniture retailers and manufacturers had to co-exist.
by STEVEN FRIEDMAN
Labour Correspondent

A UNION ESTABLISHED FURNITURE WORKERS' UNION SAYS IT WILL URGE WORKERS IN ALL INDUSTRIES TO BOYCOTT STORES WHICH SELL FOREIGN-MADE FURNITURE.

The union, the National Union of Furniture and Allied Workers, charges that "large volumes" of furniture are being imported into the country and that this is depriving at least 1,500 workers of jobs.

It says that 4,000 of its members are out of work and "facing starvation due to the irresponsible attitude of the local business community" and urges the government to curb furniture imports.

The union says it is drawing up a list of retailers who stock foreign furniture "which is taking the bread out of our mouths" as a first step towards calling a boycott.

The union has members in all four provinces and a boycott could affect furniture stores throughout the country.

In a statement issued by its general secretary, Mr. Mohan Lalaram, the union says it has learned that £100,000 worth of furniture was imported in the first nine months of last year.
Furniture store boycott threat

Labour Reporter

THE National Union of Furniture and Allied Workers yesterday called on the Government to curb furniture imports and announced plans for a boycott of stores which sell foreign-made furniture.

The union claims that large quantities of furniture are being imported into the country and this was depriving at least 1,500 workers of jobs.

In recent months, about 4,000 workers in the furniture industry were retrenched because of the recession.

Mr Mohan Lalaram, general secretary of the NUFAW, said yesterday that the union had learned that R35 million worth of furniture was imported in the first nine months of last year.

"We believe that even greater volumes will be dumped here this year in spite of the low value of the rand," he said.

If the volumes of imports were translated into local production, it could provide work for at least 1,500 workers in about 70 small factories, he said.

The union said it was drawing up a list of retailers who stock foreign furniture as a first step towards calling a boycott.
Union wants ban on imported furniture

THE National Union of Furniture and Allied Workers of South Africa, with 4 000 of its members unemployed owing to the economic recession, has called for a halt to all unnecessary imports of furniture.

The union says it is deeply concerned at the amount of furniture being imported into South Africa. In the first nine months of last year R35-million worth of furniture was brought into the country.

The union believes even greater volumes of imports will be dumped on the South African market this year in view of the low value of the rand.

"At the present time some 4000 of our members are unemployed and, if the volume of imports is translated into local production, it could provide employment for at least 1500 of our members in about 70 small factories," the union said.

Mr S Redlinghuys, executive director of the Furniture Traders Association, said his organisation sympathised with employees who were out of work and fully understood the plight of unemployed union members. The unemployment figure for people who had been

made redundant in the retail sector of the furniture industry now topped 10700.

However, the percentage of furniture being imported was infinitesimal compared to the R2.6-billion annual turnover in the trade. He doubted that any dumping of household furniture had taken place as dumping had largely been confined to appliances.

The union has complained that furniture may be imported free of permits at a time when the industry is suffering in the recession.

Mr Redlinghuys said that his organisation would discourage any curbs on the free enterprise system such as import permits.

The union said it was confronted daily by out of work members who were losing their homes, having their household goods repossessed and were facing starvation due to what it claimed was the irresponsible attitude of the local business community.

"We are not prepared to let this matter rest and while we appeal to the government to stop all unnecessary imports of furniture by all the means at their disposal," the union said.
Union with 4,000 jobless calls for halt in needless furniture imports

CAPE TOWN. - The National Union of Furniture and Allied Workers of South Africa has called for a halt to all unnecessary imports of furniture.

The union has 4,000 unemployed members.

In the first nine months of last year R2.6 million worth of furniture was brought into the country.

The union believes there will be an even greater volume of imports this year in spite of the low value of the rand.

"At the present, some 4,000 of our members are unemployed and, if the volume of imports is translated into local production, it could provide employment for 1,500 of our members in about 70 small factories," the union said.

Mr S Redelinghuys, executive director of the Furniture Traders' Association, said his organisation sympathised with those out of work and fully understood the plight of unemployed union members.

The redundancy figure in the retail sector of the furniture industry now topped 18,700.

However, the percentage of furniture being imported was infinitesimal compared to the R2.6 billion annual turnover in the trade.

Mr Redelinghuys said he doubted that any "dumping" of household furniture had taken place as this practice had largely been confined to appliances.

The union has complained that furniture may be imported free of permits at a time when the industry is suffering the effects of the recession.

Mr Redelinghuys said his organisation would discourage any curbs on the free enterprise system such as import permits.

The union said it was confronted daily by unemployed members who were losing their homes, having their household goods repossessed and were facing starvation due to the irresponsible attitude of the local business community.

"We are not prepared to let this matter rest and we appeal to the Government to stop all unnecessary imports of furniture by all the means at their disposal," the union said.
Afcol profits decline 32% 

JOHANNESBURG — Associated Furniture Companies (Afcol) had a 32 percent decline in net profits in the year to March, the preliminary profit statement shows.

"The year's trading should be seen against the background of buoyant sales in the April to July period, but a significant deterioration thereafter as a result of the severe hire-purchase restrictions," the directors say.

"Highly competitive trading conditions adversely affected margins and sales mix.

"The furniture and building industries are historically the most severely affected in any major economic downturn. Containing the decline in earnings to 32 percent for the full year is, therefore, considered to be a noteworthy performance."

Attributable earnings totalled R16,5m (R27,1m), equivalent to earnings a share of 80c (117,4c).

The group has declared a final dividend of 12,5c a share (26,3c), making total distribution 40c (59,3c).

Turnover increased 10 percent to R295,3m and operating profit was R24,6m (R22,5m).

The directors state that the contraction in demand for furniture and related products is expected to continue through the best part of this year.

Earnings for the six-month period to September were expected to be well down.

Group sales and earnings were forecast to show improvement in the second half, but it was not expected that attributable earnings for the year as a whole would match those of the previous year — Sapa.
Workers locked in talks as carpet factory strike goes on

Labour Reporter

The strike by about 800 workers at a carpet factory in Reunion near Lapwing continued yesterday as management and representatives of the workers were locked in negotiations to settle a dispute over pay increases.

Mr Seton Thompson, a spokesman for the Roma tex group yesterday confirmed workers at the Carpet Manufacturing and Crossley Carpets factory complex at Reunion downed tools on Friday

"The position is unchanged. Talks are continuing with worker representatives," he said.

The company had stated policies of one pay increase a year, the most recent of which was scheduled for February 1985.

He said in August last year the workers had asked whether this increase could not be brought forward and both Crossley Carpets and Carpet Manufacturing Company agreed to pay an across-the-board increase in October. 1984, and to give a merit increase in April this year.

"Because of the pay component paid five months ahead of schedule, the benefit to workers is considerably less than the company had proposed and the cost to the company significantly higher.

"A group of workers claiming to represent the majority of the workforce has stated dissatisfaction with the rate of increase and discussions are taking place. No union is formally involved in the dispute," he added.

Representatives of the workers could not be reached for comment yesterday.

Meanwhile, a Howick rubber company, BTR Sarmcol, yesterday reported a steady stream of applications for employment following the dismissal of 870 workers who were ordered to down tools last week over a union recognition agreement dispute.

Mr R J Sampson, the company's administrative director, said applications were being invited from all interested persons including the workers who were dismissed last Friday. The company is confident that normal operations will be resumed shortly," he added.
Strike goes on in spite of offer

CARPET factory workers at Reunion, near Launceston, continued their strike yesterday in spite of an offer by the management of a pay increase from 10 a.m. yesterday, but have asked for further negotiations which are in progress, he said.

Priority

Meanwhile the 970 sacked workers at Howick rubber company BTR Sarmco, are planning to take legal action against the company contesting their dismissal, according to Mr Geoff Schreiner, branch secretary of the Forest, Allied Metal and Allied Workers' Union.

In a statement yesterday, Mr John Simpson, the company's administrative director, said that manufacturing operations resumed yesterday on a limited scale with priority given to urgent orders.

The company has been pleased and surprised at the large number of applications for employment which have been pouring in throughout the day. The personnel department have been hard pressed to handle them all.

The company continues to remind the workers who were dismissed last week for strike action that they should get their applications in early so that they could be given priority,
Pay increase ends

carpet firm's strike

Labour Reporter

THE three-day strike by 800 carpet factory workers at Reunion, near Laipungo, ended yesterday when they decided to accept a company offer of a pay increase in October.

Romatex Group spokesman Seton Thompson confirmed yesterday that all the strikers from Crossley Carpets and Carpet Manufacturing Company returned to work at the first shift.

"On Tuesday the management offered to give the workers a pay rise in October on condition that they ended their strike and returned to work. They have obviously given the matter serious thought overnight and were back at work yesterday morning," he said.

Meanwhile, bussloads of sacked workers from the Howick rubber company, BTI Sarmcol, arrived at the factory yesterday morning to collect their outstanding weekly wages.

Mr Geoff Schreiner, branch secretary of the Posatu-affiliated Metal and Allied Workers' Union, said the union hired buses to transport workers to the factory to collect their pay. Although they collected their wages, they refused to accept their dismissals, which were unlawful, he said.

The workers confirmed their decision at a meeting yesterday to continue striking until the company agreed to their demands for a recognition agreement giving them basic trade union rights.

At a meeting of the Impopomeni community on Tuesday night, about 2,000 local residents adopted resolutions to support the Sarmcol workers and boycott white shops in Howick until steps were taken by the town's mayor and white councillors to pressure Sarmcol management to extend basic union rights for its workers.

Notices threatening workers living in the hostel with eviction on May 10 have been withdrawn, he said.

In a statement yesterday, Mr John Sampson, the company's administrative director, confirmed there was a "lengthy payout" of the 970 dismissed workers.

"With his pay each man was given an application form for re-employment and it is hoped that many of the company's dismissed employees will apply.

"At the payout it was disturbing to see shop stewards removing application forms from every worker as he left."

Last night Mr Schreiner denied the allegations.
"SEE YOU IN COURT"

By MARTIN TSOLENGO
AN INDUSTRIAL court case is looming between the Paper, Wood and Allied Workers' Union and C&C Radio Cabinets in Brats.

The union issued the warning after six of its members were retrenched on one hour's notice.

Management also accused of retrenching workers according to their ages or employers' feelings about them.

Workers feel management is victimising them - over the years the company has refused to negotiate with a union of the workers' choice, but favours closed-shop furniture unions.
Bad debts, unrest hit furniture industry
Ellerine hit by unrest and slump in consumer spending

Furniture retailer, Ellerine, was hard hit by the slump in consumer spending and unrest throughout South Africa in the six months to June 30 and reports earnings a share for the period 39.5 percent down at 38.6c a share against 64.1c last time.

Interim dividend is slashed to 9c from 20c. The immediate outlook remains uncertain with no upturn until the political and economic situation improves.

In marked contrast to the results being reported by the short-term insurers Life companies, the Prudential had a very good six months to June 30 with earnings of R4.9 million (R2.7 million). Interim dividend is raised to 7.5c from 6.5c.

Premium income continues to perform well with annual premiums at R53.6 million (R55.7 million) and single premiums at R20.0 million (R30.7 million).

GFS, a group company of Witwatersrand Deep New Wits, selected mining holdings, Vogels and Gold Fields Properties Company, have announced mixed results for the year to June 30.

Gold Fields Property Company had an after-tax profit of R4.9 million, compared with R6.9 million the previous year. Earnings per share being 48c (67c). Dividend for the year is 24c (23c).

Wits Deep had an after-tax profit in the year of R2.7 million (R2.4 million), with earnings per share of 157c (146c). The dividend is 85c (75c).

New Wits had an attributable profit of R12.6 million (R9.9 million), with an EPS of 198c (65c). Dividend is 70c (56c).

Sel Min had an after-tax profit of R61.000 (R637.000). The EPS is 94c (64c) and dividend 55c (46c).

Vogels in the six months to June had an after-tax profit of R2.8 million, compared with R1.3 million, equivalent to EPS of 15c (7c).

The dividend is 10c (5c).
With the increased demand for office furniture, Chartwell's expanded production of super oak, mahogany and Imbura teak of a sophisticated nature, their popularity increased. To meet their current marketing policies and diversification, Chartwell is moving towards being a venturing company for furniture. Chartwell's Managing Director Rob McKenzie, and "one of the reasons for this is that manufacturing office furniture is a very labour-intensive industry, in fact at least 55% of the cost of producing a desk, for instance, is in the finishing and we maintain that South African executive office furnishing can most certainly hold its own in the overseas market."

Concentrating on the export of Imbura wood, Rob explains that, "Imbura is imported from Brazil and most of South Africa's wood either from Peru or similar indigenous wood, we must look overseas for our wood. South Africa actually imports 90% of Brazilian Imbura Mahogany will also be used in our export, but we feel that because of the lack of Imbura on the overseas market, it will be favourably and more widely accepted than other conventional woods."

Leop International
With the value of today's Rand the cost of imports has sky-rocketed, the cost of landing imported goods at excellent rates but their experience is now a considerable factor. "But only can Leop International offer excellent rates, but their experience and first-class service has been invaluable."

Manufacture
Liaquat Khan, Director, responsible for the manufacturing side of Chartwell takes up the story: "In the early 70's we began with a small staff of 12 men, all individual craftsmen who built the factory from scratch and the whole factory was built from solid Vagobolvan Beech furniture. In those days we worked small and sold."

Made for larger premises the company has recently new developments of 2,000 square metres of factory excluding the timber yard. "Here we season the imported hardwood and space is of the utmost necessity — 50% of the timber stands out in the yard for anything up to a year before it can be used."

Prestigious Clientele
Not only have Chartwell furnished many large offices, but they also have the distinction of furnishing offices for the Heads of State in the Transkei and Swaziland. Additionally, they have succeeded in making the dusty pink lounge more suitable for general customer entertainment. Moving towards the rear of the premises the display area is under cover and adequate seating is provided for customers to meet with clients in private. The space is large enough to hold a substantial quantity of stock. A round sample table will be installed shortly, providing customers with the choice to view a range of colour swatches so that all colour co-ordinates can be on the spot, for such items as curtain fabrics, upholstery fabrics, window drapes, carpet samples etc.

Overall concern
Rob McKenzie has a high regard for his staff who have been a tremendous asset to the business, their efficiency and reliability throughout the years have made us what we are today.

With a human outlook indicative of a concern for clients, suppliers and staff. Chartwell look all set for a lucrative and rewarding future based on their new exclusive premises.
Own Correspondent

JOHANNESBURG — More than 23,000 jobs were lost in the recession-hit steel and engineering industry last year, according to the annual review of the Steel and Engineering Industries Federation (Seifsa).

Seifsa also said employment in the industry has dropped by more than 100,000 since the recession began in 1981.

And, in the federation's outlook for 1986, Seifsa does not expect any meaningful turnaround in its overall economic performance until 1986 at the earliest.

The review says the recession in all manufacturing sectors, other than in the export-supported base metals sector, was further aggravated by the "current conflict situation in South Africa."

"Employment statistics reflect a drop of over six percent in the scheduled labour force, equivalent to a loss of some 23,000 jobs during calendar year 1985."

From an employment peak of 454,000 in 1981, the estimate of employees in the metal industries was now 352,000.
20pc increase in bread price likely

Own Correspondent
Johannesburg — The cost of bread may rise by at least 20 percent this year following the increase in the price of fuel and the shortfall in the wheat crop.

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

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

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

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

There were two bread price increases last year, each of 5c a loaf.
Threat to act over payday delays

By Tembi Mboho

The Community Advice Bureau (CAB) in Pietersburg has threatened to take legal action against Table Top, a major frozen food company, for failing to pay an employee, Mr Makhado Ramabulana, his R874 salary.

Mr Thabo Montjane of the CAB said Mr Ramabulana (52) of Sendzea in Vendaland was employed as a merchandiser at Thohoyandou's OK Bazaars from June 5 until October 15 last year.

"He was to be paid R85 a week with a R10 travel subsidy. After the first week he was not paid but was told it was company policy to withhold the first salary."

The company's group manpower manager, Mr C Jonker, said it was the first time he had heard of Mr Ramabulana's plight.

"All the same, I do not think that something like that could have happened," he said, promising to investigate.

IRREGULAR

Mr Montjane said the payments made by Mr Ramabulana's senior, known only as "Dave", were irregular and sometimes he would go two weeks without pay.

According to Mr Ramabulana, "Dave" told him to go to the Pietersburg office on October 19 to collect his money, a distance of about 200 km.

"Dave" failed to turn up to that and a subsequent appointment.

The CAB then contacted the company's personnel manager, Mr Charles Munsar, at the Pretoria headquarters of Table Top, who promised to investigate the matter.

Mr Montjane said they spoke to Mr Munsar on October 31 and had not heard from him since.

"Since then numerous attempts to obtain Mr Ramabulana's outstanding salary have proved fruitless. "Dave" claimed the money was with Table Top while Mr Munsar said the money had been given to "Dave" long ago."
Bakery's cut may mean 'war'

Staff Reporter

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

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

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

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

The administrative manager of Duets Bread and the Cadors Bakery, which carries the Bokomo range, Mr F J Versavel, said his company had no immediate intention of cutting prices.

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

"We will do likewise"

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

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

"If possible, we will do likewise and cut our prices, but production costs are going up." Spokesmen for other bakeries in the Peninsula said price cuts would be difficult as the price of flour was soon to rise and labour was increasingly expensive.

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

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

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

Page 9
SOUTHAM, Thursday, January 23, 1986

More than 150,000 workers were

announced holiday last year

for several other smaller

firms. 

This was confirmed

by the company

and several business and

unions.

The workers were

announced holiday last year

by the company

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unions.
Furnisher quits black market

Investment staff

Montays, a Cape Town-based furniture chain, has been forced to withdraw from the black market after being hit by bad debts as a result of unemployment and unrest.

Chairman Sidney Kriseman said the company had changed its strategy to concentrate on white and coloured customers in preference to black.

Some Montays stores in the Eastern Cape had been closed and although the company was on the lookout for new premises, any further expansion would be in the Cape Peninsula.

Emphasising that he had no racial prejudice, Kriseman said that the company’s reluctance to take on new black customers unless their references were very good, was purely on economic grounds.

“We have some blue chip black customers who have proved their worth by keeping up payments in these difficult times and, of course, they can obtain further credit.

“But some who live in the un governable ‘no-go’ areas, where we cannot repossess their furniture, have not paid.”

Kriseman said Langa and Gugulethu, as well as parts of the Eastern Cape, were among “no-go” areas where customers had not paid.

The company wrote off R1,5m in bad debts.
JOSHUA DOORE, which is to go public after merging with Price 'n Pride, will be part of a new, soon-to-be-listed major furniture company.

The new company will include Russells, Wanda and Tager, among others, with the revamped Joshua Doore as a possible subsidiary.

They will all probably fall under the umbrella of the KTG Trading Group (KTG).

"The listing of the new company has been agreed upon in principle but the date has not yet been finalised," says Geoff Austin, MD of KTG's furniture division.

Certain technical factors still have to be sorted out and a new name devised for the company.

The merger of 19 Joshua Doore stores with Price 'n Pride creates a mass-merchandising furniture chain with a turnover approaching R160m.

Price 'n Pride has three stores, with a fourth opening in Pretoria next week, but has a remarkable record since it was started by 38-year-old David Sussman three years ago.

It has performed remarkably well in an extremely difficult economy and, contra-cyclically to the furniture trade in general, it has been highly profitable.

Sussman will be chief executive of the merged concern.

Mechanics of the merger are that both companies will be reversed into the cash shell, Consure, and its name will be changed to Joshua Doore.

KTG will control 60% of the newJoshua Doore. The Price 'n Pride consortium, which includes Arnie Witkin's New Bernica and Lifegro as well as Price 'n Pride management, will hold 25%. The remaining 15% will be held by minorities.

KTG's Joshua Doore was the first in SA to mass-merchandise furniture, and it remains the leader in this field. Price 'n Pride, small, fast-moving and highly successful, is modelled on Joshua Doore.

The new Joshua Doore, when the deal is finalised, will be a strong company with no borrowings, cash of about R2.5m and net assets of R29m.

Mervyn King, CE of KTG, sees the deal as a further step in his policy of returning the core divisions of the group to statutory independence.

MERVYN HARRIS
Furniture prices to soar by further 20%  

FURNITURE prices are expected to leap by 20% before the end of July — with a further 15% increase to follow in the third quarter.

As soaring costs and shrinking markets take their toll — 450 furniture factories closed in 1985 — manufacturers say they are being forced to pass on price rises to retailers.

Industry sources say that the increase of 30% in the first quarter was long overdue. A projected 20% is forecast before the end of July, with a 15% hike expected in the third quarter.

This means that a lounge suite which cost R59 in January will retail at R1 074 before the end of the year.

"Last year, I forecast that prices would increase between 25% and 30% in the first three months of 1986," says Arthur Solomon, GM furniture and appliances at the OK Bazaars.

"This has happened and the industry is now looking at further increases of between 15% and 20%." Solomon blames the increases mainly on rising imported timber and fabric prices.

"Most hard woods used in the manufacture of furniture are imported. Recently we have had increases in the prices of imbuia, oak and maple. Along with this, major overseas fabric manufactur-ers have increased their prices.

Furniture price hike expected

facturers have been forced to up the price of their products.

