MANUFACTURING (Leather & Products)

Better outlook for 175 workers

PROSPECTS for workers at Howick's Sarmcol rubber factory have improved since last year when declining production forced the company to implement a four-day working week for 25 percent of its labour force, only 400 working a four-day week. Things are not as bad as we first thought," said Mr. Sampson.

At the two Pietermaritzburg factories of the footwear manufacturing company Dick Whittington Shoes (Pty.) Ltd., preparations are being made to re-employ about 25 of the 75 people retrenched earlier this month.

The secretary of the Howick rubber factory, Mr. H. J. Sampson said yesterday that there had been an improvement in the number of orders since last year when 550 workers were forced to work a four-day week.

Of the 350 workers affected by the move, 150 were now working a normal five-day week, said Mr. Sampson.

"We have a total labour force of about 2,000 and there are now..."
New specification for hides will earn Republic millions

A new standard specification will earn the Republic some R6 million yearly, extending possibly to R12 million or R15 million. This, according to experts, is the likely outcome of the national specification of wet blue chrome-tanned hides just published by the South African Bureau of Standards.

Some 2.7 million hides for processing are produced annually in South Africa. More than one third of these are processed by local industries. About 320,000 hides are exported as wet chrome-tanned (partly processed) leather and the balance are exported as cured hides.

The partly processed hides fetch an average R18 to R20 a piece abroad against an average R11 for cured hide. But the demand for partly processed hides is so high that the cured hides are also marketable as wet blue chrome-tanned hides.

The major reason for this overseas interest in South African chrome-tanned hides lies in the undesirable waste products of the tanning process. Most of the overseas tanners are situated in less populated areas, and this heightens their problems.

The South African tanners, on the other hand, have attained a high degree of skill in the production of chrome-tanned hides and in overcoming the problem of undesirable effluent. The hides are exported in that stage of the tanning process where the particular problems of waste products have been solved for the overseas tanner.

Hides are also exported by other countries, and the importers have complained to low chrome content in respect of some of these. South Africa has not committed this offence. In order to assure their clients of good quality the South African Tanners Association requested the SABS to draw up a standard specification of wet blue chrome-tanned hides.

Hides which comply with the specification requirements will, inter alia, contain a certain minimum of chrome, and are so treated with an acceptable fungicide that they remain free of visible signs of fungal growth for at least 4 months after the date of packaging, or until the leather is unpacked (whichever is the earlier). Other requirements laid down in the specification concern the pH-values, moisture content and shrinkage temperature of the processed hides.

Permit-holders will be entitled to affix the SABS mark of quality on every bale of hides meeting the specification requirements, as assurance of outstanding quality.

One of the South African companies which has attained a high degree of skill in the production of chrome-tanned hides, and which exports some of its products to Italy and Britain, is King Tanning of King William's Town, where this picture was taken.
More protection for SA tanning industry

The Argus Correspondent
Grahamstown. — The South African tanning industry is to be given further protection to encourage the local processing of hides and skins.

This was announced by the Deputy Minister of Agriculture, Mr J. J. Malan, opening a symposium at the Settlers Monument yesterday on the export of hides and skins.

He said that in a developed country like South Africa tanners and skin processors had great opportunities for expanding their processing plants and he looked forward to marked increases in the quantities of hides and skins processed locally.

LOCAL TANNERS

Only 55 percent of wet-salted hides and a mere seven percent of dry-salted hides were taken up by local tanners and there should accordingly be no problem in meeting their requirements.

The Meat Board had set the ball rolling in 1974 when a special levy on hides was paid as a subsidy to tanners to stimulate local processing, thereby promoting the export of processed or semi-processed hides, rather than the raw product.

Now, on the recommendation of the board, the doubling of the special levy and also the subsidy to tanners on wet-salted hides, produced in the controlled areas, had been approved.
DURBAN — A sharp shoe price increase is expected in a few months — while egg prices are expected to drop in mid-Sept.

The Natal Poultry Association attended a meeting in Pretoria yesterday to discuss prices with the Egg Board.

Meanwhile, South Africans can expect to pay up to 30 per cent more for shoes in a few months' time.

A spokesman for the shoe industry in Natal said various cost factors would affect prices drastically ranging from 12 to 30 per cent increases.

A major contributory factor in cost increases is the changeover to the metric system of shoe measurements which will cost the industry millions.

Other factors likely to cause increases are higher import duties on leather and machinery, wage increases and the increased cost in raw materials. — DDC.
made a remarkable recovery (see Fox). Simba chief Manie Bekker reckons promotions like the Simba GP will result in further improvement. Not to mention financial security for the race itself.

**LEATHER PRICES**

**Tearing ahead**

Hide prices have doubled in six months and this is expected to cause a substantial rise in the price of leather goods and to further dampen sales in the already limping shoe industry.

Shoe prices will rise by as much as 25% 30% this year, manufacturers say, and leather goods generally by 20% 25%. Hide prices, which have increased by 87% since December 1977, have risen by 100% in the past six months, and are presently 140c/kg compared with 60c in June 1977.

The hide price, which makes up between 50% and 70% of the total cost of leather, has caused an increase of 50% 60% in the price of leather over the past year. Prices for leather used in the shoe industry currently range from R12 to R20 a m² compared with R8-R14 of a year ago.

According to SA Tanners' Association president Stewart Dorrington, the price

Further increase this year.

"The hide price has shown a further 15% increase since December," comments Tony Mosspop of Mosspop's Tannery, who notes that hide demand is strong at present with the increasing popularity of leather.

"In addition, unrestricted exports of hides from SA are causing shortages on the local market," he says, "and this pushes the price for SA tanners even higher."

Dorrington notes that the SA footwear industry is the largest consumer of local leather, accounting for about 4m m² (75% of total production), of which 85% is supplied locally. SA exports about 250,000 semi-processed hides, and about 186,000 m² of processed leather annually, but exports of the latter are expected to decline with the rising demand from the local footwear industry.

"The men's shoe market, a major user of upper leather, will be hardest hit by hide price increases," comments Mosspop, "as well as high quality women's market. Low priced shoes could increase by as much as R2,50 to R3,00 ex-factory."

He notes that there could be a general fall off in demand for leather goods and shoes, with lower quality leather goods coming under attack from synthetics.

Shoe Corporation's Dr Colin Tite notes that the consumer price index for footwear, the major component of which is leather uppers, has increased significantly over the past year. The index showed an increase of 16.2% over the period, but on a mix of footwear would show an estimated increase of only 9%.

Output of shoes from January to October last year showed an increase of 10% to 40,2m pairs (36,7m), but sales declined in the last quarter.

"December sales were disappointing," notes Tite, "although January back to school sales were buoyant."

Winter orders are good but the increase in imports, together with higher production, are expected to cause a stock build up at the end of the winter season.

**Leather prices... these boots were made for limping**

Shoe has been caused by an international hide shortage, triggered by a shortage of up to 4m cattle by the major hide-exporter, the US.

"Demand for leather has escalated with the swing away from synthetics," he says, "and prices are likely to show a further increase this year."

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**OR NATIONAL DIPLOMA IN ELECTRICAL ENGINEERING (HEAVY) ENG CLT**

**OR NATIONAL DIPLOMA IN ELECTRICAL ENGINEERING (LIGHT) ENG CLT**

**Table 22. Number of African technicals and number of firms in Durban**

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<thead>
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DISCUSSION

The crude death rates and the standardised mortality rates for whites, Asians and 'coloureds' and urban Africans are presented in Fig. 1. The interpretation of these figures is confounded by the differences in the underlying structure of the population. The population pyramids of the various groups were pictured in Part I with the exception of the urban Africans, which appears in Fig. 2. This population shows an excess of healthy working males and lack of elderly persons as a result of the migratory labour situation.

The standardised mortality rate provides a single figure for the mortality experience of a population which can only be fully expressed in terms of a series of age specific death rates. The SMR is calculated by multiplying all the age specific mortality rates in the observed population by the corresponding numbers in the standard population, adding the number of deaths so obtained and dividing the total standard population. While this figure is independent of the age structure of the observed population, the choice of the standard population will affect the weighting given to the deaths in the various age groups. The choice of an underdeveloped population as a standard will give a great weight to infant deaths and little weight to deaths among the elderly, while a developed standard population will reverse the position. The choice of standard population affects the ranking of the mortality between the observed groups. There is no 'true' answer. As the Duke of Wellington said: "There are lies, damned lies, and statistics!"

Infant mortality rates are summarised in Fig. 3. Once again, difficulty is experienced in obtaining data for Africans. Birth statistics for Africans are not published by the central government. The various medical officers of health have estimated the infant mortality rates for their urban areas. These show considerable variation. (See also ref. 15). A mean figure and the range are given in Fig. 2. These de facto figures should be interpreted with caution as sick infants are often brought to the cities from rural areas. An indication of the situation in the rural areas is given by a sample survey carried out in Cape Town and Transkei among Xhosa-speaking Africans. An increase in infant mortality was observed with decreasing urbanisation, the figure for the completely rural areas being of the same magnitude as those parts of the world devoid of medical services. Fig. 4 summarises the age specific mortality rates of rural areas or cause of deaths' according to the Bantu Reference Bureau (Personal Communication). At least 50 000 deaths among Africans were not registered. These occur mainly in the rural areas. It is estimated that about 10% of the deaths in the main urban districts are not registered for Africans.