"Added to all this is a surcharge on imports, a weak rand and extra duty on fabrics." Solomon says despite manufacturers turning to local fabrics they are still faced with rising costs in the form of wage bills and overheads.

"Of the factories that closed down, many were faced with a tight cash flow situation coupled with forex problems. "My advice to the consumer is to buy as soon as possible and buy wisely. Purchase from reputable companies and be selective in quality of product. Ask yourself if the company you intend doing business with will still be around next year."

Grafton Everest marketing director Billes says the plight of the industry is pitiful.

"We have had all these closures over the past year and expect many more. I envisage a situation where there won't be enough manufacturers left to service market demands. "We are looking at ways and means of increasing efficiency, but even that course has a limit. Prices have gone up and will continue to do so." Billes says prices of raw materials have gone up by between 25% and 120% over the past year.

"Prices of foam, fabric and wood have soared. If manufacturers continue to supply at current prices, then I foresee a lot more casualties."
SUNDAY TIMES, Business Times, April 23, 1988

Revolution comes to Joshua

DAVID Sumner, new chief executive of Joshua Deece, the furniture chain, to be listed through Courant, is en-}

nannised about being dubbed “the Raymond Ackerman of the furniture business.”

“You just starting,” says 40-year-old Mr. Sumner. “The Ackerman has arrived. I still have a long way to go.”

The market does not know much about Mr. Sumner, but the knock-off of last back-}

ers such as New Frontiers Arnold Wilkins, has raised eyebrows.

Premium

Investors eager to get in on the ground floor of Joshua}

Deece are willing to pay a premium to get into the company if the price is to be at least 10
cents above the 5-cent share. Since the market is expected to collapse with the 10
cents above the 5-cent share. Since the market is expected to collapse with the 10

percent discount. The 10 percent discount could be a large cash flow to the company. The 10 percent discount could be a large cash flow to the company. The 10 percent discount could be a large cash flow to the company.

Nestle to Prudential

In 1979, Prudential, a 10 percent discount could be a large cash flow to the company. The 10 percent discount could be a large cash flow to the company. The 10 percent discount could be a large cash flow to the company.

HP funding

Prudential, the 10 percent discount could be a large cash flow to the company. The 10 percent discount could be a large cash flow to the company. The 10 percent discount could be a large cash flow to the company.

DIAGONAL STREET
By David Carte

Prudential’s success, the lack of interest in an overhead has enabled the company to price very competitively.

Distributorships

Sundays Times April 6 - "THE BLACK SKIN CARE MARKET WORTH R111 000 000 in 1985"

Distributors are snapped up throughout South Africa and neighbouring Black States to market a top range of Black Beauty Products and Cosmetics created in Peru especially for Black, Coffee, Coloured, Yellow and Tanned Skins.

The range has been conceived to create a new aura of charm and seduction by which the real woman is recognised.

Distributors selected will be given exclusive rights to market the range within their specified areas. A minimum investment of R5 000 including stock is required for this exclusive right to an area.

In the first instance interested parties should write to the Advertiser JCC., P.O. Box 10768

Johannesburg 2000, giving a brief outline of background and present occupation, indicating the preferred area together with a contact number.

Note: Some text is not visible due to the resolution of the image.
Reform delays hit industry

Furniture sales falling

DELAY in introducing political reform has had a disastrous effect on the furniture industry, says Morkels CE Carl Jansen.

He adds that consumer boycotts and the irrational application of hire purchase legislation are eroding the foundation of the R3bn industry.

Commenting on predictions of sharp price increases in the industry, Jansen says declining sales have resulted in smaller factories closing down.

"It is unreasonable to expect that the latest reduction in fuel prices will enable the industry to drop prices. Sales have declined to mid-1978 levels and manufacturers can no longer absorb increases in the prices of imported timbers and fabrics."

"In terms of consumer spending, we are behind housing and ahead of the motor industry. And like the motor industry, we are in a grim fight for survival."

"The tragedy is that those who survive will take decades to recover and reinstate the consumer's freedom of choice in range, technology and price."

Transvaal Furniture Traders' Association president Ian Sturrock says the industry is going through a difficult time.

"At this stage, we have not had a commitment from government."
Cash-strapped B & S seeking liquidation

B & S FURNITURE, the building and office equipment supplier, with an annual turnover of R85m and 2,000 employees, yesterday applied for provisional liquidation.

Only a few months ago, with the issue of preference shares, it raised R17m after making a loss of R28.1m in the year to December.

To bolster the eroded capital base, a consortium of bankers converted R3m of overdrafts into pref shares. Clifford controlled by B & S executive chairman Clifford Gundie, injected R7m and minorities R2.5m.

In March this year, MD Bert Davids said: "We are absolutely certain we will make an operating profit this year."

He now says: "Proposals for the reconstruction of the group could not proceed as funds for the programme have not been made available."

Gundie says current assets exceed liabilities by R6m. "Notwithstanding the recent improvement in the economy and the fact that some of the companies are operating at a profit before interest, the servicing of their previous debt is so substantial that the company has become illiquid and has been unable to raise additional funds."

"Gearing prevents the company from obtaining additional funds, so that there is no alternative but to place the company in liquidation."

The market has knocked the shares, which last traded at about 80c, down to less than a quarter of their value at the beginning of last year.

The Johannesburg Stock Exchange has suspended trading in the shares.
Behind-the-scenes moves to rescue B & S Furniture

By Peter Farley

Behind-the-scenes rescue operations are already being mounted to prevent the total collapse of Mr Clifford Gundie’s B & S Furniture group, which yesterday applied for liquidation.

P G Wood Industries director Mr Leon Cohen confirmed that they are putting together a consortium to examine ways of keeping the group afloat and try to save the jobs of the more than 2,000 employees.

Mr Cohen cautioned that the consortium would not be able to make a real evaluation of prospects until a liquidator had been appointed later this week.

Nevertheless, he pointed out that with so much of the furniture industry having already gone out of business, and with the stringent new conditions in place at B & S, something ought to be achieved if the banks are prepared to accept some form of compromise.

In an unusual step — with current assets exceeding liabilities by R8 million — Mr Gundie yesterday applied for the liquidation of the trading companies within the group and the suspension on the JSE of the listed holding company.

Mr Gundie explained to The Star last night that, despite the surplus of assets over liabilities, cash flow projections showed that at the end of the month he would not have enough to meet current commitments after interest charges to the banks.

He revealed that debt servicing costs are running at some R760,000 a month, and although some divisions now show an operating profit, there was not sufficient income to meet all expenses and finance charges.

The troubles started shortly after Mr Gundie put the group together, three years ago, with the R20 million he received from the sale of his plastics business to AECI.

The first inklings of disaster came with the release of figures for the year to end-December 1984, when earnings slumped to 2.3c a share from 28c.

But management still continued in the hope that the situation would rectify itself, until the next half year results showed that the bottom line had crashed R10 million into the red.

A frantic restructuring resulted in a R17 million rights issue, of which R6 million was put in by a minority shareholder, R7 million in additional cash by Mr Gundie’s Clifford and the conversion of R5 million of debt into pref shares by the banks.

But the fresh funds proved insufficient, particularly with the banks continuing to demand full interest payments, and losses escalated to R28 million by the end of the year.

Mr Gundie points out that R5 million of the R7 million Clifford injected was absorbed purely through the payment of finance charges.

Following the publication of those disastrous figures creditors leaped in to start securing tighter terms. This eventually proved the final blow, with furniture manufacturers traditionally working on terms to the trade of up to 180 days and his own creditors now demanding payment within 30 days or less.

Mr Gundie says he has tried every avenue for support in recent weeks but the group is too big for the smaller firms to consider taking over. Big operations were waiting in the wings for the firm to fold before they pick up the pieces.

Now it is waiting game to see what sort of rescue package can be constructed, though Mr Gundie says he is optimistic something will be pulled out of the fire.
Solid wood office furniture boom

Office Furniture Industries was established by Alfonse Hirsch who came to South Africa from Germany in 1935. It is one of only 30 companies in the world making solid wood furniture. Mr. Hirsch’s furniture soon attracted the attention of the wealthy and was eagerly bought by Johannesburg’s landlords and politicians. Many of the desks, tables, chairs and cupboards made by Alfonse Hirsch are still in use today.

The company is today run by Alfonse Hirsch’s daughter, Yvonne and his son-in-law, Joe.

“Although solid wood furniture is about 30% more expensive than the veneered product, people are looking more closely at how they spend their money,” says Mr. Branco.

“We sell mainly to professional people who are able to include it as an asset.”

The furniture is made from wood, such as imbua, sucupira and oak imported from South America as well as the beautiful panga or partridge wood from Mozambique. All the wood is at least 120 years old and is stored at the company’s factory in Elnsfontein for at least two years to allow it to dry properly.

Mr. Branco has a close affinity with wood, believing it is a living thing. As such, furniture manufactured for use at the coast will be built to allow for expansion in the humid atmosphere.

Furniture moved from the coast to the drier atmosphere of the Transvaal must be treated before it can be used.

The Branco husband and wife couple operate as a team and every potential customer gets a visit and is given a miniature of the office furniture and suggested colour boards for matching purposes.

The factory is currently working at full capacity with the occasional overtime shift.
Modern approach to seating means never having to say you are uncomfortable

SA firm set to manufacture ergonomic office furniture

By Stan Kennedy

Ergonomic office seating means never having to say you are uncomfortable.

More essentially, it means modelling the workplace around the individual without the other way around.

The development of ergonomic office seating in the past few years, mainly as a result of pressure from white collar unions on Europe, has changed the whole concept of furniture design.

Sensory-related ailments such as backaches, headaches and eye strains are becoming rare occurrences in the office environment and the average employee is becoming more productive.

No longer are European designers coming out with technological gimmicks and marketing them cleverly to achieve sales.

They base their furniture designs on technological fact so that the equipment not only meets today's needs but is able to grow with the dynamic of the computer industry and the organisation itself.

The systems supplier, an opposed to dealers, now gives an organisation the correct hardware to support its computerisation.

Agnus, while dealers in the systems furniture market, can now boast a wealth of knowledge of buildings and the people working there, particularly since the advent of the personal computer and information technology.

ATTENTIVE

The many prestige office buildings being built in and around Johannesburg and other major cities and the low-cost, low-rise array of furniture designs are enabling the competitive edge of companies to compete with furniture supplier fields, says Ed Doug Traylor, managing director of Musterplanners.

“We have to be more sensitive and attentive to a client's taste and aesthetic judgment.”

As the same time, we have to be as unobtrusive as possible to do it. Without this sort of approach you cannot get anywhere.

“Because the price of a furniture supplier company is nothing to write home about. It doesn't have a glamorous counterpart. But to be successful, one has to work and study hard to learn the business.”

Mr Traylor (30), born in Switzerland and educated in South Africa, is a qualified lawyer.

He has run hotels in London and Greece, been an importer, wholesaler and distributor of goods into Switzerland, and an export consultant for US firms.

In 1980, he returned to South Africa and joined the industry's leading supplier of office furniture as marketing manager.

TRADE OFF

In early 1981 he was headhunted by G.N. Sonnay but a few days before he joined the company, G.N. decided to concentrate its activities in office furniture.

He and two partners offered to help G.N. trade out. This was accepted and the two began to make plans to buy the company.

THIRD LARGEST

They obtained the finance agreements and reduced the support of the principals should they accept the business.

They approached G.N.'s customers with the assurance from the principals and then made an offer to buy the company.

Surprisingly the offer was turned down and to this day we have had to pay a cent for the company.

It is now the third largest vendor on the market valued at about R800 million, with a turnover of more than R80 million.

Our first year of operation has been difficult because of a downturn in the industry of about 30 percent. Despite that we have more than matched G.N.'s turnover in the last financial year.

Having weathered the storm and retained all its new clients, the company is set for further growth of about 30 percent this year.

Because of the small but customer, we have been left by the competition to be in a large capital outlay for tooling.

Now with prices of seating having risen sharply over recent months because of the low value of the rand, Musterplanners are taking up the challenge and are looking for locally produced office chairs.

While they will lack the polish styling, they will have the same functions and ergonomic benefits and will equal the best from Europe he says.

At the same time, the venture will save the country hundreds of thousands of rand in foreign exchange.

Musterplanners/ Mr Doug Traylor

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Mannie's Office Furniture

SPECIAL OFFER

Galvanised steel beams 975

GROWTH THROUGH SERVICE, QUALITY & PRICE

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GROWTH THROUGH SERVICE, QUALITY & PRICE

Mannie's Office Furniture
Kroks pay S
R10.2 m to
rescue B & S
companies

By Gareth Costa

B & S Furnishers' operating companies have been rescued from final liquidation, after the purchase of the company for the sum of R10.2 million by Mr Solly Krok and Mr Abe Krok in their personal capacities.

Mr Solly Krok will become chairman of the company, while the present executive-management team of Mr Clifford Gundie and Mr Bert Davids will retain an equity interest and stay on to run the company.

Mr Gundie said this morning that most of the offers to the liquidators were in his opinion low, but he felt that with the potential that the company has, the offer of R10 million was fair.

Operating companies of B & S, were placed in provisional liquidation on May 30. Although B & S was in the unusual position of having assets that exceeded liabilities by R8 million, it did not have a sufficient cash flow to meet finance charges of around R750 000 a month.

Mr Gundie says that the debt that was mulling the company's liquidity has now been wiped out and it will resume trading with a clean book. The R10 million will be shared among the creditors.

The company had a turnover of R80 million at its peak, but this had subsequently dwindled to nearer the R60 million mark.

Major products are marketed under the names of Cecil Nurae and Mr. Capboard, while the Kroks rescue package will save the jobs of nearly 2 000 employees.

In a statement last night, Mr Krok said that it was his intention during the next few months to become acquainted with the different businesses that are presently manufacturing a variety of furniture products.
investors are showing considerable confidence. Even at this price, purchase on a medium-term view looks a sound investment.

Neville Glasser

**AFCOL FINANCIAL**

**Off the bottom**

**Activities:** Manufactures furniture and has interests in companies which supply raw materials to the furniture industry

**Control:** SA Breweries has 66.4% of the equity

**Chairman:** L van der Watt

**Capital structure:** 23.1m ordinary 50c, 4.3m non-voting ordinary 50c. Market capitalisation R202m

**Share market:** Price 880c Yields 2.79% on dividend, 5.5% on earnings. PE ratio, 18.3, cover, 2 12-month high, 940c, low 500c. Trading volume last quarter, 222,000 shares

**Financial:** Year to March 31

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<th>83</th>
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<tr>
<td>Debt</td>
<td></td>
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<td>Short-term (Rm)</td>
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<td>Long-term (Rm)</td>
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<td>Debt-equity ratio</td>
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<td>0.16</td>
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<tr>
<td>Shareholders’ interest</td>
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<td>Int. &amp; leasing cover</td>
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<td>4.4</td>
<td>2.2</td>
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<tr>
<td>Net debt</td>
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<td>1.4</td>
<td>0.7</td>
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</table>

**Performance**

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<tbody>
<tr>
<td>Return on cap (%)</td>
<td>15.3</td>
<td>11.9</td>
<td>10.6</td>
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<tr>
<td>Turnover (Rm)</td>
<td>247.3</td>
<td>286.1</td>
<td>285.3</td>
<td>305.4</td>
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<tr>
<td>Pre-tax profit (Rm)</td>
<td>30.3</td>
<td>28.3</td>
<td>24.8</td>
<td>14.5</td>
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<tr>
<td>Pre-tax margin (%)</td>
<td>7.3</td>
<td>8.0</td>
<td>7.6</td>
<td>4.7</td>
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<tr>
<td>Taxed profit (Rm)</td>
<td>28.9</td>
<td>29.4</td>
<td>19.3</td>
<td>11.5</td>
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<td>Earnings (c)</td>
<td>118.6</td>
<td>117.4</td>
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<tr>
<td>Dividends (c)</td>
<td>59.3</td>
<td>59.3</td>
<td>40.0</td>
<td>24.0</td>
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<tr>
<td>Net worth (c)</td>
<td>565</td>
<td>653</td>
<td>560</td>
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Afolc, SA’s leading furniture manufacturer, probably provides the best barometer for the battered furniture industry’s fortunes. The outlook is not cheerful, as results for the year to end-March indicate that trading conditions have deteriorated further.

Attributable profits from furniture manufacturer slumped to R2.2m (R6.6m), a far cry from the R16.9m earned four years ago. The worst may, however, be over. Encouraged by second-half results, chairman Laurie van der Watt expects “the upward trend in sales and the improvement in earnings experienced in the past six months to continue in the next financial year, provided there is no deterioration in present economic or socio-political conditions.”

Why the optimism? It seems much of it is based on the re-instatement of a 10% deposit on furniture purchases. The collapse in demand started when government introduced...
Manufacturer: HP curbs led to loss of jobs

Dispatch Correspondent
PORT ELIZABETH - The restrictive measures on hire purchase transactions introduced in August 1984 had led to the loss of 7,500 jobs within the South African furniture manufacturing industry, the president of the Federation of Furniture Manufacturers of South Africa, Mr. Ike Lasarow, said yesterday.

Speaking after the federation's mid-year meeting, Mr. Lasarow said that in spite of the removal of restrictions on deposits and the extended hire purchase repayment period, a total of 252 factories had either gone into liquidation or closed down during the past 20 months.

Factory sales, expressed in real terms for the first quarter of 1986, were 15.1 per cent lower than the same period in 1985 and 28.9 per cent lower than sales for the first quarter of 1984.

He said the industry was faced with sharp escalations in the price of raw materials, such as locally grown timber, and locally manufactured upholstery fabrics.

"The situation is further exacerbated by having to import upholstery fabrics at prohibitive prices because they are not available from local markets, but some relief has been obtained through a temporary abatement of duty on these fabrics," he said.

Mr. Lasarow said the federation was hopeful that representation made by the federation for the removal of the 10 per cent surcharge on imported raw materials used by the industry would be approved to give further relief.

He called for greater assistance in the form of cheaper raw materials and transport concessions to help boost the industry's export market.
SAAN's Mulholland ... more discipline

According to Dutton, profits for the first quarter to end-May are ahead of projections. With assessed losses of R25m, he adds, earnings should be tax-free for quite a few years.

Given the depressed state of the building and furniture industries, short-term prospects might be thought unexciting, Dutton disagree. He believes Interboard can increase market share. "We have always operated in a depressed market and since inception three years ago have increased market share annually. We now hold 8%." Undoubtedly, though, Interboard will find it increasingly difficult to grow off a higher base.

Future export potential

Unlike industry leader Bisonboard, Interboard's export market is limited. Dutton points out, however, that Interboard NV recently made a large investment in Swaziland. With 50% of the Swazi company's output geared for foreign markets, Dutton believes it is better placed for exports, especially with growing threats of sanctions. The Swazi operation will not be impacted into Renhold until it is profitable.

Expectations of major acquisitions have pushed the share price 50% higher to 45c in less than two months. As the forward p/e of 11 is not unrealistic, minorities are unlikely to accept the buy-out offer.

Neville Glasser

Asset sales have gone well, and at end-March R26.5m had been raised from the disposal of presses and the Main Street building. Remaining disposals are expected to bring SAAN's once heavy debt load down to around R12m. At this level, says Mulholland, the group should easily fund potential finance costs.

With a company like SAAN, which has a sorry recent history of losses, the real issue is cash flow. If management can confidently predict positive cash flow after all running costs, it is unquestionably on the road to recovery. On the evidence of recent months, says Mulholland, SAAN has indeed moved into positive cash generation.

The Sunday Times, for example, has maintained circulation at just under 500,000, despite the recent 5% hike in the cover price. A clear indication says Mulholland, of its standing in the market. The FM, following a 50% price hike, initially lost some circulation, but "very rapidly regained it," to continue its domination of the financial magazine market.

Given the state of the market, says Mulholland, "the only way we can return to profits is by maintaining market share, while simultaneously cutting costs. And that is happening."

The impending move to diagonal Street is likely to be "both costly and traumatic," but once SAAN is settled in, it can look towards sustained recovery.
The 'headquarters' of the furniture factory

Organiser Sout Khosa and (pic right) one of his workers with a chair he's just completed.

The open-air factory...

UNDER deep shadows cast by tree shadings and huge marula trees, dedicated furniture manufacturers are creating - with limited tools and resources at their disposal - magnificent furniture from the indigenous wood.

The end products, however, will do any house proud.

The furniture manufacturers of Gazankulu in the Mala district labour under the open sky in the make-shift "factories" tacked together with reject wooden planks in a fashion which makes air-conditioning a solete - although temperatures often soar above 40°C.

Sout Khosa - who says he finds it hard to calculate his age - started manufacturing furniture in 1962 in the bush area near Hazyview in the North-Eastern Transvaal. And he has a limited academic background.

Khosa has designed furniture for clients from the US, Switzerland, England and all over SA.

This self-taught artisan is now teaching his four sons the skills of his trade.

The tools and conditions under which the furniture is manufactured are so primitive that it is virtually impossible to visualize that the finished products, on display in many modern homes, have been created in the bush.

The wood used is mainly kiaat, tamboti, and black and red ironwood - obtained from the Gazankulu Nature Conservation Department.

The raw trunk, sawn off in the bush, is transported or carried many kilometres to the make-shift factory where it is sawn into timber of desired lengths and stacked outdoors to dry.

Khosa's diesel-driven circular saw is powered by a three-phase generator, while the starter belt of the saw is powered by two batteries, each with a capacity of 800 watts.

A stylish lounge suite, comprising eight heavy chairs and a solid oval table, each two metres in length, is completed within two weeks.

"We do not need a factory in town or in an industrial area. It is best to work from home," says Khosa.

He says his business received a positive boost during a recent exhibition organized by the Shangaan-Isongo Development Corporation.

He left the bush to exhibit his craft, and promptly received a host of orders for dining-room suites, inexpensive benches and coffee tables.

Khosa manufactures a number of items, and transports them to the cities where they are sold almost immediately upon arrival.

"Tools are expensive and wood is becoming more scarce, but I prefer working in the bush, away from civilization," says Khosa.
Minister of Agricultural Economics

DEPARTMENT OF MANPOWER

No. R-1486 15 August 1986

LABOUR RELATIONS ACT, 1956

FURNITURE MANUFACTURING INDUSTRY—AMENDMENT OF MAIN AGREEMENT

I, Pieter Theuns Christiana du Plessis, Minister of Manpower, hereby—

(a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice, and for the period ending 31 March 1987, upon the employers’ organisation and the trade union which entered into the Amending Agreement and upon the employers and employees who are members of the said organisation or union, and

(b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the Amending Agreement, excluding those contained in clause 1 (1) (a) shall be binding, with effect from the second Monday after the date of publication of this notice, and for the period ending 31 March 1987, upon all employers and employees, other than those referred to in paragraph (a) of this notice, who are engaged or employed in the said Undertaking, Industry, Trade or Occupation in the areas specified in clause 1 of the Amending Agreement.

P. T. C. DU PLESSIS,
Minister of Manpower

SCHEDULE

INDUSTRIAL COUNCIL FOR THE FURNITURE MANUFACTURING INDUSTRY OF THE ORANGE FREE STATE

AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

Vereniging van Meubelfabrikateurs en Stofferkopers, O.V.S

(b) hereinafter referred to as the “employers” or the “employers’ organisation”), of the one part, and the
Manufacturer denies witholding benefits

Dispatch Reporter

EAST LONDON — The Border Industrial Council for the Furniture Manufacturing Industry has denied claims by employees at a Greenfields furniture manufacturer that they would only receive their benefits pay during December following the closure of the company two weeks ago.

A representative of the 58 employees at Totem Design, Mr Thembani Patrick Sinobola, said yesterday that all employees in the company had been informed by management on Thursday, August 7, that the company would close down the following day.

Mr Sinobola, who had been working at Totem Design for two years, said the employees had been given no reason for the closure and had been told they could collect their benefits pay from the local offices of the Border Industrial Council for the Furniture Manufacturing Industry.

The employees claimed that they were subsequently told by the council that they would only get their benefits pay in December.

The chairman of the Border Industrial Council for the Furniture Manufacturing Industry, Mr P W Mackie, said yesterday that, according to the agreement regulated by the council, the employees would be entitled to be paid out their entitlement under the Provident Fund three months after leaving the furniture manufacturing industry.

"In the case of Totem Design, though, special arrangements have been made to advance money against the Provident Fund entitlement to assist the employees who have suddenly lost income," Mr Mackie said.

The employees holiday pay was normally paid out during December of each year, he added.

The manager of Totem Design, Mr N G Terblanche, could not be contacted for comment yesterday.
Manufacturer denies withholding benefits

Dispatch Reporter

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"In the case of Totem Design though, special arrangements have been made to advance money against the Provident Fund entitlement to assist the employees who have suddenly lost income," Mr Mackie said.

The employees holiday pay was normally paid out during December of each year, he added.

The manager of Totem Design, Mr N G Tshiblanche, could not be contacted for comment yesterday.
Not appreciated

The market has responded with curious indifference to good results posted by World Furnishers last week. It reported after-tax profits of R1.03m of the six months to end-June, compared with R1.09m for the whole of the previous year. Lower down the income statement, a windfall R8.4m profit was recorded on the sale of part of the investment in Jazz. The company still holds 1m Jazz shares worth around R2.9m, as this relatively small stake has no strategic value, it is bound to be sold off eventually.

Yet the share price has remained virtually inert at around 260c, only 5c up from its level in early August. While some analysts could argue that the sharp rise in World's share price this year from 150c to 260c has discounted the good news, retail analyst Eric Levine contends that the counter is palpably under-priced.

Based on reported interim earnings of 10.1c a share, and bearing in mind that the second half covers the Christmas period and that earnings in this period last year were 38c, Levine is predicting earnings for the full year of 60c. This places the share on an extremely low forward p/e ratio of 4.3 times, materially out of line with the rating accorded Ellerines (six times) Amref (12.8 times) and even newly listed Joshua Doore.

Allowing for a conservative p/e rating of five times, Levine believes that World should be trading at least at 320c, and even then it would be at a good discount to net worth of 380c. It's worth noting that a company like Joshua Doore trades at double net worth.

Furniture sales have been relatively strong since April, says Levine, and there seems little reason to doubt the trend will continue through the year. At financial level, World has significantly reduced debt since it began selling off its stake in Jazz. The debt equity ratio has fallen from 69% to 31%, and the interest saving alone could give earnings a good fillip this year. W&A director Martin Glatt also speaks of a "higher degree of optimism" for World, particularly as the debtor's book is looking more stable.

All of which seems to indicate that a closer look at the share could be worthwhile.

Neville Glazer
that Laser is currently riding an emigration boom and when this fizzes out profit growth could be retarded.

Kaye argues that Laser's operations are strongly contra-cyclical "The market has overtaken the importance of emigration profits," he says "This is only the cream on top, and in fact quite a small part of total profits." In the international market, he adds, "by far our biggest client is the foreign office, and that provides stable, recurring business."

Laser's contra-cyclical, says, is inherent in the different removal markets it services. "During periods of economic prosperity in SA, internal business and inward international business increase, while during periods of local economic recession, the volumes and value of outward business decrease. Thus, Laser does not experience material fluctuations in profitability."

Kaye adds "Currently, local house moves are very depressed, as is immigration business. When emigration tails off we reasonably expect that immigration will begin to pick up to replace people lost in the job market. Whatever the investment fraternity may have decided, the response to the listing offer indicates a vote of confidence in the company."
KENNISGEWING 642 VAN 1986

DEPARTEMENT VAN MANNEKRAG

WET OP ARBEOIDSVERHOUDINGE, 1956

AANSOEK OM REGISTRASIE VAN ‘N WERKGEWERSORGANISASIE

Ek, Adam Johannes Jacobus Barnard, Assistent-nywerheidsregistraar, maak ongeregeld artikel 4 (2) van die Wet op Arbeidsverhouding, 1956, hierby bekend dat ’n aan- soek om die registrasie ontvang is van die Furniture and Wood Products Manufacturers Association (B and C Areas). Besonderhede van die aansoek word in onderstaande tabel verstrek.

Enigegeregistreerde werkgewersorganisasie wat teen die aansoek bestaar maak, word versoek om binne een maand na die datum van publikasie van hierdie kennisgewing sy beswaar skriflik by my in te dien, p/a die Departement van Mannekrag, Mannekraggebou 449, Schoemanstraat 215, Pretoria (posadres. Privaatsak X117, Pretoria, 0001)

TABEL

<table>
<thead>
<tr>
<th>Naam van werkgewersorganisasie</th>
<th>Furniture and Wood Products Manufacturers Association (B and C Areas)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Datum waarop aansoek ingediens is</td>
<td>5 Maart 1986</td>
</tr>
<tr>
<td>Belange en gebied ten opsigte waarvan aansoek gedaan word</td>
<td>Werkgewers betrokke in die Meubel- en Houtproduktenweder in die provinsie Natal, uitgesonder die landdrosdistrikte Durban, Pinetown, Pietermaritzburg, Inanda en Mount Curry.</td>
</tr>
</tbody>
</table>

Vir doeleindes hiervan beteken—

“Meubelnywerheid” of “Nywerheid”, behoudens die bepalings van die afdakingsvasstelling gemaak deur die Nywerheidshof op 1 September 1978, of enige daaropvolgende vasstelling, sonder om die gewone betekenis van die uitdrukking ensins te beperk, die vervaardiging, hetsy in die geheel of gedeeltelik, van alle soorte meubels, afgesien van die materiaal wat gebruik word, en omvat dit onder andere ook die volgende werksohame:

- Herstelwerk, stofferswerk, herstofferswerk, betwerk, sputwerk of poleerwerk en/of herpoleerwerk, die maak van los oortreksels en/of stoelkussings en/of gordyne, die maak en/of herstel van raamveermatrasse en/of rame vir stofferswerk, houtmasjineriewerk, fineriewerk, houtdraaierwerk, houtsnijwerk in verband met die vervaardiging en/of herstel van meubels, poleerwerk en/of herpoleerwerk aan klaviere en die vervaardiging van en/of betwerkwerk, sputwerk, betwerkwerk en/of herpoleerwerk aan meubels van teekamers, kantore, kerke, skole, kroë of teaters, kabinette van musiekinstrumente en radiogedraadlooskabinette, en omvat die vervaardiging of die prosesse in die vervaardiging van beddengoed, wat so omskryf en vertolkgemoeid word dat dit al soort матrasse, veermatrasse, bomatrasse, kussings, feule en stoelkussings insluit, en omvat voorts die werksohame wat uitgevoer word op alle persele waar houtmasjineriewerk, houtdraaierwerk en/of houtsnijwerk uitgevoer word in verband met die vervaardiging van meubels, en omvat voorts ook herstelwerk, herstofferswerk of herpoleerwerk aan meubels in of in verband met bedryfsmengtigings waarin die vervaardiging van meubels of ‘n werksohame wat in verband staan met die finale bereiding van ‘n meubelstuk vir verkoop, of in sy geheel of gedeeltelik, uitgevoer word, en die fineriewerk aan gemaakte en gegalenteerde blokmeubels of houthouderie wat vir meubels gebruik word, en alle gedeeltes van materiaal wat by die vervaardiging van meubels gebruik word, maar

GOVERNMENT GAZETTE, 12 SEPTEMBER 1986

No 10430 71

NOTICE 642 OF 1986

DEPARTMENT OF MANPOWER

LABOUR RELATIONS ACT, 1956

APPLICATION FOR REGISTRATION OF AN EMPLOYERS’ ORGANISATION

I, Adam Johannes Jacobus Barnard, Assistant Industrial Registrar, do hereby, in terms of section 4 (2) as applied by section 7 (5) of the Labour Relations Act, 1956, give notice that an application for the variation of its scope of registration has been received from the Furniture and Wood Products Manufacturers Association (B and C Areas). Particulars of the application are reflected in the subjoined table.

Any registered employers’ organisation which objects to the application is invited to lodge its objection in writing with me, c/o the Department of Manpower, 449 Manpower Building, 215 Schoeman Street, Pretoria (postal address: Private Bag X117, Pretoria, 0001), within one month of the date of publication of this notice.

TABLE

<table>
<thead>
<tr>
<th>Name of employers’ organisation</th>
<th>Furniture and Wood Products Manufacturers Association (B and C Areas)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date on which application was lodged</td>
<td>5 March 1986</td>
</tr>
<tr>
<td>Interests and area in respect of which application is made</td>
<td>Employees engaged in the Furniture and Wood Products Industry in the Province of Natal, excluding the Magisterial Districts of Durban, Pinetown, Pietermaritzburg, Inanda and Mount Curry</td>
</tr>
</tbody>
</table>

For the purpose hereof—

“Furniture Manufacturing Industry” or “Industry” means, subject to the demarcation determination made by the Industrial Tribunal on 1 September 1978, or any succeeding determination, without in any way limiting the ordinary meaning of the expression, the manufacture, either in whole or in part, of all types of furniture, irrespective of the materials used, and includes the following operations:

- Repairing, upholstery, re-upholstering, staining, spraying or polishing and/or repolishing, the making of loose covers and/or cushions and/or curtains, the making and/or repairing of box spring mattresses and/or frames for upholstery, wood-machining, veneering, wood-turning, carving in connection with the manufacture and/or repair of furniture, the polishing and/or repolishing of pianos and the manufacture and/or staining, spraying and polishing and/or repolishing of teakroom, office, church, school, bar or theatre furniture, cabinets for musical instruments and radio or wireless cabinets, and includes the manufacture or processes in the manufacture of bedding, the definition and interpretation of which includes all manner and/or types of mattresses, spring-mattresses, overlays, pillows, bolsters and cushions, and further includes the activities carried on in any premises where wood-machining, wood-turning and/or carving in connection with the production of furniture is carried on and further includes the repairing, re-upholstering or repolishing of furniture in or in connection with establishments in which the production of furniture or any operation associated with the final preparation of any articles of furniture for sale, either in whole or in part, is carried on, and the veneering of laminated block-board or plywood doors used for furniture, and all parts of materials used in the con-
uitgesonderd die vervaardiging van artikels wat hoofsaaklik van mandjesgoed, gras en/of rottang gemaakt word en die vervaardiging van metaalmeubels, met inbegrip van metaalkaaitels.

**Posadres van aanvaller.—** Postbus 31, Margate, 4275

**Kantooradres van aanvaller.—** Bainstraat 31, Uvongo, Natal.

Die aandag word gevestig op onderstaande vereistes van artikel 4 van die Wet:

(a) Die mate waarin 'n beswaarmakende werkgewensorganisatieweetbaarheid voorgevoelige is, word ingevolge subartikel (4) bepaal volgens die feite soos hulle bestaan op die datum waarop die aansoek ingediend is, en wat die lidmaatskap betreft, word alleen lede wat ingevolge artikel 1 (2) van die Wet op voornemens datum volwaardige lede was, in aanmerking geneem.

(b) Die procedure voorgeskryf by subartikel (2) moet gevolg word in verband met 'n beswaar wat ingediend word.

A. J. J. BARNARD,
Assistent-nywerheidsregistrateur.
(12 September 1986)

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**KENNISGEWING 643 VAN 1986**

**UITSLAG VAN VOLKSTRAADTUSSENVERKIESINGS.—KIESAFDEELINGS CLAREMON EN PINELANDS**

Ooreenkomstig artikel 108 en 109 van die Kieswet, 1979 (Wet 45 van 1979), word volgens die betreffende betreffende die verkiesing van lede van die Volksraad vir die kiesafdelings Claremont en Pinelands gehou op 3 September 1986 hiermee vir algemene inligting gepubliseer:

<table>
<thead>
<tr>
<th>Kiesafdeling Electoral Division</th>
<th>Stemme uitgebrag en politieke partie verteenwoordig</th>
<th>Getal verwerpte stemmen</th>
<th>Politieke Partie</th>
<th>(a) Totale getal stemme uitgebrag</th>
<th>(b) Steempersentasie</th>
<th>(c) Total number of votes polled</th>
<th>(d) Polling percentage</th>
<th>Totale getal kiesers op kieslys</th>
<th>Number of votes on voters' list</th>
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</thead>
<tbody>
<tr>
<td>Pinelands . . . . . . . . . .</td>
<td>(a) John Jasper Walsh</td>
<td>N E. Barret</td>
<td>NRP</td>
<td>48</td>
<td>(a) 9 088</td>
<td>(b) 55,3</td>
<td>16 435</td>
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<tr>
<td>(b) 1 804</td>
<td>3 618</td>
<td>PnP</td>
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<td>(c) 1986-04-03</td>
<td>J J Walsh</td>
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<td>A O Lesegang</td>
<td>885</td>
<td>NRP</td>
<td>19</td>
<td>(a) 5 593</td>
<td>(b) 32,2</td>
<td>17 393</td>
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<td>J van Eck</td>
<td>4 659</td>
<td>PnP</td>
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(12 September 1986)

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**NOTICE 644 OF 1986**

**RESULT OF THE HOUSE OF ASSEMBLY BY-ELECTIONS.—ELECTORAL DIVISIONS OF CLAREMON AND PINELANDS**

In accordance with sections 108 and 109 of the Electoral Act, 1979 (Act 45 of 1979), the following particulars relating to the election of members of the House of Assembly for the Electoral Divisions of Claremont and Pinelands held on 3 September 1986 are hereby published for general information:

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**KENNISGEWING 644 VAN 1986**

**DOEANE-EN AKSYNSTARIEFAANSOEK.—**

**LYS 52/86**

Onderstaande aansoek betreffende die Doeane en Aksvynstafie is deur die Raad van Handel en Nywerheid ontvang. Enige beswaar teen of kommentaar op hierdie vertoe moet binne ses weke na die datum van hierdie kennisgewing aan die raad van handel en nywerheid, Private Bag X84, Pretoria, 0001, gerig word.

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**NOTICE 644 OF 1986**

**CUSTOMS AND EXCISE TARIFF APPLICATIONS.—**

**LIST 52/86**

The following applications concerning the Customs and Excise Tariff have been received by the Board of Trade Industries. Any objections to or comments on these representations must be submitted to the Board of Trade Industries, Private Bag X84, Pretoria, 0001, within six weeks of the date of this notice.
Workers allege they were assaulted after being fired

By Sheryl Rainie

Two black workers employed by a Johannesburg furniture manufacturer claim they were fired, beaten with an iron rod and prevented from collecting their belongings at the factory premises.

Mr Petrus Mlaba (22) allegedly suffered head, face and arm injuries while Mr Simon Ndaba (23) suffered bruises and welts on his body and face.

Both men, members of the African Allied Workers Union, are considering laying charges of assault against a white employee of Streamline Metal Furniture Manufacturers in Marshalltown.

Mr Mlaba, a spray painter, who had been with the company for more than three years claimed he was dismissed last week when his employer told him he was incompetent. He went to collect his pay on Tuesday this week and was paid R280 which was supposed to include notice pay. As he earned R90 a week, he queried the amount.

ASSAULTED HIM

While in his room on the premises collecting his belongings two white men burst in, he said. One held his arms and the other assaulted him with an iron rod. He fled and has not been able to collect his belongings.

Mr Ndaba, who is also a spray painter, claimed he was fired for joining the union on Tuesday. He said he was also beaten with an iron rod by the same man who beat Mr Mlaba.

Union national vice-president, Mr Malusi Mpondo, said a third case of assault at the same factory was being investigated.

Mr Frans de Klerk of Streamline said he was not aware that anyone had been assaulted on his premises.

"I know nothing about any assaults which took place on my premises on Tuesday. I was at the factory until 9:30 pm and am not aware of any incidents. These guys go and get themselves assaulted in the townships and blame it on their employer.

"Both these men resigned voluntarily. They were not fired but they came back to the factory with the union and claimed they had not resigned. My other black employees will testify that they resigned."

He said he had paid Mr Mlaba his final wages calculated according to a formula laid down by the furniture industry and his books could be inspected at any time.
No. R. 2005  19 September 1986

LABOUR RELATIONS ACT, 1956

FURNITURE MANUFACTURING INDUSTRY, WESTERN CAPE — RENEWAL OF PROVIDENT FUND AGREEMENT


M. W. J. LE ROUX,
Director: Manpower.

No. R. 2006  19 September 1986

LABOUR RELATIONS ACT, 1956

IRON, STEEL, ENGINEERING AND METALLURGICAL INDUSTRY — RENEWAL OF ISPA SUBGROUP AGREEMENT

I, Matteus Willem Johannes le Roux, Director Manpower, duly authorised thereto by the Minister of Manpower, hereby, in terms of section 48 (4) (a) (ii) of the Labour Relations Act, 1956, declare the provisions of Government Notice R 1579 of 19 July 1985, to be effective from the date of publication of this notice and for the period ending 30 June 1987.

M. W. J. LE ROUX,
Director: Manpower.

DEPARTMENT OF PUBLIC WORKS AND LAND AFFAIRS

No. R. 1939  19 September 1986

QUANTITY SURVEYORS’ ACT, 1970
(Act 36 of 1970)

NOTICE IN TERMS OF SECTION 7 (6) — AMENDMENT OF MINIMUM FEES

I, Lourens Albertus Petrus Anderson Munnik, Minister of Communications and of Public Works, hereby make known in terms of section 7 (6) of the Quantity Surveyors’ Act, 1970 (Act 36 of 1970), that I have made the provision in the Schedule in terms of section 7 (3) (b) of the said Act.

SCHEDULE


1. The following clause is hereby substituted for clause 10 of Government Notice R 90 of 16 January 1981:

“10. Interim fees and partial services

10.1 Interim fees charged shall be based on the appropriate fee scales and the apportionment thereof as set out in Table III or IV.

10.2 Should a commission be terminated or deferred after the completion of service A or services A and B as set out in Table III or IV, the fees for such services shall be determined in accordance with the appropriate fee scales and the apportionment thereof.
More comfortable

After two years in the wilderness, the home furniture retail market seems firmly back on the road to recovery, with sales running some 30% ahead of last year's figures.

This is the good news after massive turnover slumps in 1984 and 1985, when higher deposits and rampant HP rates savagely slashed sales.

A combination of positive factors sees the upturn in the R3.25 billion/year furniture retail sector still gathering impetus. The relaxation of minimum HP deposits and the extension of repayment periods for house-hold goods last August set off the revival.

Since then the gradual pull-up in the economy and expectations of continued high inflation also helped convince many buyers that it might be best to buy now. In the past month or two, sales have really rocketed, say industry sources.