METHODS

The following indices were calculated:
1. Crude Mortality Rates.
2. Standardised Mortality Rates. Two standard populations were used: England and Wales representing a developed population and Mexico 1960 for a developing one.
3. Age and Cause Specific for the seventeen groups under the International Classification.
5. Infant Mortality Rates.
7. Competing Mortality Risk population under the hypothesis of particular cause of death, the relative effect.

The calculation of rates is specific population. No inter-censal years were used in calculating the 1970 data and taking into account the increase in life expectancy, the increase in life expectancy being 5% over the last ten years, assuming a linear increase between ages 18 and 60.

For Africans, a different calculation was done. The 1966-70 age distribution was used, the numbers being adjusted by the 1974 gross population estimates by economic region.
Some earn less than R40

Anglo pay peanuts

WORKERS at an Anglo American Corporation plantation in Natal say some of them earn less than R40 a month.

The plantation in Hilton, near Pietermaritzburg, is part of the Natal Tanning Extract, a member of the Anglo American Industrial Corporation.

When POST asked the company's chairman, Mr Chris Griffith, about the workers' allegations, he told us: "There are both inaccuracies and misinterpretations in your telex."

He "suggested" that we submit our draft article to him so that he could check the information it contained - "thereby avoiding a one-sided story."

We asked for answers to our questions and refused that he edit our story.

The workers alleged:

- They are paid R1.85 a day-to load a quota of logs on lorries, and if they fail to make the quota the amount drops R1.60 a day.
- They alleged that their pay varies between R29 and R41 a month.
- (Estimated at a generous 27 working days a month, R1.85 a day works out to R40.85 a month).
- The handful of women working at the plantation are paid R1.00 a day. They get this amount only on meeting their quota of work.
- They get rations of meat, mealie meal, sugar and bread every Monday. But they have to use most of these up early in the week because they have no fridges.
- There are three communal taps for the "compound", which has just over 300 people. The water from one of these taps - drawn from a nearby dam - is muddy. Every time they wash white stuff in it, the stuff turns red.
- They use communal pit toilets.
- They work Saturdays too, except for one Saturday a month when they are allowed to go shopping.

NTE is the second Anglo American Industrial Corporation company refusing to answer allegations from workers.

Last month we published a story on De Hoek Sawmills, where some women alleged they earned R28 a month and men a minimum of R32 a month.

The de Hoek personnel manager, Mr Mike Markey, refused to answer our questions, alleging that we had got our information from an employee or a former employee.

The de Hoek plantations are in the Northern Transvaal.

When we visited the NTE plantation in Hilton, we were turned away by an induna and a watchman, who threatened to arrest us.

People tried to talk to at the "compound" said they would get into trouble if they spoke to us without the permission of the induna. A white man on the plantation also turned down our request that we go to the compound.

Workers who felt strongly about their "low wages" followed us out to tell us about the plantation.

The "single" men are housed one or two to a
No drop in SA shoe prices

 Pretoria Bureau

 A DROPPING of up to 40% in the prices manufacturers pay for tanned leather from tanneries will not mean cheaper shoes for South Africans, according to Mr Geoff Everingham, chairman of the Footwear Manufacturers' Association.

 Mr Everingham said in an interview that the public would not benefit from the drop as it had been offset by increases in other prices in the shoe industry.

 A wage increase of 20.5% for the 20 000 workers in the industry in January will be followed by another of 25.5% next month,

 "Materials constitute only 40% of the price of shoes. The majority of shoes in South Africa are made from synthetic materials which are continually rising in price," Mr Everingham said.

 Farmers, meanwhile, are being paid up to 80% less for their raw hides and some are saying it is no longer worthwhile selling their animals' skins.

 The slump follows the giddy prices paid for raw hides last year after panic buying by Japan and the Soviet Union when the United States and South American countries halted exports.

 Prices paid locally for raw hides were also affected when Italy, South Africa's traditional market for raw hides, closed down hundreds of tanneries in the Genoa, Verona and Pisa areas because they were polluting local rivers.

 The surplus was aggravated when the Russians, traditional importers of tanned Italian skins, became exporters after a drought destroyed cattle feed and herds had to be culled.

 Other reasons for the high price of shoes given by people in the leather industry are:

 • About 56% of South African hides are exported.
 • A 60% mark-up on shoes between the manufacturer and retailer.
 • The 80-100% mark-up between the retailer and the consumer.
 • Allegations by tanners of a monopoly situation in the curing and making business where three companies dominate the market.
 • A volatile international hide market, which South Africa must follow.
 • The low quality of South African skins, which bear blemishes from disease, barbed wire, thorns, ticks and brand marks.
 • European animals are fattened and do not have these problems.
Every candidate must enter in column (1) the number of each question answered (in the order in which it has been answered); leave columns (2) and (3) blank.

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**WARNING**

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are not to communicate with other candidates or with any person except the invigilator.

2. No part of an answer book must be torn out.

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

4. The candidate who, according to the papers before his/ her choice, receives two or more passes of the examination shall be disqualified and to possible exclusion from the University.

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The case of the coloured tacks:

Leatherworkers' Union's R27 000 court claim

The National Mercury, Thursday, August 7, 1980

[Handwritten note: 190]
Leather prices plummet

By Tom Hood

LEATHER prices are now about half what they were a year ago after a collapse in raw hide prices on world markets; according to tanners.

But this has made little impact on shop prices of leather shoes.

One large manufacturer who did lower prices said: 'This reduction was soon offset by higher costs of wages and other materials so that shoe prices have really remained the same.'

From a peak of R2.25c a kg 16 months ago, prices of raw hide plummeted to 85c in June.

TAILED OFF

Demand for leather tailed off with a big drop in shoe buying by depression-hit United States and Western European countries as well as a glut of hides overseas.

The South African hide price was given an extra knock by heavy slaughtering of stock during the drought and a surplus of hides on the local market.

But prices are rising sharply again as killings have dropped below normal levels and the booming South African economy has boosted demand for leather.

Local prices have jumped more than 60 percent to 65c a kg in less than two months. United States prices are also moving up again.

'Fluctuations are disturbing,' says Mr Chris du Bruyn, managing director of Western Tanning. 'At the moment hide prices are too high because of a local shortage and reduction in the kill. But this is purely a local phenomenon.'

WELL UP

Footwear factories estimate their output is now around 20 percent higher than a year ago.

Official figures show the industry's production of 16-million pairs in the first four months of the year is 1-million more than in the same period of 1973.

Mr A. G. Everingham, director of the Footwear Manufacturers Federation, says this year's production will be well up on last year's 56-million pairs.

Exports last year doubled in value to R10-million, while imports were fairly static at 10.6-million pairs but up in value to R22.2-million from R22.2-million.
Family moves tannery

Finance Reporter

AN Italian family is gradually moving its tannery to Shongweni. The Michele family, and sons, Riccardo and Giordano— are processing about 10,000 sheep and goat hides a month, mostly for garments and linings, with a target of between 26,000 and 30,000 a month when building is complete.

Comparatively small in output, Shongweni Leathers' high-quality vegetable tanned hides should find a specialist niche, says Mr G C Birch, Publicity Committee chair. And using sheep and goat hides, they may not have as much competition for raw materials. Most tanneries concentrate on chrome tanned cattle hides.
Frame denies union claim

Own Correspondent

DURBAN. - The giant Frame group has flatly denied an allegation by the unregistered South African Allied Workers' Union that a worker at one of its subsidiaries, Natal Canvas, has been fired for refusing to join a registered union.

The Frame Group's joint managing director, Mr Selwyn Lurie, said on Wednesday: "It is certainly not our policy to force workers to join unions. We have never heard of the SAAWU and we know of no trouble at Natal Canvas. We do not even know of any dismissal there."

The SAAWU's general secretary, Mr Samuel Klitzkin, claims that the chairman of a SAAWU committee at Natal Canvas was fired for refusing to join a registered leather workers' union which recently opened its doors to black workers.

He said workers had been told to join this union or be fired. He also claimed that a similar incident had occurred at a Natal printing works where workers had resigned after being told to join a registered union or be fired.

Mr Lurie said he knew of no incident at Natal Canvas. He said the 300 odd black workers at the plant were all registered union members, but added: "We are employers - why should we force workers to belong to a trade union which is on the other side of the bargaining table?"

A clause in the industrial agreement governing the leather and footwear industry says that employers must show "preferential treatment" to members of the registered union. However, Mr Lurie said the company had not understood this to mean that workers could be forced to join.

"Membership of the union is entirely voluntary, and this entire story is total nonsense."
JOHANNESBURG — Three companies in South Africa had a virtual stranglehold on the supply of hides to the tanning industry, the Eloff Commission of Inquiry into the meat industry was told yesterday.

This meant that with the existing marketing system the tanning industry — as the single biggest user of hides in the country — was relegated to the status of "poor relation".

The president of the South African Tanners Association, Mr. G. C. de Bruin, made an impassioned plea to the commission to consider the plight of the tanners when formulating a new marketing policy for hides and skins.

He said the tanning industry could be manipulated at will with the existing "monopoly" in the hides and skin industry.

Asked about the existence of a monopoly in the trade, Mr. De Bruin said it was not a monopoly situation where one company controlled raw materials.

"In our case it is three companies, Vleesentral, Karroo and ICS (Transvaal Hides and Skins), which, through curing and a system of brokers, control the hide and skin industry in this country.

"There is no competition between them because they have designated brokers and agents who supply only tied companies.

"If a tanner needs hides there are only three people we can call.

"If they don't want to sell to a particular tanner, there is nothing to stop them from doing so, or selling to a shipper, or keeping their skins."

Pressed on whether he knew of co-operation among the three companies, Mr. De Bruin said that was information he did not have.