"But the best months still lie ahead — annual sales usually peak in November and December," notes OK Bazaars director Arthur Solomon. "Beside a forecast on the last two months, total industry turnover this year should at least equal 1984 real term levels."

One swallow doesn't make a summer, of course, but sparking results reported by retailer Morkels for its end-June quarter point to a major sales take-off. Turnover ran 53.4% ahead of the same period last year, while profits before tax and interest grew by a healthy 75.6%.

"We outstripped the estimated 11.5% growth recorded by the retail furniture sector during the quarter and increased market share by 15%," says Morkels MD Carl Jensen.

"Overall, we expect turnover to grow by 33% in the year to next March and we expect a 55% bottom line improvement."

Morkels, he claims, was the only retailer to show significant growth. But competitors disagree.

"Without financial details," says OK's Solomon, "one cannot adequately assess Morkels' performance. And, of course, the relative size of an operation adds to the significance of reported turnovers."

He says that after OK's unit sales fell by 15% and turnover dropped 25% in the August 1984-August 1985 year, there was a 13% recovery in sales and a 30% hike in turnover in the year ended last month.

Solomon says "pure furniture" sales — lounge, bedroom and dining room suites — improved after the HP relaxations. Big ticket sales, including TV sets, VCRs and other appliances, benefited from "pre-inflation" buyers who foresaw the falling rand rate would add to the cost of imports.

"Pent-up demand for white goods has also been released," Solomon adds, "as many users found they could no longer put off buying necessities. The stage has been reached where people cannot afford to repair old units and have to replace them."

Lastly, he says, falling interest rates are also spurring demand. Others conditionally agree.

"Generally, things are much better," says Russell's chairman Geoff Austin. "But we must wait and see if the trend continues. Currently we are experiencing a phenomenal 30%-40% improvement on last year's low levels. If this continues through September and October one can talk of real growth."

Amrel MD Stan Burger confirms the more positive trend. He says furniture sales are doing "very nicely" — but off a "terribly low base." And Furniture Traders' Association spokesman Frans Jordaan says although township sales to blacks still face delivery problems, there has been a definite upturn in sales generally since last May. But, not surprisingly, there's still a regional slump in the eastern Cape, he adds.

Official statistics confirm the general sales upturn. "In the October-November period furniture dealers reported sales of R1.068 billion — a 26% improvement on the previous year," says Jordaan.
He wove his way to millions

HAABAKU Shikwe

Two years later the business had expanded so rapidly that he moved into his own factory at the Orlando Industrial Park.

He has not worked a day since then and has been living a simple life, content with his success.

When he began, he had 30 employees. Now, he has more than 200,000 a month, but he has stuck to the same principles of hard work and dedication.

His family has also benefited from his success, with his children attending the best schools and universities.

He has donated large portions of his wealth to various charitable causes, including education and healthcare.

He is a shining example of what can be achieved with hard work and determination.
Experts cool on furniture industry boom

By TOM HOOD

A PROJECTED boom for the furniture industry could fall short of some people's expectations.

House-building programmes to meet the huge shortage of homes should have spin-offs for furniture and other goods, according to economists.

However, researchers in the industry have become sceptical of this scenario and one company, Morkels, sees an expansion to 150 branches as saturation point, after which its growth will have to come from diversifying into other businesses such as clothing and footwear.

Measuring changes in lifestyle characteristics, the company found the advent of television in the home having a major impact on lifestyles.

Modern South Africans are living in a very different way to their parents and they have very different wants and needs, says Mr Derek Russell, the company's general manager of planning resources.

There are major differences between working housewives and non-working housewives in terms of the needs that they have in their homes.

"There is a great difference between newly marrieds without children and 'full-nest' families," says Mr Russell.

Where full-nest families have a great deal of experience behind them and don't need as much customers or service support, the newly marrieds do, since they don't know what they are buying and are looking for information.

This research has highlighted a number of major developments in the home. There are now staggered eating patterns. The husband comes home late, the children have to go to bed early and so members of the family are tending to eat in relays rather than in a formal manner. Television dinners in front of the TV are becoming the norm.

As a result the dining room is becoming increasingly a formal room for entertaining, for family gatherings on Sundays.

There is an increased incidence of juvenile self-expression. They are not prepared to sleep in beds. Once they become teenagers they want self-expression. They want to be able to furnish their rooms to their own likes.

There is a growing incidence of the extended home — 33 percent of South African homes now have a family room that has all sorts of demands in terms of furniture requirements.

In examining black South African lifestyles, Morkels discovered it had to separate the socio-economic trends from marketing trends.

The major issue is the severe space limitation, says Mr Russell. Because blacks live in standard box-like homes, they are not able to expand and meet their aspirational needs.

"This problem is going to have a major impact on the furniture industry. It is often said the booming black market is going to bolster furniture sales. Until the severe space problem is solved blacks are not going to be able to meet their aspirational needs."

The needs of black consumers today also have to be measured by the standard of housing they live in because this is the major issue that is going to dictate the buying patterns in the furniture industry.

Mr Russell believes there is no difference between the upward mobility towards universal standards there is no difference between what the black housewife and what the white housewife say they need.

"They both talk about the same problems, the same television issues, the same eating issues. It is truly a universal market."

Juvenile rejection of share facilities is having a major impact on extended families in black communities. Juveniles are demanding their own rooms and their own facilities in the home. Consequently uncles, aunts and close relatives are being moved out of the home.

The educational needs of blacks in the townships are having the effect of increasing the need for study facilities in the home.

All these factors have major implications in terms of providing the right sort of furniture merchandise.
Positive growth in furniture industry

MICK COLLINS

PRESIDENT of the Federation of Furniture Manufacturers (FFM) Ike Lasarow has expressed guarded optimism about the future of the industry.

Speaking at an FFM executive council meeting in Johannesburg yesterday he said sales at factory level had moved into a positive growth phase and were running at 7.9% higher than for the same period last year.

"Re-employment is taking place on a gradual basis and employment figures have shown an improvement of 5.5% compared with last year." In real terms, however, the industry was still operating at 1983 levels.

Lasarow referred to recent reservations which had been expressed regarding the capability of the industry to meet local demand.

He pointed out that, while a number of manufacturers had been forced to close their doors due to the recession, there was a substantial number of employers who had sufficient numbers of trained staff and the expertise to produce all the furniture required for the local market.

He said the industry was reliant to a certain extent on fabrics and hardwoods which had to be imported.

"There doesn't appear to be any major problem in ensuring a continued supply of these raw materials and the recent strengthening of the rand has reduced the burden.

"However, escalations in the price of locally grown timber are a matter of grave concern. It is essential that the local timber should not increase at an unacceptably high rate as has been the case in recent years."

He said the improvement in the state of the industry and the accompanying rise in employment now made an improvement in the skills levels of the industry imperative.
A new name and new look

A TRIM B & S Furniture returns to the JSE board as Furnitech on December 8, after a six-month suspension.

The restructured group will then contain Cecil Nurse, distributors of office furniture, Republic-Steelbyte, steel kitchen furniture manufacturer; Furnisteel, steel office furniture manufacturer; and Huski, office seating manufacturer.

As forecast previously by chairman Solly Krok, taxed profit will be at least R2.5m in the year to December 1987, equal to earnings of about 9.5c a share, and the dividend will be about 4.95c.

Reconstruction details published today show a clean balance sheet, with solvency restored and sufficient working capital for continuing operations.

Two offers are being made to minorities.

They will be able to sell their B & S ordinary shares to the Krok-controlled company, Consolidated Rand Parts (CRP) for 0.2c a share, the same basis on which CRP acquired B & S.

Or they will be offered 453 690 shares, on the basis of three shares for each B & S share, at 80c a share.

Preference shareholders will receive three ordinary shares for every 15 prefs at 80c a share.

There will be 25.5-million shares in issue when the share deals are concluded.
Now SAB can
toast Afcol too

By Sven Lunsche
South Africa's leading furniture manufacturer Associated Furniture (Afcol) is joining its SAB stablemates Edgars and Amrel in announcing substantially improved results for the six months to September 31.

Earnings per share increased by a staggering 112 percent to R0.06 million, compared with last year's interim results, while a slightly more than twice-covered interim dividend of 19.5c was declared.

And more good news can be expected in the second half. "Sales in October and the levels of orders on hand indicate that the buoyant sales will continue throughout the quarter to the end of December," says Afcol chairman Laurie van der Watt.

"This trend, barring unforeseen socio-political developments, should result in a substantial rise in attributable earnings for the current financial year," he added.

Afcol probably provides the best barometer for the furniture industry and if their results, coupled with those of Amrel's furniture division, are anything to go by last year's battered industry is now well on the road to recovery.

However, many smaller manufacturers have folded during the recession and it is apparent that Afcol has gained substantial market share at their expense, in a market which has in any case grown substantially since the beginning of the year.

Taxation increased by 32 percent, but Mr van der Watt sees this as another sign of the company's growth potential. "We are no longer given the investment allowances on plant expansions, which indicates that all our operations are fully set to go," he said.

With the increased turnover it was also inevitable that the group's gearing ratio would have to rise. "We are now gearing at a level of 45 percent, compared with 37 percent at the end March, and the take-off in sales made larger borrowings necessary. We had fully budgeted for this increase," Mr van der Watt said.

Apart from the furniture division, Afcol's other interests also showed profitable returns.

While declining to give any details, Mr van der Watt said that both export earnings and the income from other divisions, including the recent merger between Spankor and a major portion of PG Wood, had been satisfactory.

Afcol's share price has risen dramatically over the interim period, from 800c to its current trading value of R14, very much in line with the increases in the share price of most other SAB subsidiaries.

However, dealers said that this price has more than discounted the good interim results and expect it to stabilise at current levels.

Nevertheless, with the furniture industry at the start of a boom area and Afcol continuing to increase its market share, the group is easily on course for record earnings at the end of the year.
support furniture on international markets with the aid of new companies established in the UK and Mauritius.

Director and head of production Mike Edwards says GA is now studying approaches from 63 companies in 17 countries which are interested in selling or manufacturing the Remsystem range under licence. Just back from an international office equipment fair in Cologne, where the furniture attracted wide interest, Edwards tells the FM “We are most interested in five approaches from UK companies, three serious inquiries from the US and three from Australia.

Right partners

“It’s critical that we choose the right partners. We were astonished at the interest in the product at the fair — there’s nothing quite like it on European markets. But we need the best support we can find in each foreign market to really succeed.”

The international rights to the Remsystem range have been granted to UK-based Remsystem, which will appoint international distributors and licensed manufacturers. Components for the range, which has been specifically designed with container export in mind, will be manufactured by a joint-venture company in Mauritius.

“The whole package has been put together to keep SA out of the spotlight,” says MD Grant Andrews. But the benefits will flow back from the sale of components, licence fees and the kudos that comes from any export success.

The venture will also help secure GA’s position in the local specialist office furniture market, which has shrunk from R180m a year to about R120m a year in the present recession.

“We want to avoid being dependent on one market,” Andrews explains. “We’ve always known we have the product and the expertise to succeed in other markets. I think we’ve now proved it.”
Recovery is fragile
— Morkels chief

JOHANNESBURG — Furniture turnover growth for the six months to September 1985 represented a 96 per cent increase in volume over the same period in 1984, the managing director of the Morkels group, Mr Carl Jansen, said in his quarterly report.

This cast “a proper and balanced perspective on an unbroken cycle of progress in the face of adversity and broadly-based economic hardship which had beset the furniture industry in particular,” he said.

Trading activity, in an economy characterised by deep-seated fundamental structural change, continued to reflect the impact of lower growth rates, declining fixed investments, rising unemployment, pernicious inflation and depressing contractions of living standards, he said.

The effect of low-level consumer confidence on sales had been aggravated by a worrying lack of continuity in the supply of merchandise which had retarded sales impetus.

The surge in growth enjoyed in the April-June quarter had continued into the second quarter but midway through September there was a disturbing slump in sales industry-wide. Morkels itself saw the monthly growth rate decline from 96.9 per cent in July, to 67.8 per cent in August and 19.8 per cent in September as the chain fought to achieve growth on the “phenomenal increases” recorded from September in the previous year.

“This decline, compounded by a disappointing October, ran counter to the earlier welcome signs of a mild resurgence in consumer spending, and underlined the fragility of the recovery, which could easily be reversed by adverse economic or political events,” Mr Jansen said.

“In the light of these circumstances, the impressive gains in sales and profits contained in recent corporate announcements do not necessarily herald a new continuum of prosperity,” Mr Jansen said.

In the furniture sector, the sales revival in recent months had heightened expectations and encouraged most retailers to lay in stocks if sales expectations were not realised over the approaching peak trading period, the resultant stock overhang would have to be moved at any price, thus decimating margins in an already fiercely competitive market.

Mr Jansen said it was disconcerting to observe a “drift” towards a more regimented economic policy, subject to more of bureaucratic control which, in ess...

Nevertheless, taking an expected slower growth in the latter half of the financial year to March 1987 into account, the company expected to achieve sales of not less than R110 million (an increase of 31 per cent over last year’s R84 million) which would result in profits before interest and tax of not less than R8 million, an advance of 57 per cent over the previous year’s R5 million.

Looking ahead, he challenged the view that the economy had entered an expansionary phase.

“For as long as inflation rates continue to erode the growth in disposable income and savings remain negligible, it must be recognised that the consumer’s propensity to spend is limited. With unemployment levels on the rise and job security on the wane, the average wage earner will be reluctant or unable to take advantage of the current credit availability.”

Sapa
Sudden slide in furniture sales

have been particularly hard hit.

In fact, Elmers and World Furnishers, who cater almost exclusively to the black market, have seen no slowdown.

But numerous firms say they were taken by surprise by a sudden drop-off in sales in September.

RLC chairman Derek Russell said the growth rate suddenly dropped to 10% in September and has held steady ever since.

Beares was expecting a lengthy boom when 20% growth levels were recorded in July and August, only to see a drop to 10% in September, said Transvaal GM Andre de Beer.

Growth rates at Morkels have also been slowing since September, says merchandise director Erwin Rohrs. "We've had to work hard for every rand."

A Bradlow's Stores spokesman said the slump was avoided only by the launch of a major annual sale in September but "things have been dead the last two weeks."

Amalgamated Retail bucked the trend. In fact, MD Stan Berger said sales to white customers had improved since mid-year, while the black market had grown tighter.

As the holiday season approaches, some stores are reporting a gradual pick-up in sales, although not to pre-September levels.

At Russells, Sturrock said sales remained at low levels since mid-September but started picking up last week.
OFFICE furniture suppliers hope next year will see the loosening of the grip of recession.

More than 30 companies closed down and a dozen restructured last year. Industry spokesmen say the recession squeezed the market by 40% and weeded out the weak.

Turnover has fallen to about R120m from R200m. But some large suppliers hope improved sales in the past four months signal an end to a rough 18-month period.

The upper end of the market, the supply of prestige office systems, has held up well as clients have mainly been multinationals and corporations.

However, spokesmen say the middle and small end of the market has virtually dried up. With insolvencies showing no sign of abating, this market segment is not expected to improve in 1987.
MANUFACTURING = FURNITURE

1987
World Furnishers boosts profit 39%  

Johannesburg — World Furnishers' excellent results for the first half of 1987 reflect a strong positive growth in sales for the W & A group's furniture arm.

Turnover rose by 22%, reflecting real growth of 5%, in the six months to June and pre-tax profit leapt by 71% to R2.3m (R1.3m).

Although the group's finance costs were significantly lower, the tax rate leapt as tax losses have been fully utilized.

This narrowed the taxed profit increase to 39% at R1.4m, up from just over R1m.

An interim dividend of 5c has been declared out of earnings of 16c a share.

There was no interim payment last year from interim earnings of 10.1c a share, but a 15c final was paid out of total earnings of 50.8c a share.

Confidence

World's turnover increased to R40.1m from the 1986 half-year's R32.6m, thanks to better trading conditions and strong consumer confidence in the company, say directors.

The results also reflect the benefits of strict discipline on turnover growth, ensuring the business written is good and sound at all times. Finance charges were reduced to R574 000 from R956 000, a 39% decline.

However, World's tax rate increased to 49% from 26% and tax climbed to R986 000 (R356 000).

There was a further profit of R1.6m from the sale of Jazz Stores shares. Last year this deal brought in a total of R9.9m.

World chairman Ruben Swidler says the reasons for the spectacular profit rise were controlled growth, strict credit control, improved efficiency and a massive increase in productivity.

He is confident that second-half earnings will be higher than last year's earnings of 40.8c in the six months to December.
Mattress workers lay down tools

BY SEFAKO NYAKA

MORE than 1 000 furniture manufacturing workers in Johannesburg downed tools yesterday after the dismissal of over 400 workers at the Transvaal Mattress Company (TMC) in Booyens early this week.

The company, which is part of the Afcoil and South African Breweries group, has a closed shop agreement with the National Union of Furniture and Allied Workers (Nufaw), affiliated to the National Council of Trade Unions (Nactu).

The agreement forces all employees at the company into automatic membership of Nufaw. The agreement was signed before Nufaw joined Nactu from the defunct Tucsa.

The 400 TMC workers — who are members of the Paper Wood and Allied Workers' Union (Pwawa) and the National Union of Metalworkers (Numsa) — were dismissed on Tuesday after an hour-long stoppage over the dismissal of two workers, including a Pwawa shop steward.

Yesterday a joint Pwawa/Numsa delegation was locked in negotiations with the employer organisation, the Transvaal Furniture Manufacturers Association. According to Pwawa general secretary Jeremy Baskin, since March "thousands of furniture workers have been fighting to join Cosatu" but were prevented from doing so by the closed shop agreement with Nufaw.

He warned management that the days of "tame closed shop agreements are over".

Pwawa will be holding a meeting at the Regina Mundi Church on Sunday to formulate a response to the agreement.
Pay talks deadlock: 25 000 set to strike

By DICK USHER
Labour Reporter

THE staple food industry faces the threat of a national strike by more than 25,000 workers in the milling and baking sector after wage talks deadlocked.

Talks in the milling industry involve the Premier group and Sasko, while negotiations at bakeries owned by Premier are also deadlocked.

Talks with the third giant in the market, Tiger Oats, are expected to start soon.

The deadlock was announced by the Food and Allied Workers' Union (Fawu). A union statement last night said the planned industrial action would be the first on such a huge scale in the industry.

Fawu's demands for an R30 increase, which would raise the weekly minimum to R200, had been turned down.

CALL TO REVISE

Employers asked workers to revise their demands substantially before they could make any significant move on their own offer.

"The talks broke down after bosses revised their offer by only R4 in response to workers dropping their demand by R16," said Fawu.

"When workers refused to make any more concessions, bosses withdrew their additional R4 offer, pushing their minimum down to R138. This has angered workers who are demanding immediate action."

Fawu said the companies were "clearly in a position to meet workers' demands."

Sasko profits had increased by 31 percent to more than R30-million last year.

Premier had also boosted its trading profit by 22 percent to R152-million this year.

BIG PROFITS

"The huge profit increases have been accompanied by spiralling food prices. Latest figures indicate that food prices, which increased by 26 percent nationally, were the main contributors to inflation," the Fawu statement said.

Fawu claims that the huge profits made by the companies are directly dependent on the workers.

The staple foods produced by these companies — including mealie meal, margarine, edible oil and flour — were largely consumed by the working class.

"Workers also point out that the co-operation between the milling companies over wage rates has effectively kept rates very low," said Fawu.

"It is worth noting that while bosses compete fiercely for market share, they team up against the union when it comes to wage negotiations."
Plant-level wage deal for metal industry

THE first plant-level wage agreement in the Western Cape metal industry has been signed.

Mr Brian Williams, assistant general secretary of the Metal and Allied Workers Trades Union, said today the agreement had been made with Renak and provided for a minimum wage of R3,30 an hour.

This was nearly 70c higher than the minimum of R2,61 an hour laid down in the industrial council agreement for the metal industry.

"The agreement also provides for a maternity benefit of guaranteed re-employment and paternity benefits, which will give fathers paid time off to attend births and for urgent domestic matters," said Mr Williams.

Paternity benefits would be monitored by worker representatives.
A factory run by the staff for the staff
Businessmen ‘can’t avoid politics’

SOUTH AFRICAN politics and economics are now so entwined that it is “virtually impossible” for prominent businessmen to express views on economic policy without saying something about political or constitutional development at the same time, Reserve Bank Governor Dr Gerhard de Kock says in the latest edition of Leadership.

Following hard on the heels of the Chas Ball row, De Kock says in the lengthy magazine interview that he believes in the right of businessmen to dissent politically and publicly.

However, he adds a qualification that business leaders in responsible positions with a high profile “must of course be careful in what they say or do — simply because they are what they are.

But businessmen have a duty to inform government about how they feel.”

The country has been given “a breathing space” as far as international investor perceptions are concerned.

“The danger is, however, that we won’t use this breathing space,” De Kock said.

Extent of pay hikes a secret

PRETORIA — Government is keeping the extent of public sector pay hikes a close secret until after May 8 — and with good reason, political observers say.

The increase is unlikely to be more than 12% — it could be less — and it is unlikely to be backdated to April 1.

If these were announced before the elections, the NP could lose significant support to the right.