He had been told there was a certain amount of competition among the three companies in the meat industry, such as the selling of meat products.

Because of the seriousness of the situation in the tanning industry, the tanning association had written a letter to the Deputy Minister of Finance, Mr. Danie Steyn, urging him to place immediately a temporary embargo on the export of hides.

He suggested a marketing system which would make enough hides and skins available to the industry at a price comparable with the going price for skins on the world market. — SAPA.
LEATHER

Stepping out

SA raw hide prices are higher than the world price, yet local demand for leather goods, particularly footwear, is growing. SA hide prices are ahead because of a reduced kill in SA and anomalies in the hide marketing system (the subject of a current enquiry). Nevertheless, the latest figures of the Leather Industries Research Institute (Liri) in Port Elizabeth, show a 14% rise in 1980 of the number of pairs of shoes, boots and other footwear manufactured in SA.

In 1979 50.1m pairs were made while in 1980 production was stepped up to just under 57m.

The total value is not given because of price fluctuations but, taking into account the price of finished leather goods, it is possible to estimate the value of the leather footwear industry at more than R600m annually.

Says Chris de Bruin, president of the SA Tanners Association: "The demand for leather is definitely there. It is often assumed that synthetic products are cheaper. This is not the case, especially for those synthetics based on petrochemicals."

He notes that the price of leather ranges from 600c-1600c/30 cm depending on the quality of skins and hides.

SA tanners sold a total of 3.7m m² of cured and treated upper leather to manufacturing industries in SA last year — the highest proportion to the footwear industry. This figure, which reflects both local and export markets, is 43% up on the previous year.

The upper end of the footwear market still constitutes a relatively high percentage of the total value of footwear sales, with footwear imports increasing annually.

In the four years, from 1977 to 1980, footwear imports rose from 9.6m to 13m pairs. Most imports — 3.5m pairs — came in between 1979 and last year.

The trend can be attributed to SA's trade links with Taiwan — just look in any shoe store.

In 1923, 7,626 persons (i.e. 1 in 1,000) were known to be mentally disordered. By 1976, there were more than 38,000 of such people, i.e. 1 per 670 population.

(Graph 1: See pg. 6a)

At the turn of the century, eight mental hospitals were in operation. More than 20 state hospitals, and more than 20 other institutions were housing patients in 1976. The expansion of accommodation facilities in state hospitals is reflected in the graph below. Also reflected is the expansion of the resident inpatient population of state hospitals.

(Graph 2: See pg. 6a)

The resident inpatient population at state hospitals grew at a steady rate until 1970. The bed capacity expanded at a staggered rate, determined by a less regular development of new hospitals and extensions to those already in existence.

4. x Incomplete - figures unavailable. xx Incomplete - figures from Poleko Sanatorium and Thaba-mopo Hospital unavailable. xxx No figures available - these institutions are unlikely to employ any full-time psychiatrists or medical officers.

5. The category of "KNOWN MENTALLY DISORDERED" is taken from the successive annual reports of respective commissioners for mental hygiene. This category was dropped after 1970. The figure for 1976 corresponds to the number of patients who were known to be receiving treatment at category 1 institutions. It does not take into account the number of mentally disordered persons not requiring hospital admission or special care, and is therefore a gross under-estimation.

6a/...
A PMM TESTIMONY

By Fred Hammer

East Cape firm building

R3M Tammany at Harmsworth
New tannery at Dimbaza

ZWELITSHA — A small tannery, which will create 56 employment opportunities, is to be built at Dimbaza by Mlesane Enterprises, a non-profit making organisation run by the Dutch Reformed Church.

The vice-chairman of Barclays Bank, Mr Philip Scoeles, yesterday presented a cheque of R20,000 to Chief Minister Lennox Sebe for the building of the tannery.

Leather from the tannery will be supplied to a leather safety products factory in Dimbaza which is a subsidiary of Mlesane Enterprises. At present 200 people, some of whom are blind or disabled, are employed at the factory.

After accepting the donation on behalf of Mlesane Enterprises, Chief Sebe said the Dutch Reformed Church had found a formula to assist with the unemployment problems of the Ciskei.

He was particularly pleased that the church employed disabled and blind people as this assisted the Department of Health, Chief Sebe said.

"It is an unpardonable sin to merely give money to these people (the blind and the disabled)," the Chief Minister said.

"Disabled people must contribute for what they get. They must be given the opportunity to know that they are actually contributing something to the country."

The government should subsidise non-profitmaking enterprises so that disabled people could be given work opportunities, Chief Sebe said.

The Reverend O. A. Cloete, of Mlesane Enterprises, said the industry had been unable to acquire sufficient leather to feed the leather safety products factory, and this was why a tannery would be built.

At full production the company could manufacture over 2,000 gloves — the main commodity — a day, if it could get enough leather. It required 3,000 hides a month.

In 1978, a small finishing plant had been built at Dimbaza to supplement the leather supply, but this had been unable to keep up with demand, he said.

Leather had been obtained from a King William’s Town tannery in the past, but was not the correct grade needed for safety leather products.

Mr Cloete emphasised that the money received was a donation to the mother company which would channel the funds to the subsidiary in the form of a loan. Interest and dividends received from the loan would be reinvested to create more job opportunities.

Tracing the history of Mlesane Enterprises, Mr Cloete said it was established in 1976.

Mr Scoeles said he had been impressed with the project. The turnover of more than R1 million a year showed the project was indeed a business and not a charity, he said. — DDR.
Labour Reporter

About 100 workers at the Uitenhage motor components firm, Motoravia, went on strike yesterday over wage demands and union recognition.

A spokesman for the Fontein-affiliated Transport and General Workers Union said the union had a majority representation at the plant. Workers also demanded better wages, he said.

The SA Bottling Company plant in nearby Port Elizabeth continued today to face a new workforce after the dismissal last week of about 250 workers.

A worker delegation was expected to meet management at Johnson Tiles in Observatory after dismissal of about 600 workers earlier this month.

A union spokesman said workers hoped to return to work tomorrow if the dismissed employees were taken on again.

About 1,000 black employees of the Natal Tanning Extract Company at Middelburg were on strike today over proposed pension legislation.

And in Maritzburg, 130 Nutellite Aluminium workers struck for some hours yesterday, also over the pension issue.
Labour Reporter

Workers are slowly returning to the Natal Tanning Extract Company in Melmoth where about 800 workers went on strike yesterday. But most strikers were still out.

The company's managing director, Mr Bill Zeller, said issues about working conditions had been "ironed out," but excessive wage demands were unacceptable.

About 100 drivers at the Motorlux car component firm in Uitenhage continued their strike today over pay and union recognition. A meeting with management is expected today.

At the Johnson Tiles factory at Oliefontein, where hundreds were dismissed after a strike, workers queued for jobs today.
Workers refuse to join Labour Roster | United, mass strike on 26th of March...
Striking workers arrested in East Cape

Labour Reporter

Production stopped yesterday morning at Hailets Aluminium plant in Messina when about 200 early-shift workers downed tools.

The workers, who were demanding that management pay them out their pension contributions, stayed on the premises.

Officials of the Foatsu-affiliated Metal and Allied Workers' Union went to the factory to discuss the dispute with the workers.

Hailets Aluminium was also hit by a work stoppage over pensions on Monday when 80 workers resigned to receive their contributions. Later they were joined by another 120 workers.

Four Hailets sugar mills in Natal as well as Hailets Refinery near Durban, were hit by pension unrest earlier this month.

About 300 workers at Natal Tanning in Melmoth started returning to work yesterday after striking last Friday over wage demands. Several were charged by police and later fined for conducting an illegal meeting.

In the Motorvza dispute at Uitenhage officials of the Foatsu-affiliated Transport and General Workers' Union talked to about 100 drivers about their grievances.

And, yesterday, in Port Elizabeth at least 18 workers were detained by Security Police, apparently for "intimidating" other workers.

Police confirmed the arrest of Mr Thembu Duru, an organiser of the Mazor Assembly - Components Workers' Union, in connection with recent strikes at two Post Office branches and the SAA Leasing Company.

A strike by about 300 workers at Imperial Cold Storage, Addo, over wage demands was also reported yesterday.

At Johnson Tiles in Dolphins Point, former workers started streaming back to the plant on Thursday afternoon to re-apply for their old jobs after a strike on October 8 over union recognition.

A company spokesman said many of the 260 workers were taken on again but some were not because vacancies had already been filled by newly recruited labour.

Mr J Joubert, Personnel manager at Johnson Tiles, said the firm was not anti-union but would deal only with unions that were representative of the workforce.
Several countrywide wage disputes were resolved yesterday.

At Federated Timbers in Witbank 215 workers returned to their jobs.

They had sought an increase in the minimum wage implemented at the beginning of the month which amounted to a 23 percent increase, according to a company spokesman.

At Imperial Cold Storage in Addo 350 workers settled for an 80c an hour wage agreement they originally asked for R1.

About 100 drivers at the Motoria firm in Uitenhage agreed yesterday afternoon to return to work after management expressed its willingness to discuss wage demands with the Fedac-affiliated Transport and General Workers Union next week.

At Natal Tanning in Molmoth most of the 500 workers at the agricultural estate returned to work while management expected a return of the 350 workers at the factory itself.
Second cable plant hit by strike

Post Reporter

WORKERS at the second Aberdare Cable plant in Port Elizabeth walked out yesterday, and the entire black workforce at African Hide Trading Corporation in Deal Forty downed tools in an attempt to have their union recognised.

About 400 workers at the Aberdare Cable plant in Markman Township went on strike last week because they felt a colleague had been unfairly dismissed.