There are more than 400 000 whites working for central government, Sats and the Post Office. Add their families, and the total amounts to a vital voting block of more than a million voters.

Post Office staff associations were informed earlier this week that the salary issue was being considered and that the “necessary announcement will be made in the various budgets.”

Meanwhile, Artisan Staff Association Secretary Willie van der Merwe says the Federal Council of Sats and Trade Unions is still waiting for an interview with Transport Minister Eli Louw.

“We seem to have reached a stage where our 15% wage claim is being negotiated through the post. This is unacceptable. We want a face-to-face meeting with the Minister before the official pay announcement is made,” he says.

Anglo Dutch in R9m deal

ANGLO DUTCH has been awarded the largest office furniture contract ever awarded in SA. The contract, worth about R9m, is for desking and storage at Standard Bank’s new administration building in Johannesburg.

Manufacturing for the contract is due to start in May, with delivery beginning in August.

Anglo Dutch has landed many major contracts recently, including Mobil, Wooltru, Soekor, BMW, Saambou, Norwich Union, the NBS computer centre, Liberty Life and Sage Insurance.

It says it redeveloped its already successful Terminal 7000 desking system to complement Standard’s space-planning concept, and also designed a new storage system, solving intricate filing requirements with fewer components. MD Ivan Weltman is confident his massive Tulisa Park manufacturing plant can produce the combined requirements of these clients and still run below total capacity.

With the recent addition of new production lines, automated machinery and factory construction, Anglo Dutch is capable of producing R90m of furniture in one working year, he says.
Steeple rise in financial rand forecast

By DEREK TOMMEE

Finance Editor

FOREIGN currency dealers are forecasting a 35 US cents and possibly as much as 50 US cents in financial rand within the next month of so.

These cheerful forecasts follow the depreciation in the currency to 30 US cents. The currency has now risen 30 per cent since December and is at its highest level since last May when the financial rand was regarded as a reflection of foreign investors' concern about South Africa.

It is the currency which foreign investors have to use when investing in South Africa.

STRONG INFLOW

A falling-in and low financial rand indicates that there is more foreign money flowing into the country than coming out of it. A rising and high financial rand indicates a strong outflow of funds to South Africa.

Mr. Kim Wilson of Currency International in Johannesburg said that today is a general feeling in the market that the financial rand could soon reach 30 cents.

The possibility that it could go to 35 cents, at which point it would be standing at its traditional normal discount of 20 per cent to the commercial rand, could not be ruled out.

In the immediate future, a financial rand of less than 30 cents would result in his firm continuing to advise foreign investors on how to invest in South Africa.

In the current financial environment, foreign investors are advised to invest in South Africa through financial instruments, such as shares and bonds, that are not exposed to the risks associated with the financial rand.

The recent strong rise in the foreign currency market, as well as the current high level of foreign currency reserves, is likely to attract more foreign investors.

DESIGNER WITH A FLAIR FOR BUSINESS

By DEREK TOMMEE

Finance Editor

A LONG-established furniture company, a zest for living and, obviously, considerable wealth, are the key factors behind the success of Neil Turner, one of South Africa's major office furniture manufacturers.

He described himself in a recent interview as a furniture designer. But he is 47-year-old John Tuner, who has been living in Cape Town (which he describes as "the most beautiful city in the world") for ten years and has been known for his flair for design. Turner was appointed chief designer of the company's furniture division.

In spite of exchange controls in South Africa, some designers are already beginning to be interested in using foreign currency for investment abroad.

DESIGNER TURNED BUSINESSMAN

Neil Turner is a designer who has turned his flair for design into a successful business. He is the founder and owner of a furniture manufacturing company in Cape Town.

"In 1949 I was working for a London architect, studying architecture and interior design. One evening I went to an exhibition of Danish furniture and fell in love with the magnificence of Danish design."

The next day I told my boss that I wanted to go to Denmark to study furniture design and spent the next six years doing that. I worked for a Danish architect and got to know some of the best Danish designers."

He learnt about effective product design — that it must be functional as well as beautiful."

In 1979 he returned to South Africa with his wife, Rita, and started working for a furniture manufacturer in Cape Town."

But the next year he went on his own, buying his premises and company. He called the company "Turner and Turner" and started his business in Cape Town."

He joined the business in the 1960s, when he was managing director and by some key personnel and, making offices as well as ordinary furniture, he was soon earning between 40 and 50 per cent.

At this stage he decided to specialise in office furniture. "We evaluated the market and decided that designing office furniture would suit our needs."

Skansk was able to take advantage of another development — the shift in focus towards environmental sustainability. "We have a totally open-plan system that is unsatisfactory for many people. We believe that they can call their own office, and that our own office has become a huge factor."

However, giving staff their own offices can be an expensive option. Skansk's successful sales of office furniture to companies have overthrown the belief by designers that open-office systems are more efficient.

"You can increase the density of the office population if you don't negate the quality of space. You just need to take the waste space away. You can make space savings of between 20 per cent and 40 per cent."

"It is not possible to achieve an effective work area in six square meters. The average office area is 15 square meters."

The outcome is that today he has a turnover of over R2 million per year.

Following a revamping last year of the Skansk organisation to prepare it for further expansion, Mr. Turner is looking to increase his market share.

"Sales have never been so good. We are a tremendous uplift in the market, and it is an ideal time for development."
Pauw looks back on the Morkels revolution

By JANE ARBOUS

RETIRED Morkels chairman Rian Pauw has seen the company edge away from disaster to become a top performer in the furniture industry over the past nine years.

When he accepted the post in 1978 at the height of his career at parent company Federale Volkbelegging Beperk, his colleagues in the business world quipped that he was committing "career suicide."

Then, the performance of Phil Morkel Limited, of which Morkels was a relatively successful component, was so bad that Federale decided to seek a de-listing to protect minority shareholders' interests.

Pauw says, "I had the help of Federale director, Koos Jacobs. We moved our headquarters to Cape Town, and once we began working with Carl Jansen, who took over as MD of the Morkels furniture chain, I became more optimistic."

He is proud of the fact that the resurgence to the forefront of retailing and growth — 74 furniture outlets and 10 Totalsports stores — was wholly financed from within.

Morkels fixed its marketing star on quality assurance, expressed through "Morkels, your two-year guarantee store" which actress Trudie Taljaard made a household phrase through TV advertising.

Pauw says, "The highlight of those first two or three years was simply the fact that we survived." FVB had to close, among others within the old Phil Morkel organization, the R Muller music division (a business killed by the advent of television), retailer Ellis and Co., wholesaler Polhacks, and its Lewis Appliance Corporation refrigerator plant in Boksburg.

"Morkels had lost two years in reorganization. Two years later Morkels results in terms of profits, turnover per store and productivity per employee began to leave the competition in the dust."

"Looking forward, the objective must be to tackle specialist retailing on a wider scale."

As to his retirement, Pauw believes his timing is excellent. He and his wife Les decided four years ago that he would retire when he turned 55 — and that was last year.
Furniture Group Does Well

By Tony Rice

Chairman's Report

The second half of the year has seen a marked improvement in earnings. The second quarter was particularly strong with a significant increase in sales and profits. The company has achieved a budget of 25% growth for the year.

The executive board has decided to increase the dividend for the year to 5%.

The company's stock price has reached a high of $100 per share in the past month.

The board has approved a new expansion plan for the furniture store chain, with plans to open a new store in the western Cape area.

The group is well-positioned for future growth and has set ambitious targets for the next fiscal year.
OPTIMISM about 1987 is rife in the furniture and consumer-durables industries. They are talking about an "explosion in demand!"

One reason is that furniture manufacturers, whose sales increased by between 30% and 40% in 1986 from a low 1985 base are beginning to feel the effect of lower hire-purchase charges.

Another is the belief that state spending on black housing, electrification of the townships and the acceleration of black urbanisation will have factories running and tolls ringing at full go in 1987.

A study by Credit Guarantee Insurance Corporation, South Africa's national credit insurer, shows that expectations of continued high inflation and price increases have spurred demand.

The corporation says the current recovery is strongest among white shoppers whose disposable incomes are heavily influenced by bond repayments.

Input costs and conservative profit margins could reduce capacity for expansion. This is leading to supply shortages in certain instances, says the study.

The corporation says the industry is expected to remain relatively unaffected by sanctions in the short and medium term.

"Most of the machinery used in manufacturing is imported, mainly from West Germany, but there is much available locally at the moment due to the number of closures of manufacturing concern."

Emphasis on growth in consumer durables is more likely to be in white goods (refrigerators, stoves, etc.) than in brown goods (TV sets, videos etc.) in the next five years, says the corporation.
Joshua Doore on target to attain earnings forecast

Joshua Doore, the restructured furniture group, has made a dramatic turn-around from a loss of R1,5m in the half-year to taxe profit of R2,1m for the half-year to end-December 1985.

The interim dividend of 1c has been declared and MD David Sussman is confident that the company will achieve its forecast earnings of R3,7m for the financial year to end-June.

When the 19 stores of Joshua Doore, formerly part of the Russells group, were sold to Price 'n Pride in April last year, Joshua Doore was running at a loss of R2m because of a heavy R5m interest bill of R2,5m.

The pre-tax profit of R546,000 earned by Price 'n Pride gave the group a combined pre-tax loss of R1,5m in the half year to December 1985.

The consolidated income statement for the six months to end-December 1986 shows operating income of R4,67m, up turnover of R631,4m.

Non-recurring costs of R550,000 involved expenditure on an advertising campaign, to restore Joshua Doore's image, and start-up costs of a new computerised debtors system.

Adding back the one-off expenditure gives shareholders an indication of the underlying strength of the trading pattern, which shows a R6,3m turnaround to pre-tax profit of R4,8m.

With the balance sheet restructured to give a healthy debt/equity ratio of 0,25:1, the interest bill has fallen to R411,000, leaving pre-tax income of R4,2m.

In line with current legislation, the company has provided for tax at the full rate but Sussman points out that, due to the growth of Joshua Doore's debtors book, the entire tax of R2,1m has been deferred, thus strengthening the group's cash flow.

Income after the tax charge is R2,1m, yielding 3,67c earnings.

Sussman says the company intends to expand Joshua Doore and Price 'n Pride, which are trading at present under their own names.

"There will be a continued rationalisation of overheads in the group and, while we expect margins to come under pressure, the restructured company is well placed to take advantage of any upturn in consumer spending."

In one of the largest deals put through the market for many years, 34% of Joshua Doore's equity was sold by Tradegro last month to several institutions in a special deal.

A further 8% of the equity was sold by Tradegro to a consortium of management, New Bernica and Lifegro, which increased its stake from 25% to 31%. The consortium intends to exercise its option to acquire a further 25% of the equity held by Russels.

Now that the shares are held in strong and stable hands, it should enhance their value. The shares eased 2c to close at 90c ahead of the results.
Morkels aims for 60% leap in profit in its first year on the JSE

MORCKELS, Federale’s high-growth furniture and sports-goods chain, aims at a 60% spurt in taxed profit in its first full year on the Johannesburg Stock Exchange.

In the year to March, the 94-store company is expected to post earnings of R3.1-million on sales of R114-million.

These sales and profits are virtually “in the bag” Next year it wants a taxed profit of “R5-million plus” on sales of R136-million.

To effect its listing, Morkels will issue 10-million new shares to Federale which now owns 100% at the moment.

Federale will privately place the 10-million shares with its own shareholdners, Morkels staff and suppliers at 95c a share, reducing its stake to 75%.

Although nearly every other listed furniture retailer has ceased red ink all over its income statements this is the Morkels 1985-1986 pro forma taxed profit track record: R2.9-million, R2.4-million, R1.8-million, R1.2-million. As stated profits are set to nearly treble this year and to grow another 60% next year.

Earnings a share in the year to March are expected to be 7.6c moving up to 12.7c in 1986. This puts the issue price on a P/E of 12.5 and a dividend yield of 3.5%.

**TV housewife**

Shareholders funds have grown from R13-million when present management took over in 1979 to R55-million in March 1987. The issue price is thus close to net assets.

Between 1982 and the present, Morkels has increased its number of stores from 48 to 74. Management says the new stores are only starting to mature so there will be plenty of organic growth from existing operations. The aim is to expand between 100 and 130 shops.

Morkels TV advertisement, featuring Trudie Taljaard, the model of an suburban SA housewife enthusing about “Morkels, the two-year guaran-

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**Seductive**

Mr. Jansen has a high-powered team of young thinkers at head office, setting policy and direction and a committed staff in the field.

The company is known for a scientific choice of merchandise, seductive store layouts — and the ability of its furniture salesmen to make computerized quotes on hire-purchase deals.

Four years ago Morkels launched Totalsports, a chain of 10 sports shops, that has also made leaps and bounds in market share.

Mr. Jansen says “Morkels as we see it is a retail business, not merely a furniture business. Furniture is a small, hungry and cyclical, hence the Totalsports diversification. Now we are looking at other areas of retailing.”

Federale announced this week that Neville Organ is to become chairman of Morkels.
Orders for first-quarter bleak, say furniture-makers

Finance Reporter
FURNITURE manufacturers report that the end of year upsurge in furniture sales appears to have already run its course. The industry has re-started business after the break with order books again reflecting the shortage of money to buy new furniture.

One manufacturer described his orders for the first quarter traditionally the quietest as 'bleak' yesterday and forecast this year's trading would closely emulate 1986 levels.

The fall-off in sales has left retailers over-stocked which under current conditions is expected to take some time to clear.

Mr Joe Grundlingh, a leading figure in the industry yesterday forecast further price increases 'much in line with the inflation rate'.

He said they were unavoidable in view of higher cost of hardwoods, polyurethane, fabrics and labour.

The industry's hardwood needs are imported either from Brazil or the US with payment in US dollars and have been subject to domestic increases.

But polyurethane, a major component, has almost quadrupled in price over the last four years.

Mr Grundlingh said the industry, which has seen 7,500 jobs wiped out and 250 liquidations in a 30-month period following hire purchase adjustment in August 1981, has little choice but to pass on increased costs.

He said the smaller number of suppliers meant the industry was under constant pressure with manufacturers having little recourse but to help recover reduced margins from consumers.
26-million shares change hands

Tradegro in R16m selloff of J Doore

IN one of the largest deals put through the market in many a year, 37% of Joshua Doore's equity, worth R16.2m, was sold by Tradegro yesterday.

Tradegro, through stockbrokers Frankel Kruger, sold 25.7-million Joshua shares at 64c to several institutions in a special deal.

The deal was struck at an enormous discount to the then-ruling market price of 88c and the share finished the day unchanged at 98c.

In order to shift through the market such a high percentage of a company's equity — thought to be the highest in more than a decade — the seller often has to accept a much lower price.

In another transaction outside the market, Tradegro sold 4.5-million shares to the triumvirate of management, New Bernica and Lifegro, which already had a 25% stake and the option to acquire from Tradegro a further 25.1% at net asset value a share before March 1989.

Tradegro CE Mervin King said management control of the furniture retailer was in the hands of David Sussman and Arnold Witkin, even though Tradegro, via Rusfurn, had 63.9% of the equity.

King said besides the management control situation, the other major reasons for the disposal were to reduce Rusfurn's gearing ahead of its listing later this year and because Joshua was the only stock in the furniture sector trading at a premium to net asset value a share.

The current net asset value is about 45c a share.

New Bernica CE Arnold Witkin said: "We are delighted with the new shareholders and opportunity to increase our stake. Joshua Doore is now a totally independent company with strong shareholders and a dynamic management."

Joshua was brought to the market six months ago through a reverse listing into cash shell Consure. Management expects turnover to pass the R100m-mark and earnings to exceed the pre-listing forecast of 5.7c for the current financial year.
26-million shares change hands

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R16m selloff of J Doore

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Tradegro, through stockbrokers Frankel Kruger, sold 25.7-million Joshua shares at 64c to several institutions in a special deal.

The deal was struck at an enormous discount to the then-ruling market price of 95c and the share finished the day unchanged at 98c.

In order to shift through the market such a high percentage of a company's equity — thought to be the highest in more than a decade — the seller often has to accept a much lower price.

In another transaction outside the market, Tradegro sold 4.3-million shares to the triumvirate of management, New Bernica and Lifegro, which already had a 25% stake and the option to acquire from Tradegro a further 25.1% at net asset value a share before March 1989.

Tradegro CE Meryn King said management control of the furniture retailer was in the hands of David Sussman and Arnold Witkin, even though Tradegro, via Rustrum, had 69.9% of the equity.

King said besides the management control situation, the other major reasons for the disposal were to reduce Rustrum's gearing ahead of its listing later this year and because Joshua was the only stock in the furniture sector trading at a premium to net asset value a share.

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Legal Ellerines strike looms

THE conciliation board (CB) for the Commercial, Catering and Allied Workers Union (Ccawusa) and Ellerines Holdings was terminated at midday yesterday, after failing to reach agreement on wages and commission targets.

The union would be entitled to go on a legal strike from December 8, said Ellerines human resources GM Pierre de Villiers.

He said the union remained rigid in its demand for a R200 across-the-board monthly increase, and a minimum of R550 a month. Management did not shift from its offer of a minimum R94 increase.

Ccawusa continued requesting the establishment of a commission target for sales personnel, while Ellerines rejected the notion as outside the bounds of negotiation.

Referral of the dispute to voluntary mediation or arbitration could not be agreed upon, he said. The Minister of Manpower is expected to receive the CB report by December 7.

The union was unavailable for comment.
STRIKE
Ellerines
Causes Votes For

BY LEN MASEXO

The company is open to negotiate with the union, but the current dispute over conditions and wages is due to the refusal of the company to recognize the union. The company denies any responsibility for the dispute and states that recent negotiations have failed to resolve the issue.

Causes of the dispute:

- The company has not recognised the union as the official representative of the employees.
- There are issues of wages and working conditions.
- Negotiations have been unsuccessful.

BY LEN MASEXO

Causes of the strike:

- Disputes over wages and working conditions.
- Failure of recent negotiations.
-春
Half of chain's outlets on strike

Johannesburg — The Ellerines strike has spread further, with management now putting the number of strike-hit outlets at almost half the furniture chain's stores.

The human resources manager of Ellerines, Mr Pierre de Villiers, said yesterday 147 stores out of 291 were affected.

A total of 110 stores were affected in the Transvaal, 15 in the Free State and 22 in the Cape.

Almost 2,500 of the 6,567 workers represented by the Commercial, Catering and Allied Workers' Union (Cca-wusa) were on strike.

The last available union figures were at least 5,000 workers at 180 stores.

It was not known yesterday when talks to settle the wage dispute would begin — DDC.
41 MORE SHOPS JOIN STOPPAGE

THE legal wage strike by Ellerines Holdings employees in many parts of the country entered its fourth day today with 41 more stores in the Vaal taking action.

The Orange-Vaal branch of the Commercial Catering and Allied Workers Union (Ccewusa) said four organisations representing "thousands of Vaal residents in six townships have pledged to give support to the workers fighting for a living wage."

Earlier this week Ccewusa strike co-ordinator Mr Jackie Masuku told a Press conference that residents throughout the country supported the strike.

He said about 3000 workers at 177 stores in the Transvaal, Free State and Cape were on strike in support of a R550 a month minimum demand and R200 across-the-board.

**Offer**

The company has offered a minimum increase of R94 to all employees and between R429 and R689 a month minimum to non-sales staff.

The store group has, however, denied 177 stores were affected and said the stores involved were 127.

With the Natal region still to decide whether to take action Ccewusa said 41 stores were involved in the Free State and Cape, 132 in the Transvaal and four in the Western Cape.

The stores affected and which are controlled by Ellerines Holdings are: Ellerines, Town Talk, Oxford Furnishers, Rhengold, Royal, Volks and Jacko which have a predominantly black clientele.
Strike hits 89 Ellerines stores

Several thousand Commercial Catering and Allied Workers’ Union of South Africa members yesterday started a legal strike at 89 Ellerines furniture group stores in various parts of the country.

The wage strike follows the failure of the State-appointed Conciliation Board to resolve a dispute between the company and its more than 6,000 employees.

Stores affected by the strike were in the Transvaal (84), Free State (one) and the Cape (four), an Ellerines spokesman said.

The Ellerines spokesman said 1,574 employees were involved in the strike at the group’s 89 stores.

“Ceawusa’s Natal branch has indicated that they do not wish to participate in the strike, and negotiations are continuing between the company and this group,” he said.

Ceawusa members demand a minimum wage of R550 a month and R200 across-the-board increase. Ellerines has offered an increase of R94 to all employees, a R340 minimum wage for “external” sales employees and R464 for “internal” sales employees.

Cape would join the industrial action today.

“Ceawusa’s Natal branch (Ceawusa) have confirmed that they are still part of the national negotiations — contrary to claims by management with a view to considering their offer,” Mr Masuku said.

Ceawusa members demand a minimum wage of R550 a month and R200 across-the-board increase. Ellerines has offered an increase of R94 to all employees, a R340 minimum wage for “external” sales employees and R464 for “internal” sales employees.

By LEN MASEKO
Ellerines 'exploiting union split'

As the wage strike by thousands of Ellerines workers spreads to more stores, the Commercial Catering and Allied Workers' Union (Ccawusa) accused management of attempting to exploit the split in the union to break the strike.

At a press conference yesterday, Ccawusa spokesman Mr Jackie Masuku said Ellerines had made separate offers to workers in the Natal and Vaal regions even though all negotiations between the union and the company had been at national level.

This was denied by Ellerines' human resources manager, Mr Pierre de Villiers, who said the company had been approached by the Natal and Vaal workers. This made negotiation with Johannesburg-based officials difficult.

Ccawusa's Natal regional spokesman, Mr Steven Zungu, denied that Natal workers had sought a regional settlement and said they might still join the strike.

Ellerines' management put the number of strike-bound stores at 127 while Ccawusa said it was 176.
THE number of Ellerines furniture stores out on strike throughout the country rose to 177 yesterday, the Commercial Catering and Allied Workers’ Union has said.

Ccawusa’s strike coordinator Mr Jackie Masuku yesterday told a press conference that members at the 41 stores in the Free State and the Northern Cape were on strike and the total stores involved in the Transvaal had risen to 132 by yesterday morning.

Accusing management of involving police in a legal strike, Mr Masuku said 35 Ccawusa members were arrested in acts of intimidation and violence in some parts of the country.

**Target**

“Management told us the issue of lowering sales targets — apart from our minimum demand of R550 a month was not negotiable,” Mr Masuku said.

Ellerines has offered an increase of R94 to all employees, a R340 for “external” sales staff and R464 for “internal” sales employees. Ccawusa is demanding R200 across-the-board.

Ellerines executive spokesman Mr Pierre de Villiers denied management was involving police to weaken or crush the legal strike.”
SABS hits at low-quality furniture

THE Bureau of Standards (SABS) has criticised the poor quality of furniture being made in SA and has urged consumers to demand an improvement.

The SABS believes that if proper quality-management systems are introduced at the manufacturing stage, prices could come down by between 10% and 25%.

Only two office-furniture manufacturers — Furske and Heystekrand Furniture Factory, a subsidiary of Furniture Management & Marketing Corporation — have the SABS mark and approved code 0157 systems.

R2bn market

Manufacturers’ lack of interest in good quality is evident. Of the 1 830 manufacturers producing furniture worth R300-million ex-factory, only 70 have indicated an interest in an SABS mark. Retail sales are worth more than R2-billion.

The Federation of Furniture Manufacturers of SA is aware of the problem and is taking action, says executive director Winston Smith.

The federation is co-operating with the SABS in the preparation of a specification for furniture. It also intends to establish its own furniture mark. It may be linked to the SABS mark and the federation will encourage its 800 members to abide by it.

The SABS inspects most of the furniture bought by the State and other bulk-buying retailers.

By Don Robertson

Because of the SABS check on State tenders, many more manufacturers have improved their quality systems, says a spokesman. Furniture-makers who have an SABS mark enjoy a 25% tender preference.

However, manufacturers of household furniture have not shown much enthusiasm for quality systems.

"Some manufacturers tend to hide defects with classy fabrics. Many do not fit the correct density of cushioning material. Many do not seal the timber or chipboard with the result it can warp. Many also use nails instead of screws in making frames," he says.

"Because of poor furniture quality, people are suing manufacturers."

Basic form

He says that by introducing quality control, even in its most basic form, large savings can be achieved. In one instance, the scrap rate falls from 25% to 0.3%.

"These savings could be passed to the consumer."

Another problem is the lack of trained quality-control personnel in the industry. To improve the position, the Council for Scientific and Industrial Research offers training courses in quality control. The SABS offers advice and information on code 0157.

The SABS has asked consumers to insist that furniture they buy is manufactured under some form of quality control.
Management intervenes after three striking workers held

Daily Dispatch

EAST LONDON — Three striking Ellerines workers belonging to the striking Commercial, Catering and Allied Workers Union (Ccawusa) were questioned by police here yesterday.

They were then released after the company’s management intervened on their behalf.

A Ccawusa spokesman, Mr Joe Putye, said the three were from different shops in East London.

Police in Pretoria yesterday denied victimising strikers or interfering in the Ellerines strike.

The general manager of Ellerines Holdings, Mr P de Villiers, confirmed that the company had intervened when three employees were taken in for questioning by the police here.

Mr Putye also claimed that their union offices in Terminus Street were raided by the police on Saturday.

Mr De Villiers said that of the company’s 291 shops throughout the country, 149 were affected by the strike.

There were 110 shops affected in Transvaal, 15 in the Orange Free State, 24 in the Cape Province and none in Natal.

There were 2470 striking workers and these were from all job categories, Mr De Villiers said.

The striking workers are demanding a R200 monthly increase, 10 percent commission, a target of R2 500 a month, a minimum salary of R350 and a two-days off in a month.

The workers said they would continue with the strike until their demands were met.

The management had replied that it was open to negotiation and was awaiting the workers’ response.

The workers had said that they had exhausted all possible means of communication and had thus embarked on a legal strike.

The management had suggested mediation after conciliation talks broke down, but this was turned down by the workers.

In Pretoria, police responded to allegations that they were working closely with Ellerines management to disrupt the strike, and claims that some 20 workers had been arrested.

In a statement the police added, “Should any person wish to lay a criminal charge with the police or lodge a complaint against any member of the force, such person should do so through the existing recognised channels.

Such charges/complaints will be thoroughly investigated.”

The police statement denied that they “victimise” people because they belong to a specific organisation.

“We also reject claims of police ‘interference’ in the dispute or that police are ‘working closely with management’.”

“The settlement of the dispute is a matter between management and employees.”

“Action is only taken if there are reasonable grounds for believing that such person(s) have contravened the law — DDR-Sapa.”
Ellerines get order against strikers

EAST LONDON — Ellerines Holdings has been granted an interim Supreme Court order against its striking employees in East London and King William’s Town.

Last week, the East London management warned striking workers in a letter not to interfere with customers.

The strikers denied they had obstructed people going into stores.

Mr De Villiers said the application was brought before the Grahamstown Supreme Court and the order was served on the Commercial, Catering and Allied Workers’ Union and 140 employees — Sapa
T-shirt 'ban' issue in Ccawusa strike

A CONFRONTATION is looming today between striking Ellerines workers in Pietersburg and management over the wearing of T-shirts in the stores.

While management has allegedly banned the wearing of Commercial Workers Union of South Africa (Ccawusa) T-shirts in the stores, over 130 strikers decided at a highly charged meeting in Pietersburg yesterday that they would all put them on today — come what may.

The workers are part of SOWETAN Reporter

the thousands of Ccawusa members employed at Ellerines Holdings who went on strike on December 8 to demand higher wages and better working conditions.

The meeting also condemned various actions allegedly taken by management, including:

• The lockout of strikers who arrive five minutes late,
• The withdrawal of attendance registers,
• The use of casual workers to deliver goods in unmarked trucks, and

Shops affected by the strikes include Fun City, Reingold, TownTalk, Oxford, Jako, Royal, Ellerines and Fishers.

The general manager (Human Resources) of Ellerines, Mr P F R de Villiers, said yesterday the company did not "like the workers to wear T-shirts, but it is a legal strike and they have a right to wear them." He denied any knowledge of threatened disciplinary action against workers who wore the T-shirts.
THE two-week strike of Ellerines Stores has slipped into a wrangle between the company and the union over mediation proposals.

A spokesman for the Commercial, Catering and Allied Workers’ Union (Cawusa) says Ellerines has accepted a proposal that the dispute go to mediation, but on condition that sales targets are not negotiable, that workers unconditionally offer their services and drop their demands, and mediation would be on the company’s wage offers only.

The Cawusa spokesman said these conditions were not acceptable.

“"We question the company’s willingness to settle the dispute through mediation," he said.

"We find this attitude high-handed and arrogant which will further prolong settlement of the dispute."

Ellerines claims that 2,417 employees are on strike out of a total workforce of 6,567.

Cawusa disputes and claims at least 4,500 employees are on strike.

Stores in the Cape, Transvaal and Free State are affected. Natal workers have not joined the strike.
Strikers are like cattle - manager

The workers said the manager locked the strikers in every morning. "Two rifles are placed at the door and the door is only opened at lunch and knock-off time. It is a very humiliating and intimidating tactic and we condemn this very strongly," the workers said. Dendron is situated in the heart of the Northern Transvaal farming area about 60 km west of Pietersburg. Meanwhile, strikers at Ellerines in Pietersburg had their names taken down by the manager yesterday morning for wearing the union's T-shirts, shop stewards disclosed. The action followed the resolution by the striking Cawusa members to wear the T-shirts despite an alleged ban by management.

Mr de Villiers denied the allegation that the white manager of the store frequently invited local white farmers into the store "to look at strikers and pass derogatory remarks".

Both the store manager, Mr Eager, and managing director (Human resources), Mr P F R de Villiers, deny the allegation. Mr Eager said the workers were "free to come as they want. In fact they are getting fat from over-eating and no work. They are like cattle," he said.

The affected stores are Furneity, Jakio, Fishers, Rheingold, Volks, Oxford, Town Talk, Royal and Ellerines. The workers are demanding (management's offer):
- R200 across the board increase (R94),
- R550 minimum wage for all (R425),
- Sales targets of R2 500 for outdoor sales staff (R1 400),
- Ten percent commission for sales beyond the target (seven percent for R600 up to R1 000, nine percent for R1 001 up to R9 999 and 10 percent for R10 000 upwards),
- Job guarantee and full pay for workers detained under the state of emergency (three months at half salary with no guarantee),
- Four weeks annual leave for workers with more than five years service (three weeks), and
- Two days time off for all per month (one day).

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- Two days time off for all per month (one day).

The acting town clerk, Mr Rene du Toit, who is also Soweto's chief electrical engineer, said he was not aware of Shap's problem but promised to investigate. "Workers at the centre repair calculators, Kodak cameras, manufacture protective clothes for the mines, manufacture underground lighting cables, notebook pouches and tablecloths."
SCORES of teachers on the East Rand have paid substantial deposits to a man who promised to sell them furniture at “special” prices — but he has not delivered the goods.

The teachers, all owners of new houses in the area, have paid deposits of between R500 and R1000 to Mr David Masondo, owner of the Afro Furniture Club, formerly the Warehouse Club.

They told the Sowetan that Mr Masondo has been collecting the money from them since July this year after he promised to sell them furniture at “special” prices.

Mr Masondo yesterday said it was true that he had “sold” furniture to the teachers.

“It is also true that none of the teachers who bought furniture from me has received it. I have tried getting my money back from Mr Masondo, but each time I meet him, he promises to deliver my goods. He is refusing to refund my money,” Mr Magogodi said.

A woman teacher from Daveyton, Miss S Mphahlele, said she paid a deposit of R500 for a diningroom suite in July but has not received her goods.

She said she was no longer interested in the deal and wanted her money back.

**Luther King remembered**

THE United States Information Service will from next Wednesday present a series of videos to mark the third observance of Martin Luther King, Jr’s birthday on January 18.

The videos, all dedicated to the assassinated civil rights campaigner, will be shown at the USIS Auditorium on the third floor of the African Life Centre in Johannesburg on Wednesdays and Fridays until January 29.

All the programmes can be seen free of charge and are open to members of the public.

The videos are titled Great Americans — Martin Luther King, Jr, Legacy of a Dream — The Assassins, Years, Andrew Young Discusses Martin Luther King, Jr, and The March on Washington.

For further information contact Mr Harvey Leifert at (011) 29-345.
Ellerines get order against strikers

EAST LONDON — Ellerines Holdings has been granted an interim Supreme Court order against its striking employees in East London and King William’s Town. Last week, the East London management warned striking workers in a letter not to interfere with customers. The strikers denied they had obstructed people going into stores.

Mr De Villiers said the application was brought before the Grahamstown Supreme Court and the order was served on the Commercial, Catering and Allied Workers’ Union and 140 employees. — Sapa.
ELLERINES—NO END TO WORK STOPPAGE

THE wage strike at Ellerines Holdings stores nationwide entered its fourth week yesterday with the workers' union saying mediation talks broke down this week as attacks on members escalated.

Strike co-ordinator for the Commercial Catering and Allied Workers' Union (Ceawusa), Mr Jackie Masuku, said mediation talks held on Monday broke down after Ellerines refused to negotiate the lowering of sales targets—a burning issue in the dispute.

Mr Masuku said the union and management met again on Monday in another attempt to settle the strike.

"To put it simply, little progress was made at the negotiations and the parties have covered only 10 cm of a 10 km hurdle," he said.

Mr Masuku said the strike at 202 stores, excluding Natal, involved more than 5000 workers.

These figures have been disputed by Ellerines' general manager, human resources, Mr Pierre de Villiers.

He said 2417 workers at 144 stores countrywide were affected.

Mr Masuku said there was a large-scale victimisation of members by managers at various stores.

Mr De Villiers said he had personally investigated the allegations which proved to be untrue.

He also denied that mediation talks broke down on Monday and said talks would resume at Ellerines' head office, Germiston, on January 4 at Ceawusa's request.

Mr Masuku said the union holds a general meeting on Sunday in Burgersfort to seek a mandate and discuss "management's attitude."
Local market to fuel Inject Opportunity

In the third of the last four financial years, the company experienced a significant increase in sales. The company of the next year

The management in the first half of the year

The company's strategy for the next year

In one of the last four financial years, the company experienced a significant increase in sales. The company for the next year

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THE 4 000 workers dismissed by Highveld Steel in Witbank during and after a three-week lock-out by management have decided to return to work, on management's terms, to meet the October 21 offer of preferential re-employment.

National Union of Metalworkers of SA (Numsa) spokesman Bernie Fanaroff, who launched a bitter attack on management tactics, said the choice had been between living to fight another day and being "scattered to the winds".

He said threatened evictions of hostel dwellers, with management complicity, would split up and divide membership and make it impossible to maintain union organisation. Highveld has denied any role in the evictions.

Fanaroff questioned the value of using legal channels in resolving disputes if the final outcome was dismissal of strikers. He said Numsa would, in future, have to consider bypassing them and striking
Subsequent investigations led to the arrest of two others. They will appear in court soon.

120 stop work in pay row with electrical firm

Labour Reporter 72646 3/11/87 (X/87)

SPRINGBOK Electric employees stopped work today in support of demands for higher wages.

They are members of the Electrical and Allied Workers' Trades Union which opened wage negotiations with the company after a short stoppage last month.

A union spokesman said about 120 workers were involved at the company's store and its factory in the city centre.

Shop stewards said most workers were paid about R1,50 an hour, with other wages ranging up to R700 a month.

They claimed the company was delaying wage talks by introducing other elements into the discussions.

Management spokesmen were said to be "not available for comment on anything".
across-the-board.

Internal sales employees and a minimum $9.49.

Retailer for external sales employees, $9.60. For
Management has offered a $9.60 minimum.

The union wants a minimum wage of $9.60 a
month and a $200 across-the-board increase.

Union attempts to bargain.

250 outlets but members have agreed to media.

NTU is holding strike ballots at the stores.

The Commercial, Catering and Allied Work.

The mediator's final offer was mediation fail.

Within days if attempts at mediation fail, some
store workers could walk out. A national strike of
10,000 employees is planned.

A national strike of 10,000 employees
The strike by employees in three divisions of a

Labour Report - 10/06

Central Electrical Company continued today.

The Central Electrical Company has confirmed today.

Mr. E.T. Rashin, a director of Sprinkle Electric,

The strike by employees in three divisions of a

Central Electrical Company has continued today.
MORE THAN 100 workers yesterday marched through the city centre singing freedom songs as they returned to work at Springbok Electrical after ending a two-day wildcat strike.

The workers, who had been on strike since Tuesday, walked from Atlantic House, in Corporation Street, to their place of employment in District Six.

They had decided to strike because they had been paid “despicable wages”, a worker said yesterday.

A spokesman for the Electrical and Allied Workers’ Union, Mr Brian Williams, said the workers had decided to return to work after management had “given a commitment that they will negotiate in good faith on wage increases and conditions of employment”.

Mr Eli Raskin, a director of the company, said management had refused to negotiate till the workers returned.
Metal Box lifts earnings, div.

Financial Staff

Metal Box lifted earnings by 30% in the year to September to 72.4c (55.6c) a share. The dividend is 33% higher at 32c, covered 2.3 times, compared with 24c the previous year.

Operating profit soared by an impressive 57% to R23.3m (R15.8m) on a turnover of R98.6m (R83.0m).

The directors say that 9% of this improvement was due to real growth, not merely inflation, with the company achieving a bigger market share and higher unit sales.

"This, combined with the rationalization and productivity programmes of recent years, boosted operating margins from 7.1% to 9.3%.

The directors say a strong cash flow, totalling R45m, helped to reduce borrowings.

Finance costs were sharply down to R5.5m (R10.5m) and the debt-equity ratio dropped to 11% (20%).

Pre-tax profit including income from investments of R4.2m (R0.2m) was 67% higher at R9.1m (R5.4m).

But the elimination of investment allowances meant the tax bill was higher at R4.8m (R1.6m) reducing after-tax profit to R4.9m (R3.7m).
GLOBE ENGINEERING

Steady course

Activities: Marine, electrical and general engineering

Control: South Atlantic holds 84% of the equity. The ultimate holding company is Anglovaal Holdings

Chairman: D Royston, managing director R B Hughes

Capital structure: 3,51m 50c shares. Market capitalisation: R36,8m

Share market: Price 1 050c. Yields 5,7% on dividend, 10,7% on earnings. PE ratio, 9,4. Cover, 12-month high, 1 150c. Low, 600c. Trading volume last quarter, 27 000 shares

Financial: Year to June 30

- '84  '85  '86  '87

Debt

Short-term (Rm) 8 8 8 8

Long-term (Rm) 3 9 10 3 11,9 9

Shareholders' interest

Int & leasing cover

- '84  '85  '86  '87

Return on cap (%) 4,4 4,4 6,1 4,4

Turnover (Rm) 61 71 88 96

Pre-tax profit (Rm) 0,5 2,1 2,2 2,1

Taxed profit (Rm) 0,5 1,9 2,1 1,9

Earnings (c) 50 55 55 60

Dividends (c) 662 968 1 006 1 157

Net worth (c)

This company has been a dull performer in recent years, with eps zig-zagging around 100c a share. At 112c, 1987 earnings are only 6% ahead of the 106c earned in 1982.

The 28% rise in share price in the past month is no doubt linked to the 30% stake in Avram Holdings, which owns 53% of Grinaker Holdings, a share the market favours for its high-growth electronics interests.

Globe relied heavily on investments last year. Including earnings of associated companies of R3,96m, 65% or R2,6m of taxed profit came from investments and only R1,4m from its own engineering operations. In the previous year, profit of R3,3m was split equally between investments and engineering. Engineering profits thus fell 16%.

The static state of the marine industry worldwide, resulting in less work for Globe's ship repair division, is the main culprit for reducing profits. The industrial division, which undertakes general engineering projects, returned to profitability after recording losses for a number of years.

MD Bob Hughes says the shipping industry has undergone structural changes in recent years which forced some companies out of business and reduced the amount of work for ship repairers.

Containerisation, bulk carriers and increasing use of air transport reduced the amount of shipping traffic, technological advances in ship design cut the need for repairs. However, an unpredictable factor which could aid profits this year is the incidence of shipping accidents off the SA coast.

The company looks to its industrial division to provide growth this year. Performance depends on an upturn in the economy. Though Globe plans to tender as sub-contractor on the Mossel Bay project, it is not yet providing a steady flow of work.

While the industrial division's return to profitability and strong earnings growth from Grinaker Holdings will help profits this year, the market isn't expecting too much increase in earnings, as indicated in the 5,2% yield.

Andrew McNaught

FINANCIAL MAIL NOVEMBER 6 1987
Activities. An industrial investment and management company with subsidiaries in the food, packaging, construction, electronics, textile and engineering sectors. The ultimate holding company is Anglovaal Holdings.

Chairman: B E Hersov, managing director J C Rubbertze

Capital structure: 24.9m ords of 50c. 1m 6.5% cum prefs of R2. 1.4m 8% red cum prefs of R1. Market capitalisation R846.6m

Share market: Price 3 400c. Yields 2.2% on dividend. 12.2% on earnings. PE ratio, 8.2. Cover 5.5. 12-month high, 4 300c. low, 1 900c. Trading volume last quarter, 282 000 shares.

Financial Year to June 30

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Performance

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<td>2 400</td>
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<td>Pre-profit profit (Rm)</td>
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<td>191.0</td>
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<td>8.6</td>
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<td>77.2</td>
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<td>Dividends (c)</td>
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<td>46</td>
<td>50</td>
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<td>1 384 1 378 1 881 1 976</td>
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* Net of cash

Making a break

This was the year Anglovaal Industries (AVI) finally burst out of the relatively flat earnings pattern endured since the early Eighties, taking the share price along its slipstream. The 71% rise in EPS came despite a 35% rise in the number of shares in issue, the result of a R103.8m rights offer to redeem preference shares.

The major contribution to the R49.6m rise in earnings was from diversified businesses, up by R23.5m to R31.2m. Improvements here came from Cape Engineering, where profits grew 20%, Steelalloys, which pushed up earnings 70%, and textiles, which had particularly good turnarounds, according to finance director Bill Keen. He notes that many of the textile companies are wholly owned and have tax losses, so benefits flow directly to AVI's bottom line.