At meetings, they resolved not to return until the dismissed man, a Mr Dana, was reinstated.

The company's management delivered an ultimatum that striking workers would be regarded as having dismissed themselves if they did not return to work last Thursday. The strikers ignored the ultimatum.

Yesterday workers at the Aberdare Cable plant in Stanford Road joined the strike.

The company's group personnel manager, Mr Derrick Goldenhuy, said yesterday that workers who wished to return were being re-employed.

The entire black workforce of about 150 at African Hide Trading Corporation walked out yesterday after the company refused to recognise the General Workers' Union of South Africa (Gwusa).

A Gwusa official said today members of the workers' committee had told him the company had said it would not recognise Gwusa, and encouraged the workers to join another union operating in the leather industry.

The official did not know which union it was.

The striking workers had resolved not to return until the company recognised Gwusa. Management spokesmen were not available for comment.
Striking workers reject sacking

STRIKING workers at African Hide Trading Corporation who were reported to have been sacked yesterday, have refused to accept their dismissal.

The entire workforce of more than 100 downed tools on Monday in an attempt to have their union recognised.

The company has refused to recognise the unregistered General Workers' Union of South Africa (Gwusa), and a union official and management had encouraged the workers to join another trade union operating in the leather industry.

The company's managing director, Mr O'R Townesley, could not be contacted for comment today as he was at a meeting.

Meanwhile, re-employment of striking workers at Aberdare Cables and the recruitment of additional employees to fill vacancies, was continuing today.

Workers at the company's plant in Markman Township went on strike last week after what they termed the "unfair" dismissal of a colleague.

They resolved not to return until the dismissed man was reinstated.

On Monday, workers at the Stanford Road plant walked out in solidarity with their striking colleagues.

Management delivered an ultimatum that striking workers who had not returned by last Thursday would have dismissed themselves.
Strikers' condition for return to work

STRIKING workers at African Hide Trading Corporation have resolved not to return unless the company recognises the General Workers' Union of South Africa.

A union official said he did not know whether the company intended reinstating or re-employing the 120 workers who went on strike on Monday in a bid to get Gwusa recognised. They are considered to have dismissed themselves.

The managing director, Mr O R Townsley, could not be reached for comment today.

The hiring of employees to fill vacancies at Aberdare Cables, and the re-employment of strikers wanting to return, continued today.

Workers struck after a colleague had been dismissed.
MANUFACTURING - LEATHER PRODUCTS

1982 - 1986
Leather union's farewell to its secretary

Post Reporter

AFTER 26 years in the National Union of Leather Workers, the union's retiring general secretary, Mr Frikkie J J Jordan, attended his last SA Federation of Leather Trade Unions annual conference in Port Elizabeth today.

In an interview, he said his father established the union in 1925, when trade unionism was equated with "bolshievism" and unionists were victimised, often being sacked.

Life for unionists changed when South African shoe manufacturers began employing British managers who accepted the need for trade unions.

When he was 19 or 20, Mr Jordan attended a general meeting of the union and, to his surprise, was elected an office-bearer.

He became the general secretary in 1962 and the director/general secretary in 1978.

Resolutions passed at the two-day SA Federation of Leather Trade Unions conference included one resolving that the Employers' Federation be approached to pay wage increases agreed upon in the Industrial Council before the new rates were published in the Government Gazette.

In an attempt to do away with salary discrimination on the basis of sex, the conference resolved that the issue be referred to the national executive for investigation.

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Clothes prices set to rise

Financial Editor

CLOTHING prices must rise because of wage increases, electricity and rail rates and clothing manufacturers face a gloomy year. Mr Hugh Yorke-Mitchell, president of the National Clothing Federation, said in Durban yesterday.

The cost of the raw material is rising, domestic markets are sagging and export markets are losing their competitive edge.

The Stellenbosch economists expect the clothing sector to fall by four percent in real terms next year while the whole economy will record a negative 0.9 percent growth rate. Mr Yorke-Mitchell said.

He felt that the answer lay in a long-term export programme. But with British clothing inflation only rising by one percent in each of the past two years, it would be difficult to remain competitive.

This compared with a ten percent rate in South Africa.

He said manufacturers could not look to import control to keep out cheap imports.

The major problem was textile costs—about 50 percent for clothing companies. Textile companies had done very well in the past few years. But with orders falling and the need to export, the textile manufacturers would have to reduce their prices to encourage business.

He called on the Government to give a dispensation for goods that would be exported.

The Government was moving towards a much more open market. The textile sector could not hope for greater import control and duties, rather less.

‘Our industry is going to have great difficulty in maintaining turnover in real terms in 1983 and we will not be in a position to pay higher prices for our inputs.’

He went on to criticise the textile industry which had applied for massive new duties on woven and knitted textiles and without waiting for the results was asking for ‘even higher duties’ on corduroy and georgette (which is not made in South Africa) and the withdrawal of rebates on woollen tweeds where supplies and service are minimal.

He warned that if duties were increased local prices of fabrics would rise because of the oligopolistic nature of the textile industry and in the current climate clothing manufacturers were not able to pass on the increases.

There was a ‘dreadful muddle with textile deliveries’—this was understandable in the hectic period of 1980 but now business had levelled off and the problem persisted.

Clothing manufacturers had found it better to import material to ensure their deliveries to retailers who were becoming increasingly critical of delays and ‘only too ready to cancel where sales are under downward pressure.’

Textile manufacturers were criticised for diversifying into materials like corduroy which only had a short winter season.

‘Most of the investment will be tied up in stocks and this will cost a lot in interest charges.’

If the tweed rebate is withdrawn another small winter fabric plant is likely ‘which cannot be economic.’

Mr Yorke-Mitchell said that the call to the textile sector was ‘greater reliability, not higher prices.’
LOCAL users of electrical and electronic instruments for the process control industry could be faced with a massive R10-million price hike, writes Hugh Poulter.

A Cape company has applied for a 20% ad valorem duty to be applied to all items listed under tariff heading 90.28, which are presently free of import duty.

Representatives of the major control instrumentation manufacturers and suppliers met in Johannesburg recently to discuss the application.

Waly Feldon, technical director of AFH Devers said the control instrumentation market in SA was conservatively estimated to be worth R50-million.

"If the application is successful, and the 20% tariff is applied, local users of this type of equipment will have to pay an additional R10-million a year," said Feldon.

"There is no dumping problem in the control instrumentation industry in this country."

"Feldon said that the Salt River-based company, Rhomberg Electronics, which has applied for the tariff has minor share of the control instrumentation market."
Tannery cuts staff

KING WILLIAM'S TOWN — One of the town's oldest industries, the King Tanning Company, has reduced its workforce by 102 black and three white employees in a redundancy programme.

The senior managing director of the company, Mr. Stewart Dorrington, said the 105 employees had left the company since August and had not been replaced.

Mr. Dorrington said the tanning factory had been working a four-day week during the past "tough six months".

He said there were no immediate plans to lay off staff.

"One of the last things we would do is lay off staff because, after all, they are our company.

"It would have to be a desperate measure." — DDR
Union clinches major deals with firms

THREE Trade Unions Council of South Africa (Tuca) affiliates recently negotiated substantial wage increases for their members and concluded satisfactory new agreements with management.

The three unions whose members are said to be enjoying record wage increases are the Garment Workers of South Africa, the National Union of Wine, Spirit and Allied Workers and the South African Leather Trade Unions, according to Tuca's official journal the Labour Mirror.

The Garment Workers' achievements in the talks were:
- Substantial wage hikes across the board;
- The abolition of sex discrimination in wages;
- Employers agreeing to match workers' contribution to the provident fund;
- A higher attendance bonus;
- An increase in the number of paid public holidays; and
- A meal allowance for those working later than 6 pm.

Wage increases totaling as much as 87.9 percent are being paid over the next 14 months.

The overall rise given to wine workers is 25 percent—more for their pays, they were 15 percent in April and 10 percent will be payable from October 8. Both increases are based on actual wages paid and not on minimum wages.

The wine workers' agreement includes:
- Hours of work have been reduced from 46 to 45 per week;
- The annual bonus has been increased from three weeks' wages to four weeks' wages;
- Workers who work overtime later than 6 pm will be provided with a meal or a meal allowance of one rand and
- Sick leave has been increased to 12 working days over a three year cycle.

PARK: Textile worker Ms Veronica Ndlovu, at the Orlando West Industrial Park.
LEATHER INDUSTRY

Legal battle

The National Union of Textile Workers (NUTW), which is attempting to obtain a foothold in the Natal leather industry, has encountered fierce resistance from a Maritzburg shoe manufacturer, Jaguar Shoes.

The conflict has developed into a complex legal battle and is one of the few instances in which a company has brought an unfair labour practice charge against a union.

NUTW, an affiliate of the Federation of SA Trâde Unions, approached Jaguar Shoes for recognition in May claiming it had organised the majority of its workforce at two factories — Jaguar Shoes and Reva Shoes.

At a meeting on May 14, Jaguar, which recognises the National Union of Leather-workers, agreed in principle to recognise NUTW with the proviso that it should be recorded in a written agreement.

Jaguar undertook to prepare and submit a draft agreement to NUTW. However, the union claims the company failed to submit the promised draft despite several requests that it do so. As a result NUTW referred the dispute to the Industrial Council for the Leather Industry in June.

Soon afterwards Jaguar sent a draft recognition agreement to NUTW. The union responded by arranging a meeting for July 2 to settle the dispute which had been referred to the industrial council and to discuss the draft agreement. Numerous hitches held up the recognition negotiations and disputes arose over the union's claim that management had agreed to grant it stop order facilities and access to the factories.