Second largest improvement was in the dry food and beverage division, up R11.5m to R23.6m, followed by frozen food (up R8.6m), packaging (up R3.5m), and construction and electronics (up R2m).

Group turnover rose only 18%, negligible in real terms. But pre-interest profit rose 43%, and a 22% fall in interest paid, as debt was cut from R247m to R154m, boosted pre-tax profit. The redemption of preference shares also contributed to the decline in the debt equity ratio net of cash from 0.02 to 0.39. Keen says the group concentrated on reducing gearing through tight working capital management and increased profits. The effort was made with a possible rise in interest rates in mind, while the group also wants to remain in a position to take advantage of acquisition opportunities. With gearing down and cash up to R144m from R59m, this has been achieved.

The R46.8m left from the rights offer after redeeming the pref shares was used to assist group companies and finance acquisitions, including a 17.7% holding in Cadbury Schweppes and 25.2% in Control Instruments, though the cash must still be handed over for the latter deal.

Of other existing businesses, Grinaker, Avbak, I & J and Consol grew strongly. But Claude Neon showed little improvement, profits of T W Beckett and Concentra declined, and Cerebros remained a loss-maker after tax, although it broke even pre-tax.

Keen says Claude Neon hopes to benefit from corporate name changes in 1988, while it is planning for growth, it is still early days. T W Beckett has suffered from volatile coffee prices, but hopes stability will return to the market this year, helping profits Concentra was hit by a stronger rand, and any weakness in the currency will aid export earnings. Finally, Cerebros plans to tighten up its product range and reduce gearing.

Growth in 1988 will come from textiles, as long as the rand doesn't strengthen too much and encourage imports from the Far East, as well as from food, construction, electronics and packaging.

The share price, with its 2.2% dividend yield, is obviously also discounting expectations of future earnings growth.

Andrew McNulty
Beneficiation boost
Middelburg Steel & Alloy (MS & A), SA's only primary producer of stainless steel, is setting the pace in the beneficiation of local minerals. Its efforts could put SA on the map as a major source of stainless steel products.

The company is now actively encouraging local fabricators to approach it with innovative business plans for the export of manufactured stainless steel products. To this end it is once again offering R1m as an incentive for its "stainless steel think tank."

Says MS & A MD John Gommersall: "We want to provide a ‘vision’ geared to exports, to replace the insular approach which local businessmen have towards beneficiation and the export of raw minerals."

Over the next couple of years MS & A will spend around R160m on an expansion programme, largely to extend its ferrochrome capacity but also on production of billets. Up to now MS & A’s production has been confined to flat products and slab semis.

Gommersall says roughly half of MS & A’s annual production of 100 000 t is exported. "But we can only export to what might be called sanctions-free markets."

"On top of that stringent quota systems and pricing regulations — particularly in the EEC — apply to raw stainless steel. The export of fabricated products would obviate these restrictions. That is why we are so actively promoting local manufacture of stainless steel products."

"Obviously it is also in our own interests as it should help us to market our increased output," adds Gommersall.

Annual stainless steel sales in the local market account for only 32 000 t out of total production of 100 000 t stainless steel and ferro-alloys like the hugely successful 3CR12 (some 20 000 t/year, virtually all of it sold locally).

Part of MS & A’s expansion will involve a complete rebuild of the world’s first plasma ferrochrome furnace which MS & A and Mintek pioneered in the early Eighties. "We aim to increase its output 2.5 times by increasing capacity from 16 MVA to 40 MVA."

The additional capacity will be accompanied by an increased marketing drive.

"Through the SA Stainless Steel Development Association (Sassda) we aim to create a generic awareness of South African stainless steel. D’Arcy Masus Benton & Bowles have come up with a series of superb print advertisements and we will take our campaign to TV as well," says Gommersall.

The supplement published in last week’s FM (October 30) is just one example of the effort which MS & A, through Sassda, is putting into promoting South African stainless steel. The supplement was largely based on papers delivered at a conference on stainless steel held at the Wild Coast Sun.

At long last, it appears, local industrialists are grabbing the beneficiation bull by the horns. And if the consequences are increased economic growth and job creation, they could just be doing everyone a favour.
Sale of interest in clinics

Afrox boosts profits 27%

Oprn Correspondent

JOHANNESBURG — With improved penetration in spite of no major upturn in its markets, African Oxygen (Afrox) achieved a 27% improvement in net profits in the year to September.

The preliminary profit statement discloses the after-tax profit (before extraordinary items) at R46.9m, compared with R37m in the previous year.

Earnings per share before extraordinary items were 113,63c (91,46c).

The group has declared a final dividend of 37c a share (31c), bringing the total for the year to 61c (50c).

The company made an extraordinary profit of R15m from the sale of its 32% interest in two Pretoria clinics, thus swelling the attributable profit by 84% above last year’s figure to total R49.2m.

Turnover during the year increased 15% to R448.4m and the pre-tax profit was up 42% to R89.4m.

MD Peter Joubert said the improved performance for the year was a result of improved market penetration and efficiencies in the company’s gas and welding businesses, in spite of no major upturn in the markets served by the company and its customers.

He added that the hospital division had turned in lower results primarily as a result of the “inhumane position of private hospitals having their tariffs arbitrarily set by the Representative Association of Medical Schemes”.

“This has resulted in private hospitals seeing tariffs increasing in recent years at a far slower rate than costs and, in spite of the most strenuous cost containment measures, profitability of Afrox’s hospitals has declined,” he said.

Overall, however, Joubert was confident that the group would produce similar results in 1988 as it had this year. — Sapa
Plessey workers down tools

ABOUT 200 workers downed tools at the electronics manufacturing company Plessey S A Ltd in Retreat yesterday following the dismissal of an engineer who had returned to South Africa after attending a Trades Union Council course in Britain.

An Electrical and Allied Workers Trade Union (EAWTU) spokesman said about 120 workers from Renak, a subsidiary of Plessey, began a work stoppage in solidarity with Mr. Kevin Honey, who had been employed by the company for 14 years.

Mr. Brian Williams, of EAWTU, said that talks with management would take place today.
Stoppages at Ellerines

By LEN MASEKO

SCORES of Commercial Catering and Allied Workers’ Union of South Africa members staged work stoppages at several Ellerines group stores throughout the country yesterday, a Cawusa spokesman said.

Cawusa official Mr Jackie Masuku said stores in Cape Town, Nelspruit and the Eastern Cape were among those affected.

Mr Masuku said union members at these stores were “demonstrating to management the urgency of committing itself to Conciliation Board proceedings”.

The wage dispute between Ellerines and the union has been referred to the Conciliation Board. But Cawusa has accused management of being reluctant “to meet the union at Conciliation Board”.

Willing

Ellerines group personnel manager, Mr Pierre de Villiers, said management was willing to resolve the wage dispute through Conciliation Board proceedings. He said the problem was that the Minister of Manpower had not furnished the two parties with dates for board sittings.

Meanwhile Cawusa has accused management of attempting to “draw out the teeth of the union” by sacking active union members. The company had started dismissing workers who did not meet sales targets, according to the union.

They (management) have gone about their calculated ways by selecting active union members who have been threatened with instigating the dispute,” Mr Masuku said.

He said his union demanded the reinstatement of all those dismissed as this action “has severely prejudiced negotiations”.

Mr de Villiers said the dismissals were part of “corrective, disciplinary action” which has been in practice within the company for the past 37 years. He said there had been “no escalation of these disciplinary measures”.

Cawusa members at Ellerines group stores demand a R200 across-the-board increase and a minimum wage of R550 a month and the lowering of sales targets.
'Stores are warned'

A NUMBER of Ellerines group stores were hit by work stoppages yesterday, a day before the sitting of the Conciliation Board convened to settle the dispute between the company and its employees.

The Conciliation Board, appointed by the Minister of Manpower, meets for further negotiations today.

The Commercial Catering and Allied Workers Union of South Africa (Vyan Miwa group), which represents Ellerines employees, said yesterday's stoppages were "a warning to management to stop dragging its feet and resolve the dispute."

Cawusa official, Mr Jackie Masuku, said management had refused shop stewards and the union access to telephone facilities at the shop floor.

He said management had also replaced union members, who operate cash tills, with white cashiers.

Ellerines spokesman Mr Pierre de Villiers confirmed that a number of group stores had been affected by stoppages, saying "we view this as an act of bad faith especially in view of the pending Conciliation Board meeting."  

Cawusa is demanding a minimum wage of R550 a month and a R200 across-the-board increase. Management has offered an increase of R94 to all employees, and a R340 minimum wage for "external" sales employees and R464 for "internal" sales employees.
More stoppages
at Ellerines

Scores of Commercial Catering and Allied Workers' Union of South Africa members staged work stoppages at several Ellerines group stores throughout the country on Monday, a Cawusa spokesman said.

Cawusa official Mr Jackie Masuku said stores in Cape Town, Nelspruit and the Eastern Cape were among those affected.

Mr Masuku said union members at these stores were "demonstrating to management the urgency of committing itself to Conciliation Board proceedings."

Willing

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Meanwhile Cawusa has accused management of attempting to "draw out the teeth of the union" by sacking active union members. The company had started dismissing workers who did not meet sales targets, according to the union.

"They (management) have gone about in calculated ways by selecting active union members who have been threatened with instigating the dispute," Mr Masuku said.

He said his union demanded the reinstatement of all those dismissed as this action "has severely prejudiced negotiations."

Mr de Vilhers said the dismissals were part of "corrective, disciplinary action" which has been in practice within the company for the past 37 years. He said there had been "no escalation of these disciplinary measures."
Earnings and dividend soar

Convincing turnaround for Reunert

From HELOISE HENNING

JOHANNESBURG — Reunert has achieved a convincing turnaround in profitability in the year to September 30, 1987.

Shareholders are reaping a dividend of 40c from earnings of 120c a share, from nil the previous year.

Directors attribute this result from increased profits, focussed asset management and the sale of the mechanical engineering subsidiary, Fennor.

This is seen in operating profit at R68m, rising to 7,6% of turnover of a R1,1 billion from R24m last year, only 2,6% on last year’s turnover of R922m.

Improved management and the sale of the subsidiary has reduced borrowings to R59m from R143m, putting debt equity at 25% in comparison to 70% last year. It experienced a positive cash flow of R61m in the year.

Interest costs have reduced by 35%, from R20m to R13m, and the group paid tax on a 38% rate, resulting in attributable earnings of R37m.

Assessed losses will continue to provide a tax shelter for the next 18 months, after which the group is expected to pay normal company tax.

The current year’s balance sheet will exclude Reunert Computers (RC) which is being hived off into a grouping with ISM to form Technology Systems International. It is expected to be listed early next year with minority shareholders being given a 6,7% stake. They will be earning off the split base of the two companies.

RC contributed 68c of last year’s earnings of 120c a share. This leaves 52c in the remainder of Reunert, the base from which the leaner Reunert will be forecasting its future growth.

CE Richard Savage, who has steered the group into health over the past two years, says the new Reunert will concentrate on internal growth, as it has in the past year.

He says the company will embark on a large scale capital expenditure programme in the current year.

The leaner Reunert spans the electronic sector with Circuit Breakers, GEC and Reunert Technologies made up of telecommunications and electronics.

Savage says the group becomes more dependent on government expenditure, but has a large market in the mining sector and the fast-growing housing sector.

Savage dismissed suggestions that Barlows would delist Reunert after the split with the computer section, because it was a supplier of sensitive government equipment. Savage says there was no thought of it.

Effort will also be concentrated on Heinemann that has been temporarily housed since its Izando factory was razed earlier this year. Heinemann, market leader in circuit breakers, was 40% above its previous year’s production in September in spite of its temporary plant.

He says the past year has seen a return of 28% on opening shareholders funds.
DOZENS of Commercial Catering and Allied Workers Union of South Africa members have resumed duty at Ellerines group stores after staging a one-day stoppage this week.

A Ccawusa official, Mr Jackie Masuku, said the action was aimed at demonstrating to management the urgency of committing itself to conciliation board proceedings.

He said 24 union members had been dismissed by management for allegedly failing to meet sales targets. He said the dismissals had escalated since the dispute between the union and the company started.

"Ccawusa demands the reinstatement of all those dismissed and calls on the company to desist from such bad faith acts which have severely prejudiced the negotiations," Mr Masuku said.

He said there was an attempt by management to single out union members and to take action against them.

Ccawusa members are demanding R200 across-the-board increases and a minimum wage of R550 a month. They also demand a lowering of management's sales targets.

Management has offered R94 across-the-board to non-sales staff, and R340-a-month minimum wage for "external" sales employees and R464 for "internal" sales employees.

Mr Pierre de Villiers, Ellerine group personnel manager, was not available for comment yesterday.

The Minister of Manpower has set up a conciliation board to resolve the dispute. The proceedings, however, have not started as yet.
Johannesburg — Spending some of its cash resources, cash-rich Darling & Hodgson (D & H) is rapidly taking shape as the building and contracting company in the Malbak Group.

Yesterday D & H announced that it has bought two businesses from wholly-owned Malbak subsidiaries — the Rocla pipe manufacturing business, and the locks and door furniture and insulation panel businesses of Solid Manufacturing.

The acquisition price of the combined transaction is R502m which will be settled by way of a cash payment of R37.5m and the issue of R4.25m new D & H shares. The value placed on the shares is R3.00 per share.

Rocla manufactures concrete, asbestos cement and high pressure pvc pipes at factories throughout South Africa. The solid businesses consist of the solid hardware division, which is a major manufacturer of locks and door furniture, and thermacoustic insulated boards.

Hugh Brown, the chairman of D & H, said that the acquisitions were effective from September 1 and will make a contribution to D & H's future earnings.

He said: "Had the transactions been effective from September 1, 1986, D & H's pro forma earnings for the 12 months to August 1987 would have increased by 44% from 32c to 48c. The transactions have the effect of reducing the net asset value per D & H share slightly, from 283c to 248c."

The new D & H shares will rank pari passu with the existing shares but will not participate in the final dividend for the eight months ended August 1987.

The transactions will have no material effect on the earnings, dividends or net asset value of Malbak.

The transactions are subject to the approval of D & H shareholders — Sapa.
1988 looks set to be an interesting year for clothing, furniture unions

EVENTS in two industries — clothing and furniture — should be particularly interesting next year.

In the garment industry, all eyes seem to be directed towards the Congress of South African Trade Unions (Cosatu).

Last weekend saw the emergence of a strong new national union in the clothing and textile industries affiliated to Cosatu, the Amalgamated Clothing and Textile Workers' Union (Actwusa).

This weekend the Clothing Workers' Union (Clown), after being somewhat dormant for a while, is holding its third annual congress.

And the Garment Workers' Union (GWU) and the Natal-based Garment Workers' Industrial Union are hoping that they'll have their plans for amalgamation advanced enough to be able to complete it by the end of the year.

The scene could be set for some inter-union rivalry.

Membership of the GWU and all Cosatu affiliates in the Western Cape is within a few thousand of each other.

In the interests of its own influence Cosatu would have to crack the GWU's dominance of the clothing industry.

The GWU is alive to this possibility and has been looking over its shoulder at the National Union of Textile Workers (NUTW), one of the unions which formed Actwusa. Last week's Clothesline had two articles cautioning workers about NUTW, the Cosatu affiliate which showed them the door at talks earlier this year which would have brought them in with the unions now forming Actwusa.

But in spite of this the GWU hasn't closed the doors on moving into Cosatu, according to assistant general secretary Cedric Peterson.

Meanwhile Clown, in the pamphlet advertising its meeting, says: "We expect this to be a watershed conference because ... we will have to discuss the conversion of Clown into an authentic union with paid-up members as opposed to merely signed-up members as is the case to a large extent at the moment.

"Cosatu lays down paid-up membership as a condition of affiliation."

In the furniture industry things are a little different. The existing union, the National Union of Furniture and Allied Workers (Nufaw), recently affiliated to the National Council of Trade Unions (Nactu).

This is South Africa's second largest union grouping and has recently been consolidating in the Western Cape.

But the latest Work in Progress reported that two Cosatu affiliates, the National Union of Metalworkers and Paper, Wood and Allied Workers' Union (Pwawu), "have made great strides in ending the closed shop system in the furniture industry."

They have concluded a recognition agreement with Afcol, the biggest furniture company in the country.

"For Pwawu the agreement is a consolidation of its campaign to drive Nufaw out of the industry," said the report.

In the Western Cape, Pwawu has held at least one meeting for furniture workers and the drive against Nufaw appears to be on.
Natbolt tipped to see 50% earnings growth

Financial Staff

Natbolt-Mets (Natbolt) is expected to achieve earnings growth of at least 50% in the current financial year to June, MD Josie Marcus says in the annual report.

This implies earnings of at least 39c a share and Marcus says this would enable a dividend of at least 85c a share to be paid.

In the past financial year, Natbolt—part of the FS group of industrial and distribution companies—boosted attributable profit by 122% to R10.7m.

Chairman Jeff Liebesman says in the annual report: "The key objective of Natbolt reflects that of the whole FS group—to increase the wealth of shareholders, staff, customers and suppliers."

"We do this by bringing together strategic players in basic industries round the globe so as to create strong leaders in all the markets in which the group participates, and develop them in partnership with entrepreneurial management, which has a significant stake in the business."

During the past year, Natbolt formed a 75%-owned subsidiary, FS-Team Distributors, in which its distribution facilities were grouped.

These were expanded from handling industrial fasteners to include an attributable 30% stake in electrical, electronic and cable distributor Elecentre, a tools division and a consumer division.

Marcus says: "Gradual improvement is expected in a number of sectors of the domestic economy served by Natbolt.

"Exports are being maintained at the level achieved in the past year, but profits from exports are dependent on the value of the rand."
Worker hurt as fumes ignite

AN engineering worker was injured today when fumes in an empty fuel tank exploded as it was being welded at a factory in Paarden Eiland.

The worker had slight burns to his neck and was treated at the scene, and then taken to Woodstock Hospital.

A fire brigade spokesman said vapour inside the detached fuel tank of a boat were ignited by the welding torch. The explosion blew a hole in the tank but caused no damage to the workshop.
Cawusa suspends further contact with Ellerines

THE Commercial Catering and Allied Workers' Union of South Africa (Cawusa) has suspended further contacts with Ellerines pending a decision of a shop stewards council meeting to be held in Springs on Sunday.

A Cawusa official, Mr Jackie Masuku, said the union took the decision "because of the company's negative attitude." He said the process of conciliation was hampered by this attitude.

He said Ellerines had failed to co-operate with the State-appointed Conciliation Board "constructively."

"We therefore suspend all communications with Ellerines until our members countrywide, through our shop stewards' council, give definite instructions at the meeting," Mr Masuku said.

Cawusa has indicated that a legal strike of over 6000 Ellerines workers would start next month if there was no settlement.

Ellerines spokesman, Mr Pierre de Villiers, said the company was not opposed to the Conciliation Board procedures and wanted to resolve the dispute.

Cawusa reiterated its demands - of a R200 across-the-board increase and a minimum wage of R550 a month.

The Minister of Manpower has appointed the Conciliation Board to settle the dispute between the two parties.
In their recent annual report, Yeastfor Macadams Ltd. revealed an increase in turnover. While some decline in sales was reported, the figures showed a growth in profitability. However, the directors were cautious, noting that the market situation was volatile and that future performance was uncertain.

The company's management attributed the increased turnover to several factors, including a stronger sales effort and the introduction of new products. Despite these positive developments, the directors emphasized the need for continued vigilance, as the industry was subject to rapid changes.

A recent acquisition by the company, a bakery in the northeast, has already shown promising results. The directors expressed their confidence in the company's strategic moves and their commitment to growth and sustainability.
Company asked not to deal with Mitwa faction

Kanganare Faction

Woods Elimines

Labour Update

SOWETAN, Wednesday, November 25, 1987
DORBYL

Slower pace

Dorbyl's preliminary results for the year to end-September are rather disappointing when seen against the growth rates from other major groups and when compared with Dorbyl's 47% earnings advance in the first half.

Turnover for the full year increased 11.8%, considerably less than inflation, and failure to improve margins, combined with a higher tax rate, ensured that the EPS increase was held to a similar level.

The main problem was the heavy engineering operation, where losses of several million were incurred. "The turnover rise in this section was well below inflation," says chairman Floors Kotze. "We expected an improvement in demand from the mining sector, which failed to materialise. Demand from traditional sources, especially the public sector, was reduced by severe capex cuts."

Light engineering up

Not all of the heavy division turned in losses. Though profits were lower than in 1986, both transport products and the structural division remained profitable. In the structural section reliance on power station construction was reduced and more emphasis was placed on sales to the mining industry.

The increase in the light engineering side and the trading operations was substantial and well above the inflation rate, according to Kotze. Improved capacity utilisation also helped. Utilisation in the motor division, for example, has risen to a very satisfactory 90%, though in other sections of the group, the figure is as low as 20%.

Lower interest rates and reduced borrowings (down R19m to R187m) cut interest paid from R23m to R20m, with an improvement in the debt/equity ratio from 38% to 32%. But the benefit of this was negated by higher tax, up from 12.6% to 19.7%. Tax losses were mostly not in the profitable subsidiaries and so could not be used to reduce tax. This problem will continue, and available tax losses of R90m will mostly be used only when the heavy section moves into profit.