From the union side matters came to a head when its members decided to institute a ban on overtime work on Saturdays to pressure Jaguar to recognise NUTW. The union conducted a ballot on August 27 in which 650 of 677 workers voted in favour of an overtime ban. NUTW claimed that the overtime ban was a form of a legal strike because the industrial council had not settled the recognition dispute that had been referred to it.

The union also claimed that the overtime Jaguar was expecting its workers to work contravened the overtime limits laid down in the Basic Conditions of Employment Act.

The dismissal and threatened dismissal of workers who refused overtime work constituted a lock-out and that the lock-out was illegal because Jaguar had not referred the dispute about working overtime to the industrial council.

Anglovaal chairman Basil Horsov in his annual report:

The increasing urbanisation of the SA population continues to constitute a major factor in the planning of the future of the country. This is a matter of particular concern to the private sector because of the close connection between urbanisation and economic growth. Urbanisation is an inevitable and irreversible process, requiring carefully considered initiatives rather than futile and expensive attempts to counter its progress. Urbanisation must be accepted and converted into a positive element in our situation. This would not only help to stimulate the country's economic growth, but, by encouraging formal and informal sector businesses, would help to relieve unemployment.

Several private sector leaders have recently called for joint private sector, public sector and community involvement in formulating a national urbanisation strategy. It cannot be emphasised too strongly that the current concentration on only one element, namely the control over the movements of people, remains a politically facile and dangerous response.

It is clear from our own experience and that of other countries that large-scale forcible relocation of people should not and cannot form part of a long-term response to urbanisation. Accordingly, government's continued use of removal in the pursuit of certain ideological patterns of resettlement is unacceptable from the point of view of the private sector at large, and strenuous representations in this regard have been made by a variety of private sector sources.
Tanning industry’s fate ‘in hands of Big Three meat marketers’

Mercenary Correspondent

Johannesburg – The fate of the hard-hit tanning industry is in the hands of South Africa’s Big Three meat marketers, who are, according to industry sources, manipulating the flow and prices of hides to tanneries.

These sources have been backed by Professor Eckhart Kassier of the Agricultural Economics Institute of the University of Stellenbosch.

The Big Three are Vleisentrail, Kanhyms and Imperial Cold Storage (ICS).

In a detailed report on the R500m hides and skins marketing industry, Prof. Kassier says tanners are being squeezed because:

- The Big Three have tied up nearly all the business in the platteland through their own agents.
- Prices are manipulated by brokers and curers, who take their cue from the Big Three.
- Tanners and shippers are being squeezed as they cannot buy quality hides and skins in S.A. without independent livestock suppliers.
- Curers and brokers have sole control of hides and skin disposal.

The 1961 Eloff Commission on the slaughter stock and meat industry said tanners, shippers, exporters, brokers and producers had complained that at many of the most important controlled areas abattoirs there were virtually no independent livestock agents: the so-called Big Three — Vleisentrail, Genkor-Karoo-Kanhyms, and Barlows-ICS — controlled nearly all the business in the platteland.

The Eloff Commission said the South African Tanners’ Association was largely supported by exporters represented by the South African Hide and Skin Shippers’ Association.

They claimed the present scheme meant that curers/brokers gained sole control and right of disposal of hides and skins.

Thus tanners and exporters are compelled to try to obtain hides and skins from curers/brokers by private negotiation, but have repeatedly found that as soon as there are indications that the market in hides and skins is set for a rise, curers/brokers hoard stocks and declare that no stocks are available.

They are not obliged to sell, and tanners and exporters found that even though curers/brokers may have stocks on hand, they declare for as long as four weeks running that they have no stocks for sales.

Offer price

Tanners and exporters also said that curers/brokers often asked for an offer price.

However, the tannery/exporter’s offer was rejected but the offer price was then used to persuade other potential buyers to offer even more for stocks and that their original offer came to naught.

This meant that tanners’ and exporters’ needs for hides and skins — cured, partly cured or green — could not be met on a secure and continuing basis.

There were also complaints about enormous fluctuations in the leather price and tanners and exporters advocated a refinement of the system of levies on imported leather.

One large tanner said that to August this year the import of footwear was double that of last year.

Another Eastern Cape independent tanner and trader said the present system did not favour free enterprise or the free market system.

Offal

‘It’s virtually just the Big Three. They have the advantage of being in the meat trade from the marketing of the animal to ownership of the offal, which includes hides and skins.

Professor Kassier says that auctions would benefit the primary producer of hides, that is the livestock farmer.

There is speculation among tanners that farmers are losing R500m a year because of the Big Three.”
wall. They are still waiting.

The South African subsidiary of the giant C & J Clark footwear company, based in the UK, was placed in voluntary liquidation in January 1985, owing more than R1m to about 20 creditors.

Clarks guaranteed to honour its debts and even arranged a payment schedule, put forward by the SA-based liquidator in late 1985. This schedule has now been dubbed "the never-never plan" by suppliers. It was agreed that 25% of the total owing would be paid in January 1986, with another 50% in June or July this year and the remaining 25% in December 1986.

But the January payment has not yet materialised.

Suppliers' shock

Suppliers, already struggling because of the depressed footwear trade, "are shocked that a company of the standing of Clarks has chosen to procrastinate in fulfilling its obligation," says an SA Tanners' Association spokesman.

Payment depended upon the sale of Clarks' SA property from which, the liquidator says, funds have been realised. A circular issued by the liquidator says discussions on payments are continuing, but that the matter has been delayed because of expense queries by the Master of the Supreme Court. Adequate funds are available, the circular emphasises, but it seems the original payment plan is doomed.

The circular suggests a new offer of compromise to be agreed by a majority of creditors. But the suppliers are sceptical. Says one: "We have received many gestures of this kind before."

The liquidators' reaction? None at this stage, except an unofficial comment that creditors are being unreasonable.
Clothing in tatters

By DICK USHER, Labour Reporter

CHEAP imports and the recession are wreaking havoc in the clothing industry and at least 4,000 jobs have been lost in the Western Cape in recent months.

In the leather and footwear industry about 3,000 jobs have been lost nationally for the same reasons.

And one major Cape clothing manufacturer is reported to be considering laying off about 1,000 workers as the recession bites deeper.

Mr Simon Jocum, chairman of the Cape Clothing Manufacturers’ Association, said today that a prime rate of 25 percent, an inflation rate of at least 15 percent and a weak rand were killing the industry.

Half the costs in the clothing industry were imports — of yarn and other items — which had to be paid for in dollars.

Mr Jocum also said the industry believed imports from Ciskei were finding their way to the local market.

“The Ciskei gets tremendous subsidies from the South African taxpayer to encourage employment there, but effectively it seems that we are subsidising Ciskei to put people out of work in urban areas,” he said.

Mr Bobby Jacobs, chairman of Tej which last week retrenched 45 monthly-paid staff and put 292 workers on short-time, said the knitwear industry was particularly vulnerable to cheap imports.

“And it doesn’t help that we have a Taiwan within our borders. Wages in border areas and homelands are much lower,” he said.

Mr Louis Peterson, general secretary of the Garment Workers’ Union, agreed that Ciskeian imports were affecting the South African industry, mainly at the cheaper end of the market.
Cheap imports, recession hitting clothing industry

CAPE TOWN—Cheap imports and the recession are wreaking havoc in the clothing industry and at least 4,000 people have been retrenched in the Western Cape in recent months.

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Vulnerable

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Mr Louis Peterson, general secretary of the Garment Workers' Union, agreed that Ciskeian imports were affecting the South African industry, mainly at the cheaper end of the market.

Mr Jocum said that although factors such as the exchange rate and inflation were pushing prices beyond people's capacity to pay, there was tremendous competition in the industry which was helping counteract this. — (Saps)
US firm lays off staff

A US company, General Motors, have been retrenched because of the recession and its impact on the motor vehicle market. A company's spokesman said about 280 hourly paid workers will be released during this week and 60 salaried employees would leave the company or take early retirement.

The company had made every effort to avoid the measures by implementing reduced working hours and intermittent plant closures.

He said: "However, the situation has continued to deteriorate and the company now has no alternative but to adjust salaried and hourly employment levels."

Payments

The company is also extending payments to its suppliers, from 30 days to 60 days.

"Due to the tightening of the economy and its impact on the vehicle market, we have advised all our suppliers that we will be extending payment terms," said Mr. Dave Sneeby, financial director of the company. Component manufacturers said the move was "normal practice."

A spokesman of the National Automobile and Allied Workers Union (NAWU), which represents the majority of hourly-paid workers at the company, was not available for comment.
LEATHER tanners’ share of the raw hide market is being forced down to unacceptable levels by aggressive buying by international hide merchants, according to Ulrich Hanni, president of the SA Tanners Association (Sata).

“What little we can get we are having to buy at price levels totally unrelated to the world market,” he says.

“We will end in the position we were in under the previous auction system some 16 to 20 years ago when tanners were just in no position to buy.”

Tanners feel that hide prices are now artificially high. This causes them insurmountable problems in a market where they must quote a fixed price for the whole season, says Hanni.

Sata figures show that the tanners share of controlled area hides in 1984 was 77%. During the 10 weeks immediately preceding the re-introduction of the auction system in May 1983, it was 83.7%. Immediately after this the share fell to 60%-65% and was down to 55% at the February 80 auction this year.

The average hide price in 1983 was 105,1c/kg; in 1984 179,9c/kg; in 1985 219,1c/kg and this week 240c/kg.

“This compares to what we adjudge the proper market-related price of about 215c/kg,” says Hanni.

“We have continuously been at the losing end and the industry is now becoming unprofitable.”

Sata recommends a two-tier auction system be introduced to ease the pressure on trade — with hides first put on auction for the tanners and the remainder put up for exporters.”
Local hides get tanning from rand

ALAN PEAT

THE secondary leather industry is being badly hit by the exchange rate. Prices of local hides are related to the international price. As the rand falls in value, the rand price goes up. The reverse is true for exports, where local hides are now increasingly in demand internationally.

"We are seeing more and more overseas buyers joining the locals at auctions," said Robert Feinblum, MD of United Fram Footwear.

"At the current rate of exchange, SA leather is a give-away and is going out of the country in container loads," said a spokesman for Richleigh Shoes.

This pleases the farmers, but the increase in the cost of local hides is hammering both the local tanning industry and shoemakers and is exacerbated by heavily reduced demand in SA.

"Continual cost increases of raw materials is one of the industry's biggest headaches," said Dennis Linde, director of the Footwear Manufacturers' Federation.

"And," added Rob Jordan of Jordan's Shoes, "we are obviously very alarmed by the increases we have had to sustain and pass on to buyers."

The link with the international price is likely to remain.

Said Ulrich Hanni, president of the South African Tanners Association: "There is a very strong farmers lobby here, so it is unlikely that any break with the international price will be made."

Said Barry Sinclair, financial director of Edworks: "Tanners and footwear manufacturers are now under threat as an industry, and retailers will be forced to go offshore for supplies again."
Big Jobs Drop in Footwear Industry

NEWS FOCUS

Mike Collins
New car prices set to soar soon

Motoring Editor

NEW car prices, up by 6 percent in the past month, are set to rise another 6 percent before the end of the year — and at least 25 percent next year.

That's according to industry leaders Toyota, Volkswagen and Samcor, which between them achieved more than half the new car sales in September.

Volkswagen's marketing director Clive Warri- low said: 'In theory you need 5 percent to 65 percent to recoup the exchange rate loss — and you need it tomorrow if it is to be passed on to the consumer between now and the end of the year. You have to remember that 50 percent of the value of the car is still imported.'

He emphasised that this applied to all manufacturers.

But it was a catch-22 situation: 'If you don't pass it on then you go broke; if you do pass it on then you sell fewer cars.'

Demand

Mr Warriow felt the blow would be softened by staggering the increases. Six percent now, then another 6 percent later in December, then 5 percent or so every two months next year.

He believed that in the short term the motorists would buy ahead and that in the next six months there would be 'quite some demand'.

The only light on the horizon is if the Govern- ment does something about personal tax and increases the individual's disposable income.

Toyota marketing director Brand Pretorius was perhaps the most optimis- tic of the spokesmen, maintaining that al- though pressures on the industry were enormous, the net increase to the consumer was still not that dramatic.

Increase

But Mr Pretorius warned that should the rand hover around the 80,40 mark there could be four or five increases in the next calendar year with each being around 5 percent.

On the brighter side, Mr Pretorius said the prime overdraft rate had dropped from a high of 25 percent to its present 17,25 percent and the hire purchase rate almost as much.

He said the minimum deposit was down to 10 percent and the repay- ment period up to 48 months. 'Should the exchange rate improve, obviously price increases will adjust accordingly.'

Samcor managing director Spencer Sterling agreed there would be a further increase this year, adding that next year prices could rise by 30 percent.

He suggested that in- creases would be phased in a more palatable form, such as 'one a month'.

But all three men believed the increases would result in a 'buying down' policy.

'It has started already. The light car market has increased from 45 percent to 60 percent of the total market and we believe the pattern will continue', said Mr Sterling.

See also Page 21.
Shoe makers' margins are ‘suicidal’

By Stan Kennedy

Footwear manufacturers are struggling to secure orders and, as a result, many of them are operating at margins which are "suicidal", says the director of the Footwear Manufacturers' Federation of SA, Mr Dennis Linde, in his 1985 report.

1986, he says, could well be a watershed period for the industry, which is currently operating with a labour force of 22,400, a drop of 6,600 since 1982.

"Against the background of 1985 and present experiences it seems unlikely that the industry will make a major recovery this year," he says.

"Although positive features such as spare capacity and lower interest rates are present, a lack of real disposable income and lack of confidence by consumers and manufacturers, coupled with a crippling tax burden, do not augur well for any significant improvement."

However, many retailers are predicting improvements this year, and under these circumstances, and with a further qualification that the rand stays at $0.45 to $0.50, Mr Linde expects production to improve by 5.5 percent.

In the first quarter of this year, production shows an increase of six percent but this is mainly because of manufacturers accepting lower margins in order to stay in business.

Production in 1985, at 54.6 million pairs, was 6.3 percent down on the 1984 figure of 58.3 million pairs.

Although the ladies’ sector showed a reasonable performance it in fact had a virtual zero growth in rand sales.

Average profit margins were 11.7 percent before interest and tax.

The mens’ sector was only a little better off, with profit margins of about 10 percent.

Major reason for the poor performance was cost increases in raw materials which could not be passed on to retailers.

Mr Linde says that should the 1985 experience of under-recovery of input costs be repeated this year, further profitability declines could be experienced, leading to the closing of more factories.

Imports declined by 42.5 percent to about 14.5 million pairs, which represents 22 percent of local footwear consumption.

But Mr Linde says this is still too high and he would like to see imports of not more than 10 percent of the local market.
Petrol drop: City bus fares to be cut

CITY TRAMWAYS has announced that it will drop its fares following the average 9.4 cents a litre cut in the petrol price announced by the Minister of Energy Affairs, Mr Danie Steyn, yesterday.

The cut in petrol prices will come into effect on Sunday, April 25.

And the Opposition transport spokesman, Mr John Malcomson, called on the Minister, Mr Hendrik Schoeman, to cut transport fares.

"If it is not done we may quit the bus fares of the government in its fight against inflation."

However, a South African Transport Services spokesman said SATS would not be reducing road transport tariffs and fares as it had a budgeted deficit of R160 million for the current financial year and an accumulated one of R110 million. The reduction might have effects on future price determinations, he said.

"Considerable pressure"

OR Tambo: Mr Gordon Hood has announced that the chain will immediately reduce the price of frozen chickens from an average of R0.90 a kg to R1.20 a kg for at least the next two weeks and will negotiate with suppliers of fruit, vegetables, meat and fish to reduce prices.

The managing director of Checkers, Mr Clive Well, said his company would "pass its petrol savings on to the consumer as soon as possible," and put "considerable pressure" on suppliers to do the same.

Park n Shop director Mr Alan Gardiner said he and the chain's buyers around the country were working to reduce the prices on products across the board.

In announcing the cut in the price of City Tramways clippards, the managing director, Mr Nic Cocks, said yesterday it should be remembered that the past two years the company adjusted its tariffs to take account of increased operating costs, excluding fuel-price increases, was in November 1996.

Clipper cut coming up to R3 will now equal R6.70 a week per clipper R1.20 a week per clipper, or R14.20 for R2.50 more than R5 and less than R8 will cost 30c less per week and clippards costing more than R8 will cost 60c less per week.

These announcements followed on the heels of appeals by both Mr Steyn and various consumer bodies, including the Union of Consumer Bodies and members of the Independent and Industry, for the petrol cut to be passed on in an effort to reduce inflation.

Mr Steyn, who announced the cut — the second in a month, said yesterday that "now has been done last time to bring down prices."

The cut could have been more a little, he said, but because of the instability of the crude oil price it was being pegged at about 52.

"Panic," according to the public relations officer, Mr Pat Bogesi, of the current government wants to cut transport fares. All fares in the public transport system must be cut by 10%,” he said.

The cut was met with widespread enthusiasm by industry and commerce.

"The general view was that it would stimulate the economy and contribute to reducing the inflation rate," Mr Brian Gool, the opposition spokesperson on energy, welcomed the cut as it "would help to reduce inflation and cut in this connection had been done in the budget."

The president of the South African Agricultural Union, Mr Koos Jansse, said it would effectively save the agricultural sector about R160 million a year, and that the move could only benefit the country’s “sick” economy.

Mr Nico Vorster, director of the National Association of Automobile Manufacturers of South Africa, said the savings made possible by the reduction should translate into increasing disposable income and generally boost demand for goods and services.

The chief executive of Associated, Mr Raymond Parson, said the intensity of competition would ensure that many businesses would translate the cut into consumer benefits.

The National president of the Homeware’s League of South Africa, Mrs Hay Hoozer, said: "I expect some reductions in commodities in the future as well."

The assistant director of the Motor Industries Federation, Mr Rod Hoozer, said the Cape Times that demand would now go back to stable at the current price by Monday.

The pump price of 66 octane will be reduced by R5 to R6 a litre, and 56 and 93 octane by R7 to R9 a litre.

Wholesale price

The variation is due to rounding off the wholesale price of 66 octane will be cut by six cents and the other octanes by nine cents.

The pump price of diesel will be cut by R3 cents a litre and for marine, government, trade and industrial uses it will be cut by eight cents a litre.

Agricultural diesel will be cut by 5.1 cents, public goods transport by R2.5 cents and bus transport by R3.5 cents.

Household paraffin is to be cut by R4 cents a litre and industrial paraffin by R10 cents.