There seems little prospect of a major improvement in the coming year. The group will again rely upon light engineering to provide growth. Delayed expenditure by mining houses is expected to come back this year, while there are still substantial Eskom orders, which will last until 1992.

"There will be an improvement in the heavy division this year, and I expect it to become profitable within 18 months to two years," says Kotze. He points out that transport products will have a lower level of turnover, but hopes that the section's profits will remain the same. "This will be the worst ever year for buses, because of deregulation, which is stopping everyone from spending and the competition from taxis."

Mossel Bay will become important in future years. Though this will not affect profits in the present financial year, Kotze says he is confident that the company is well-placed to get a "major portion" of the work. He thinks acceptance of tenders could be announced early next year. The recently acquired Sandock shipyard should help, and the first of the seven modules required for Moss Gas is already being built there. But a major factor must be that any profit made by the heavy division will go directly to the bottom line as tax losses are utilised, and margins must increase sharply as utilisation improves.

This will be in 1989. In the current year, it seems likely earnings will grow only slightly faster than the 1987 pace of 11.9%, putting the share on a forward dividend yield of around 5.7%. This is at a price of R12.15, though, and a bear market which does not react to good results is unlikely to leave the share price intact if the results are considered disappointing.

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LAGGING INFLATION

<table>
<thead>
<tr>
<th>Year to Sept 30</th>
<th>1986</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (Rm)</td>
<td>1 644</td>
<td>1 725</td>
</tr>
<tr>
<td>Pre-tax profit (Rm)</td>
<td>64.2</td>
<td>77.9</td>
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<tr>
<td>Attributable earnings (Rm)</td>
<td>51.4</td>
<td>57.5</td>
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<tr>
<td>Earnings (c)</td>
<td>16.1</td>
<td>18.0</td>
</tr>
<tr>
<td>Dividends (c)</td>
<td>55</td>
<td>62</td>
</tr>
</tbody>
</table>

FINANCIAL MAIL NOVEMBER 27 1987
TRECOR

Growth from transport

Activities. Holding company which owns 75% of Hendred-Freehauf Trailers, the largest manufacturer of trailers in SA Has road haulage interests in the Cape and Namibia, distributes new tyres nationally, retreads tyres, imports microcomputers, has new vehicle franchise in the NW Cape and exports to Indian Ocean Islands

Control. Mobile owns 47.9% of Trecor
Chairman: N I Jewell, vice-chairman M D Marasi
Capital structure: 14.3m ord in 5c each
Market capitalisation: R135m
Share market: Price R90c Yields 3.2% on dividend, 16.2% on earnings, PE ratio, 62, cover, 5.1 12-month high, R16, low, R65c Trading volume last quarter, 141,000 shares

Financial Year to June 30

Debt
- Short-term (Rm) 12.0 10.3 9.4 7.4
- Long-term (Rm) 6.7 5.5 5.0 7.6
- Debt equity ratio 0.27 0.36 0.31 0.18
- Shareholders' interest 0.89 0.89 0.62 0.60
- Interest cover 2.2 1.5 1.2 2.1
- Debt cover 0.8 0.7 2.1 1.8

Performance

Return on cap (%) 13.8 15.0 16.0 20.9
Turnover (Rm) 178 229 278 397
Pre-tax profit (Rm) 15.5 19.3 24.1 31.3
Pre-tax margin (%) 8.7 8.4 8.7 9.4
Taxed profit (Rm) 11.1 11.7 16.9 24.1
Earnings (c) 69.6 75.9 110.8 184.3
Dividends (c) 16.5 17.5 21.0 30.0
Net worth (c) 425 467 555 662

Trecor's Jewell... acquiring new business

* Net of cash
† Net of interest received

Until recently Trecor's strong earnings growth was derived largely from its trading and allied interests. In the 1987 year the manufacturing and transport interests, helped by a more active economy, performed strongly and made the group's business mix more balanced.

Earnings were helped by a 43% rise in turnover to R397m (R278m) which is, says chairman Neil Jewell, "above the growth in the total market." Improvements were also achieved in the operating margin which, net of interest received from unlisted investments, rose to 9.4% (8.7%)

An increase in the tax rate to 34% (28%) pared the advance at bottom line, but EPS still rose 39% of 154,3c (110,8c) and a 30c (21c) dividend raised compound dividend growth over the past five years to an annualised 15%. That explains why the share continued to offer thinner yields than many others in the transport sector. Untrans, which claims to be one of the largest and most successful private freight transporters in SA, yields 4.9%

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3.7% in Spartan Micro Management, one of the oldest microcomputer dealers in the country And, last month, Trecor got 20% of Presto Containers, a road container carrier now listed in the transport sector. At 60c (against an 80c issue price), Presto yields 6.7 times on dividend

Trecor's business remains closely tied to the export markets of many of its customers. Its growing container export business, largely built on export allowances, has had some help from exports to the Far East

Jewell expects the modest market upturn to continue for at least the next year and anticipates a further increase in earnings in most divisions. His forecasts have previously been conservative — and may be so this time. Should export resistance occur and GDP growth expectations be trimmed, such conservatism may be justified. Last year the trailer market remained depressed — though Jewell has seen some improvement of late. Container sales may be affected by the weak international container market. But demand for tyres improved, though margins remain under strong pressure. And lower mining activity in Namibia could impede road transport business there.

Abolition of export allowances, as suggested by the Maro Commission of inquiry into tax policy, could also affect the group. Says Jewell, "Government should give these recommendations very careful study."

On transport privatization and deregulation he is less enthusiastic than some. "Their implementation will provide new opportunities, but judging by the American experience, the industry will undergo considerable difficulties in the process of readjustment."

BEFTER BALANCE

<table>
<thead>
<tr>
<th>Pre-tax profit (%)</th>
<th>1984</th>
<th>1985</th>
<th>1986</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>38.2</td>
<td>21.4</td>
<td>22.4</td>
<td>28.4</td>
</tr>
<tr>
<td>Trading and others</td>
<td>29.3</td>
<td>48.9</td>
<td>60.7</td>
<td>39.0</td>
</tr>
<tr>
<td>Transport</td>
<td>32.5</td>
<td>29.7</td>
<td>26.9</td>
<td>32.6</td>
</tr>
</tbody>
</table>

Working capital needs have expanded with the profit growth, and Trecor last year raised R5m as a fixed-interest loan ( repayable March 1992). Long-term liabilities have further increased after consolidation of an investment holding company. Still, with R5.7m cash, debt equity is a low 13% — even after including debentures of R4.5m.

After cutbacks and streamlining during the recession, the group is acquiring new business. Truck Africa, a freight consolidation and express business, has been acquired subject to the resolution of a certain (largely formal) agreement, and agreement in principle has been reached to acquire a 49% inter-
ELLERINE gets order against CCAWUSA

UNLAWFUL strike action and go-slows by employees of furniture retailers Ellerine Holdings Limited were costing the company about R3m a day in lost sales, it was alleged in papers before the Rand Supreme Court yesterday.

Ellerine was granted an interim order against the Commercial Catering and Allied Workers Union (Cawusa), restraining it from instigating, inciting or advising employees to go on strike or in any way obstructing workers from doing their jobs.

SUSAN RUSSELL

Mr Justice MacArthur granted a rule nasi, calling on Cawusa and union organiser Jacob Masuku to show cause on February 2 why they should not be interdicted and restrained from inciting employees to go out on or continue a strike in contravention of Act 38 of 1956.

In an affidavit, Ellerine human resources GM Pierre Francois Rousseau de Villiers said the strike was unlawful because the prescribed period of 30 days after the Manpower Minister's approval of a conciliation board had not elapsed, nor had the minister received a report of the board's findings. Only then would a strike be legal.

He claimed Cawusa had resorted to unlawful industrial action and members of the union were deliberately disrupting and obstructing the company's business.

Some members were advising customers to leave or tell suppliers not to pay HP instalments.
Dashing on

Events after balance sheet date have substantially changed Mathieson & Ashley (M & A). After winding out debt and building up cash, the group is poised for an acquisition in the information technology field.

The balance sheet has been strengthened by sale of the Gover Dando/Business Forms division for R4.4m, acquisition of the minor...

**Mathieson & Ashley Holdings**

**Financial Year to June 30**

<table>
<thead>
<tr>
<th></th>
<th>'84</th>
<th>'85</th>
<th>'86</th>
<th>'87</th>
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<tbody>
<tr>
<td>Debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term (Rm)</td>
<td>2.6</td>
<td>3.6</td>
<td>1.0</td>
<td>1.6</td>
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<tr>
<td>Long-term (Rm)</td>
<td>3.4</td>
<td>4.1</td>
<td>3.0</td>
<td>3.7</td>
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<tr>
<td>Debt equity ratio</td>
<td>0.77</td>
<td>1.06</td>
<td>0.63</td>
<td>0.49</td>
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<tr>
<td>Shareholders interest</td>
<td>0.38</td>
<td>0.39</td>
<td>0.48</td>
<td>0.49</td>
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<tr>
<td>Int &amp; leasing cover</td>
<td>3.3</td>
<td>0.9</td>
<td>3.3</td>
<td>5.0</td>
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<tr>
<td>Debt cover</td>
<td>0.14</td>
<td>0.04</td>
<td>0.64</td>
<td>0.69</td>
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</table>

**Performance**

<table>
<thead>
<tr>
<th></th>
<th>'84</th>
<th>'85</th>
<th>'86</th>
<th>'87</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on cap (%)</td>
<td>11.6</td>
<td>7.4</td>
<td>18.4</td>
<td>24.0</td>
</tr>
<tr>
<td>Turnover (Rm)</td>
<td>28.1</td>
<td>28.3</td>
<td>29.8</td>
<td>30.4</td>
</tr>
<tr>
<td>Pre-tax profit (Rm)</td>
<td>2.4</td>
<td>1.4</td>
<td>3.4</td>
<td>5.3</td>
</tr>
<tr>
<td>Pre-tax margin (%)</td>
<td>9.1</td>
<td>4.9</td>
<td>11.5</td>
<td>13.7</td>
</tr>
<tr>
<td>Tax paid (Rm)</td>
<td>0.4</td>
<td>0.1</td>
<td>1.7</td>
<td>2.8</td>
</tr>
<tr>
<td>Earnings (c)</td>
<td>(22.0)</td>
<td>(34.9)</td>
<td>32.6</td>
<td>70.2</td>
</tr>
<tr>
<td>Dividends (d)</td>
<td>23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net worth (f)</td>
<td>186</td>
<td>160</td>
<td>193</td>
<td>241</td>
</tr>
</tbody>
</table>

* *Net of cash

...interest in Woodnet for R7.5m, and disposal of Woodnet’s property-owning subsidiary for R5.3m to RMS Property Trust.

Major divisions are now the furniture manufacturing and Dashing sales operations and the business machines division. Divisions that were sold were the printing and property letting operations which together contributed R910 000 to pre-tax profit of R4.5m in the past year.

Charman Winky Ringo says borrowings of R5.3m at June 30 have been repaid, the group has built up cash reserves of just over R1m and arrangements have been made for medium and long-term financing of some R10m.

Ringo adds that his family holding company has 51% of Investors Club, which in turn owns 73% of M & A — 22% more than is needed for control. The group can therefore use paper valued at some R10m for an acquisition and still retain the present control structure.

Ringo says with these facilities available, the company could make "quite a sizeable acquisition." He says the group is investiga-

**DATES TO REMEMBER**

- Last day to register for dividends: Friday Dec 4: Amecol 80c, Argos 175c, Barlows 70c, CGS Food 31c, CG Smith 100,5c, Crufilet 5c, HCI 9c, ICS 21c, IGI 10c, IGI Life 2c, NBS Hid 7c, Palamis 80c, RIH 22c, Tig Oats 213c, Verreef 24c

- Meetings:
  - Monday Nov 30: Juicy Lucy (Amalgam)
  - Tuesday Dec 1: Af Cabled; Copi (Montreal)
  - Wednesday Dec 2: Progroup (Cape Town), Roto (Cape Town)
  - Thursday Dec 3: Assore, Goldhill, Pekcor (Parow), Pcapep (Cape Town), Pick n Pay (Cape Town), Picprop (Cape Town)
  - Friday Dec 4: Curlin, Curries, Edgars (S); Inv Club, Math & Ash

All meetings are in Johannesburg unless otherwise stated.

S = Special meeting

had post year-end events been in effect during the year, bottom line earnings would have been 19% higher at R3.5c primarily because of the reduction in interest payments and the increased earnings resulting from the take-out of Woodnet minorities.

However, depending on the size of the pending acquisition and the means of financing, the company will either face a higher interest bill or will have to service a greater number of shares. Earnings from the acquisition will have to compensate.

That there is confidence in the company’s ability to continue the growth achieved in 1987 is shown in the performance of the share price. It reached 37% above its June 30 level of R7.10 although it has not entirely escaped the market’s crash, falling by 19% since Black Monday’s level of R12.

Pistry
Protest over 'T-shirt dismissal'

WORKERS at the Cas Dalan engineering company in Maitland conducted an hour-long work stoppage yesterday after a shop steward was dismissed, allegedly for wearing a union T-shirt.

A spokesman for the Electrical and Allied Workers' Trades Union said the shop steward at the Observatory branch of Cas Dalan, Mr Mortimer February, had been dismissed in the morning for wearing a union T-shirt.

He said workers at the Maitland branch began the hour-long work stoppage in solidarity with the shop steward in the afternoon.

The union said management had informed the workers that the stoppage was illegal and had told workers to clock out and go home, which they did.

A spokesman from Cas Dalan declined to comment yesterday.
White-collar workers at ADE lose jobs

Labour Reporter

ATLANTIS Diesel Engines (Pty) (ADE) retrenched about 40 white-collar workers yesterday as a result of the reduction in demand for heavy commercial vehicles and agricultural machinery, a company spokesman said.

One of the retrenched workers, who declined to identify himself, claimed scores more in fact lost their jobs through company "restructuring".

A senior ADE staff member, who declined to be identified, yesterday described the retrenchments as "ADE's annual culling operation".

A director of the diesel engine manufacturing company, Mr Frikkie Erasmus, said about 40 people were retrenched and "certain people were taking up alternative offers".

He said it became necessary to modify the structure of the company in order to "adjust to the market needs".

He said the positions affected were all salaried and included management.

Mr Erasmus said employees had received a retrenchment package of one month's notice, a pro-rata bonus, and further remuneration linked to years of service ranging from a month to four months.
The Quiet Con-tender Delivers the Goods
R8-million recovery for Tek

From ANN CROTTY
Johannesburg – Tek Corporation, the domestic appliances and consumer electronics subsidiary of Federale, has turned a loss in the first six months of its last financial year into an R8-million profit in the six months to September.

The group, which is making a strong recovery from the knock the industry took after the 1985 slump, achieved sales of around R200-million in the first half of financial 1988 and is looking for full-year sales of about R425-million.

In the first half it attained an operating margin of around 7 percent and MD Mike Bosworth says that long-term, management is targeting an operating margin of 10 percent.

**HEAVY CAPEX**

A 7 percent operating margin represents an operating profit of around R28-million. But this was significantly reduced by the interest payments on borrowings of around R90-million.

A heavy capital expenditure programme of more than R200-million a year is responsible for much of the borrowings. The capex is aimed at increasing local manufacturing capacity as the group continues to reduce dependence on imports.

Mr Bosworth believes borrowings will be reduced from the current 120 percent of equity to 60 percent by about 1990 as improved profits bump up the equity base and improved cash flows reduce the need for external borrowing.

He says the past two years have been particularly difficult and that while a lot has been done to sort out the problems, this effort was not seen at the bottom line until this review period.

The group is being restructured to provide greater focus and a more effective management structure to “respond aggressively and successfully to the business challenges that lie ahead”. The change, which will become effective in April 1988, is aimed at creating smaller, more specialised and market-responsive business units within Tek.

Management feels this type of structure will be better able to optimise the opportunities that present themselves within the respective markets served.

Recently listed Transvaal Clothing (Traclo) has reported a 42 percent increase in turnover and a 93 percent increase in operating profit for the six months to October.

Although not listed in the last financial year, the group does provide comparative figures for the 1986 financial interim. However, it does not reveal turnover figures.

Operating profit of R1.3-million was reduced by interest payments and tax to an attributable income of R636 000, which was 170 percent up on the previous interim figure.

The performance at the attributable level was helped this year by interest receipts of R61 000 and a cutback in the proportion of income used to finance borrowings.

Earnings a share were 2.9c, based on the total number of shares in issue. This eases up to 3.1c if earnings are based on the weighted number of shares in issue in the six months.

At the time of the listing, management forecast earnings for the full year of 5.8c a share. At this stage it says: “The outlook for the second half of the financial year is encouraging and the group’s full production is committed, with confirmed customer orders well beyond April 1988.”
Looks a bargain

New-style Danceh

Diagonal Street by Julie Walker
Truck-makers reject ADE shortage claim

TRUCK manufacturers have rejected the excuses offered by Atlantis Diesel Engines (ADE) for the shortage of medium and heavy truck engines.

A rundown of stocks by manufacturers and dealers and the lack of indications that the market will improve sufficiently next year are blamed by ADE for the engine shortage.

Because of this, ADE has reduced its stocks and a waiting list of up to nine months for some large engines has developed. Road haulers face problems because they need new trucks to meet increasing demand.

Backlog

Industry sources say that if ADE were a private company it "would have made a plan" to overcome the backlog.

They say ADE does not understand marketing and pays scant attention to its customers' needs, relying on orders from manufacturers to plan its production.

Sales of medium and heavy trucks in the first 11 months of this year have risen by only 5.7% to 11,526 from 10,616 in the same time last year.

Wally Rautenbach, ADE's director of marketing and public affairs, says there is a shortage of stocks at manufacturing and dealer levels and supplies in the pipeline of only three months are inadequate to meet demand which has risen sharply in the past few months.

He pinpointed the cause of the problem, saying that the decline in medium and heavy truck sales from about 23,000 units in 1984 to fewer than 12,000 in 1986 caused manufacturers and dealers to reduce stocks.

Now, faced with rising demand, they are scrambling to build up stocks to levels of five to six months at the expected higher demand rate.

Full book

Another problem, says Mr Rautenbach, is reading the market for 1988 and the following year. It is impossible to increase component supplies at will.

"The industry, including ADE, is forced to take a long-term view of the market or run the risk of gross imbalances in inventory, and more important, instability in employment."

It would be dangerous to respond to the expected increase in demand for 1988 and 1989 before a trend is established.

"For the first time in three years, the retail sector of the heavy and medium commercial vehicle markets has a full order book through to May, and in some cases even June and July." "This is encouraging, but we must be cautious. Over-optimism for the longer term could result in costly mistakes and excess inventories for manufacturers and component suppliers."

In November 40 managerial members of ADE staff were retrenched. Managing director Hartmut Beckurts says the retrenchments became necessary because of the decline in the heavy commercial and agricultural markets.
Best prospects in five years

Engineering
boosted by big demand

MICK COLLINS

THE battered engineering/manufacturing sector, ravaged by slump conditions for the past five years, has been given a massive boost by an upsurge in consumer demand.

The last-quarter increase in activity looks set to continue into 1988 with analysts reporting a strong increase in business confidence and a flood of equipment orders.

Both suppliers and manufacturers say yesterday the boom was the result of several economic factors, mainly heavy consumer buying.

A spokesman for a major machine tool supplier said not since "the halcyon days" of 1981/82 had such substantial orders been received with such large values.

Skok Machine Tools MD Robert Skok said the orders represented a remarkable turnaround in demand in recent months.

"In a six-week period, from the beginning of November to the middle of December, we have received orders totalling R9.5m which include some of the largest orders for CNC machining centres ever placed in SA.

"These sales provide clear evidence of a substantial upturn in demand for machine tools in the engineering industry."

The Bureau for Economic Research (BER) at Stellenbosch University reports that for the first time in nearly five years — 20 consecutive surveys — the majority of manufacturers reflected optimism.

"In fact our index of confidence in respect of the manufacturing sector has jumped 14 points since the previous survey. The improved sentiment is also reflected in their attitude towards investment.

"On the question 'is your planned level of real investment in buildings, machinery and equipment for 1988 higher/the same/ lower than in 1987', as many as 49% answered higher as 'against 19% who reported lower,'" the BER said.

Much of the renewed confidence — and intentions to invest in the real economy — originated in an increased volume of sales, it said.

"Six out of ten respondents estimate the fourth quarter volume of sales as

To Page 2

Consumer lift for engineering

better than the volume of a year ago. The vast majority expect this trend to continue throughout the forecast quarter."

The Steel and Engineering Industries Federation of SA (Seifisa) was more cautious and said it hoped that major capital projects in the pipeline, such as the Mosel Bay oil-from-gas plant and the Lesotho Highlands Water Scheme, would lift large sectors of the industry out of recession in the coming year.

In his outlook for 1988, Seifisa president Keith Jenkins said "the likelihood of continued improvement in consumer demand and/or expert performance remain doubtful without a decrease in both taxation and inflation and a major over-all improvement in business and public confidence."

"While certain companies in the engineering industry have recorded impressive improvements in their reported results it is important to understand that in many cases the starting base was low and even negative."

The companies showing the best results and giving the best returns, he said, were generally the best managed and the most important to the industry.

"These are the companies which now, and in the future, will provide and create the job opportunities."

To Page 1