Chis, the effect of the cut will be cut by 86 cents a litre, and industrial fuel by eight cents. - Staff Reporters, Political Affairs and Baps
CAPE TOWN — The salaries of Sats personnel are to be increased by 10 per cent from April and their 13th cheque bonus is to be restored, Mr Schoeman said yesterday.

Pensions would also be increased, by eight per cent, and the second phase of the department's programme to achieve pay parity between black and white employees would be implemented this year, he told Parliament during his budget speech.

Mr Schoeman said he would have liked to grant a higher pay increase but the economic situation and the financial position of Sats did not allow this.

The Federation of Transport Services Trade Union had expressed dissatisfaction with the 10 per cent increase and had claimed 15 per cent, Mr Schoeman said.

This demand could not be met but further talks would be held with the union as soon as possible.

No cost of living increases had been granted last year because of the slow recovery of the economy, Mr Schoeman said. Sats staff were "exceptionally loyal" and, despite difficult economic conditions, could always be called on to increase productivity and savings.

Sapa

 DISPATCH 3/2 96.
"werkgevers" enige of alle werkgevers in die Nyerwerd wat lede van die werkgeversorganisasie is; "Fonds" die Nuwe Pensioensfonds; "werkennem, graad 1" 'n werkennem, uitgesond en 'n vak leerling of vak leerling op proef, wat diamante slyp en/ of poler en/of saag.

4. BYDRAE TOT DIE NUWE PENSIENFONDS

1. Vervang die huidige klousule 4 met die volgende:
(1) Elke werkennem en kwalifiserende vrywillige lid moet elke maand 7 persent van sy verdienste tot die Fonds bydra en sy werkgever moet 'n gelyke bydrae maak.
(2) 'n Werkennem en sy werkgever en 'n kwalifiserende vrywillige lid en sy werkgever moet op sy verdienste ten opsigte van jaarlikse verlof bydra.

(3) Benewens die bydrae verskil: ingevolge subklousule (1) hiervan, moet die bydrae hiervan van 7 persent van die pro rata-verhouding waarop 'n werkennem of 'n kwalifiserende vrywillige lid sy verdienste afgetrek word. Die totale bydrae is dus die som van die bydrae van elke werkennem en werkgever.

(4) Bydrae wat in gevolge subklousules (1) en (2) van hierdie klousule gemaak moet word, moet maandeliks deur die werkgever van die werkennem of van die kwalifiserende vrywillige lid se verdienste afgetrek word. Die totale bydrae aldus afgetrek, sesante met die bedrag wat deur die werkgever betaalbaar is en alle bykomende bedrag tot die bydrae van subklousule (3) hiervan verskyn, moet voor of op die seweentste dag van die maand wat volg op die dag waarop die aftrekings betrekking het, sesante met 'n staat in die vorm wat die Raad van toestemming van voorvoorgedra, duur die werkgever aan die Nuwe Pensioensfonds, Posbus 8304, Johannesburg, gestuur word.

Op hiede die 30ste dag van April 1986 in Johannesburg onderteken.

T. G. DAVIDSON,
Nannie die Master Diamond Cutters' Association of South Africa genag-
tig.

R. RICH,
Nannie die South African Diamond Workers' Union genagstig.

D. WHITE,
Nannie die Nyerwerdtraad vir die Diamantstypenwereld van Suid-
Afrika genagstig.

No. R. 2073 26 September 1986
WET OP ARBEIDSVERHOUTINGE, 1956

LEERNYWERD, REPUBLIEK VAN SUID-
AFRIKA,—WYSIGING VAN AANVULLENDE SIEK-
TEYESFONDSFONDOOREENKOMS

Ek, Pieter Theunis Christiaan du Plessis, Minister van Mannekrag, verklaar hierby—
(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoutin-
ginge, 1956, dat die bepalings van die Ooreen-
koms (hiermekaar die Wysigingsooreenkomens genoem) wat in die Bydrae hiervan verskyn en betrekking het op die Ondermerning, Nyerwerd, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 April 1987 eindig, bindend is vir die werkgevers en werkennemers wat lede van genoemde organisasies of verenigings is; en
(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van die Wysigingsooreenkomens, uitgesonde-
deis vervat in klousule 1 (1) met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 April 1987 eindig, bindend is vir alle ander werkge-
wers en werkennemers as die genoem in paragraaf (a) van hierdie kennisgewing wat betrekking is by of in diens is in genoemde Ondermerning, Nyerwerd, Bedryf of Beroep in die gebiede in klousule 1 van die Wysigingsooreenkomens gespesifiseer.

P. T. C. DU PLESSIS,
Minister van Mannekrag.

"employer's" means any or all employers in the industry who are members of the employers' organisation; "Fond" means the New Pension Fund; "Grade 1 employer" means an employee, other than an apprentice or probational apprentice, who is engaged in cutting and/or polishing and/or sawing diamonds.

4. CONTRIBUTIONS TO THE NEW PENSION FUND

Substitute the following for the existing clause 4:
(1) Every employee and eligible voluntary member shall contribute every month 7 per cent of his earnings to the Fund, and his employer shall contribute and equal amount.
(2) An employee and his employer and an eligible voluntary member and his employer shall contribute on his earnings in respect of annual leave.
(3) In addition to the contributions due in terms of subclause (1) hereof, an amount of 7 per cent of the pro rata leave pay entitlement, due to an employee or an eligible voluntary member whose services terminate prior to the annual leave period, shall be deducted by the employer from such amount due. The employer shall add an equal amount to such amount deducted.
(4) The contribution to be made in terms of subclauses (1) and (2) of this clause shall be deducted monthly by the employer from the employee's or an eligible voluntary member's earnings. The total amount so deducted, together with the amount payable by the employer and any additional amounts due in terms of subclause (3) hereof, shall be forwarded by the employer to the New Pension Fund, P.O. Box 8304, Johannesburg, not later than the seventh day of the month following that to which the deductions relate, together with a statement in the form prescribed by the Council from time to time.

Signed at Johannesburg this 30th day of April 1986.

T. G. DAVIDSON,
Authorised on behalf of the Master Diamond Cutters' Association of South Africa.

R. RICH,
Authorised on behalf of the South African Diamond Workers' Union.

D. WHITE,
Authorised on behalf of the Industrial Council for the Diamond Cutting Industry of South Africa.

No. R. 2073 26 September 1986
LABOUR RELATIONS ACT, 1956

LEATHER INDUSTRY, REPUBLIC OF SOUTH
AFRICA,—AMENDMENT OF SUPPLEMENTARY
SICK BENEFIT FUND AGREEMENT

I, Pieter Theunis Christiaan du Plessis, Minister of Man-
power, hereby—
(a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 30 April 1987, upon the employers' organisations and the trade unions which entered into the Amending Agreement and upon the employers and employees who are members of the said organisations or unions; 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) shall be bind-
ing, with effect from the second Monday after the date of publication of this notice and for the period ending 30 April 1987, upon all employers and em-
ployees, other than those referred to in paragraph (a) of this notice, who are engaged or employed in the said Undertaking, Industry, trade or Occupation in the areas specified in clause 1 of the Amending Agreement.

P. T. C. DU PLESSIS,
Minister of Manpower.
BYLAE

NASIONALE NYWERHEIDSAAD VIR DIE LEERNYWERHEID VAN SUID-AFRIKA

AANVULLENDE SIEKTEBLYSTANDSFONDS

OORENKOMS

ooreenkomstig die Wet op Arbetsverhoudinge, 1956, gesluit deur en nagegaan tussen die—
(a) Midland and Border Leather Industry Manufacturers' Association;
(b) Western Cape Leather Industries Association;
(c) Transvaal Footwear, Tanning and Leather Trades Association;
(d) Natal Footwear, Tanning and General Leather Manufacturers' Association;
(e) Southern Cape Leather Industries Association;
(f) South African Tanning Employer's Organisation;
(g) South African Handbag Manufacturers' Association;
(b) Footwear Manufacturers' Federation of South Africa;

en
(l) Association of Transvaal Manufacturers of Luggage, Handbags and General Goods
(hierdie die "werkgewers" of die "werkgewersorganisasies" genoem),
daan die een kant, en die
(j) National Union of Leather Workers;

en
(k) Transvaal Leather and Allied Trades Industrial Union;
(hierdie die "werknerkers" of die "vakverenigings" genoem), aan die ander kant,
wat die partie is by die Nasionale Nywerheidsraad vir die Leer.nywerheid van Suid-Afrika,
on die Ooreenkoms vir die Aanvullende Siekteblystandsfonds, gepublisieer by Goewermentskennisgewing R. 1791 van 3 September 1982, teoes gewy-

1. TOEPASSINGSBESTEK VAN OORENKOMS

Hierdie Ooreenkoms moet in die Leer.nywerheid nagekome word—
(1) deur alle werkgewers en werknerkers wat lede van onderskeidelik die
werkgewersorganisasies en die vakverenigings is;
(2) in die Republiek van Suid-Afrika, uitgesonderd die hawe en neder-
sentig van Walvisbaai.

2. KLOUSULE 10.—BYSTAND

(1) Voeg die volgende nuwe subklausule (4) in:
"(4) Die Bestuursraad kan, na goedkeuring en by aanbieding van voldane
reklem, aan voormalige lede wat afgetree het of wat kragtens
die bepaling van die Voorverbondsooreenkoms ongewens geseënieer is
'n bedrag terugbetaal gelyk aan die voordele waarmee n lid gereg-
tig is."

(2) Herinner die bestaande subklausule (4) om te lei subklausule (5).
Hierdie Ooreenkoms is namens die partie op dehe die dag van Julie 1986 onderteken.

O. J. FOURIE,
Lid van die Raad.

D. J. F. LINDE,
Lid van die Raad.

L. M. VAN LOGGERENBERG,
Hoofsekretaris van die Raad.

No. R. 2083 26 September 1986
WET OP ARBIESVERHOLDINGE, 1956

SCHEDULE

NATIONAL INDUSTRIAL COUNCIL OF THE LEATHER INDUSTRY OF SOUTH AFRICA

SUPPLEMENTARY SICK BENEFIT FUND AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and
entered into by and between the—
(a) Midland and Border Leather Industry Manufacturers' Association;
(b) Western Cape Leather Industries Association;
(c) Transvaal Footwear, Tanning and Leather Trades Association;
(d) Natal Footwear, Tanning and General Leather Manufacturers' Association;
(e) Southern Cape Leather Industries Association;
(f) South African Tanning Employer's Organisation;
(g) South African Handbag Manufacturers' Association;
(b) Footwear Manufacturers' Federation of South Africa;

and
(l) Association of Transvaal Manufacturers of Luggage, Handbags and
General Goods
(hereinafter referred to as the "employers" or the "employers' organisations",
of the one part, and the
(j) National Union of Leather Workers;

and
(k) Transvaal Leather and Allied Trades Industrial Union;
(hereinafter referred to as the "employees" or the "trade unions"), of the other
part,
being the parties to the National Industrial Council of the Leather Industry
of South Africa,

to amend the Agreement for the Supplementary Sick Benefit Fund published
under Government Notice R. 1791 of 3 September 1982, as amended

1. SCOPE OF APPLICATION OF AGREEMENT

The terms of this Agreement shall be observed in the Leather Industry—
(1) by all employers and employees who are members of the employers' organisations
and trade unions respectively:
(2) in the Republic of South Africa, excluding the port and settlement of
Walvis Bay.

2. CLAUSE 10.—BENEFITS

(1) Insert the following new subclause (4):
"(4) The Board of Management may, at its discretion, and on production
of receipts accounts, refund to former members who have
retired or who have been certified incapacitated in terms of the
provisions of the Provident Fund Agreement, an amount equivalent
to the benefits which a member is entitled to."
(2) Amend the existing subclause (4) to read subclause (5).
Signed at Port Elizabeth, on behalf of the parties, this day of July 1986.

O. J. FOURIE,
Member of the Council.

D. J. F. LINDE,
Member of the Council.

L. M. VAN LOGGERENBERG,
General Secretary of the Council.

No. R. 2083
26 September 1986
LABOUR RELATIONS ACT, 1956

MEAT TRADE, EAST LONDON.—EXTENSION OF AGREEMENT

I. Pieter Theunis Christiaan du Plessis, Minister of Manpower, hereby in terms of section 48 (a) (i) of the Labour Relations Act, 1956, extend the periods fixed in Government Notice R. 2100 of 30 September 1982, by a further period ending 30 September 1983.

P. T. C. DU PLESSIS,
Minister of Manpower.
26 September 1986

WET OP ARBEIDSVERHoudINGE, 1956
VLEISBEDRYF, OOS-LONDEN.—WYSIGING VAN OOREENKOMS

Ee, Pieter Theunis Christiana du Plessis, Minister van Mannekrag, verklaar hierby—

(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepaalings van die Ooreenkom (hierna die Wysigingsooreenkom genoem) wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opschrift by hierdie kennisgewing vernemd, met ingang van 1 Oktober 1986 en vir die tydperk wat op 30 September 1989 eindig, bindend is vir die werkgewers en werkgeversasies en die vakvereniging wat die wysigingsooreenkom aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasie of vereniging is; en

(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepaalings van die Wysigingsooreenkom, uitgesonder dit vervat in klousule 1 (1) (b) en 10, met ingang van 1 Oktober 1986 en vir die tydperk wat op 30 September 1989 eindig, bindend is vir al ander werkgewers en werknemers as die genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in genoemde Onderneming, Nywerheid, Bedryf of Beroep in die gebiede in klousule 1 van die Wysigingsooreenkom gespesifiseer.

P. T. C. DU PLESSIS,
Minister van Mannekrag.

BYLAE
NYWERHIEDSRAAD VIR DIE VLEISBEDRYF,
OOS-LONDEN
OOREENKOMS

ingevolge die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tussen die
East London Meat Traders’ Association
(hierna die “werkgewers” of die “werkgeversorganisasie” genoem), aan die een kant, en die
East London Meat Trade Union
(hierna die “werkknemer” of die “vakvereniging” genoem), aan die ander kant,
wat die partye is by die Nywerhiedsrad vir die Vleisbedryf, Oos-Londen, om die Ooreenkom genoem te lyk by Goeovernmentkennisgewing R. 2100 van 30 September 1983.

1. TOEPASSINGSBESTEK
(1) Hierdie Ooreenkom moet nagekom word:
(a) in die landboustrakte Oos-Londen; en
(b) deur alle werkgewers wat lede van die werkgeversorganisasie is en in die Vleisbedryf is en deur alle werknemers wat lede van die vakvereniging is en in daardie Bedryf werkzaam is.
(2) Ondanks subklousule (1) is hierdie Ooreenkom van toepassing slegs op werknemers wie loon in klousule 4 van die Ooreenkom genoem deur Goeovernmentkennisgewing R. 2100 van 30 September 1983, voorgekry word.

2. KLOUSULE 3.—WOORDOMSKRYWING

(1) Voeg die volgende omskrywing na die omskrywing van “Wet”:
“kassier” is werkneem, uitgesonder ‘n klerk, wat in ‘n bedryfswetlikking in diens is om geld te ontvang en wat ook telefoonbestellings mag ontvang.”

(2) Voeg die volgende omskrywing na die omskrywing van “Raad”:
“Snaar” is werkneem, uitgesonder ‘n vleisregering, wat onder die toesig van ‘n gekwalifiseerde tekguns, vleis snay en voorberei vir verkoop;

(3) In die omskrywing van “algemene werker” voeg die volgende na item “O”:
“(p) en paar of bewerkte vleis mag snay;”

26 September 1986

LABOUR RELATIONS ACT, 1956
MEAT TRADE, EAST LONDON.—AMENDMENT OF AGREEMENT

I, Pieter Theunis 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 1 October 1986 and for the period ending 30 September 1989, 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 clauses 1 (1) (b) and 10, shall be binding, with effect from 1 October 1986 and for the period ending 30 September 1989, 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 MEAT TRADE,
EAST LONDON

AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the
East London Meat Traders’ Association
(hereinafter referred to as the “employers” or the “employers’ organisation”), of the one part, and the
East London Meat Trade Union
(hereinafter referred to as the “employees” or the “trade union”), of the other part,
being parties to the Industrial Council for the Meat Trade, East London,
to amend the Agreement published under Government Notice R. 2100 of 30 September 1983.

1. SCOPE OF APPLICATION
(1) The terms of this Agreement shall be observed:
(a) in the Magisterial District of East London; and
(b) by all employers who are members of the employers’ organisation and who are engaged in the Meat Trade, and by all employees who are members of the trade union and who are employed in that Trade.
(2) Notwithstanding the provisions of subclause (1), the terms of this Agreement shall apply only in respect of employers for whom wages are prescribed in clause 4 of the Agreement published under Government Notice R. 2100 of 30 September 1983.

2. CLAUSE 3.—DEFINITIONS

(1) Insert the following definition after the definition of “Act”:
“Cashier” means an employee, other than a clerical employee, who is engaged in an establishment in receiving cash from customers and who may receive telephone orders.”

(2) Insert the following definition after the definition of “Council”:
“Cutter” means an employee, other than a meat technician, who may, under the supervision of a qualified meat technician, cut and prepare meat for sale.”

(3) In the definition of “general worker” insert the following after item “(a)”:
“(p) and who may slice cooked and/or processed meat.”
(4)Vervang de omkapsel van "uurloon" deur die volgende:
"(a) die dagloon, gedeel deur agt, vir werknemers vir wie lone in klasosule 4 (c) voorgestyk word;
(b) die werkelon, gedeel deur 46, vir werknemers vir wie lone in klasosule 4 (a), (b), (f), (g) en (h) voorgestyk word;
(c) die werkelon, gedeel deur 24, vir werknemers vir wie lone in klasosule 4 (1) (f) voorgestyk word;
(d) die maandloon, gedeel deur —
(i) 200, vir werknemers vir wie lone in klasosule 4 (d) en (e) voorgestyk word;
(ii) 130, vir werknemers vir wie lone in klasosule 4 (1) (i) voorgestyk word;".

(5)Vervang die omkapsel van "deeltydse werknemer" deur die volgende:
"deeltydse werknemer" is "n werknemer wat as sodanig hoogstens 30
gewone ure in 'n week by dieselfde werkgever in diens is;".

Vervang die omkapsel van "winkelhulp" deur die volgende:
"winkelhulp" is "n werknemer wat onder toestig van 'n gekwalifieerde
vleesgetui nie verskaf wat voornamlik opgevoed en geprys is en wat ook die werk in 'n algemene werker kan verrig;".

(7) Skrap die omkapsel van "livendewage" en "vleesgetui ne as assistent".

3. KLASOULE 4—BESOLDIGING
Vervang klasosule 4 deur die volgende:
"Geen laer besoldiging as die volgende mag deur 'n werkgever betaal en deur 'n werknemer aanvaar word nie:
Per week R
(a) Bestuurder…………………………………………………………………………………………………….. 228,50
Winkelhulpsers…………………………………………………………………………………………………….. 172,50
Vleesgetui, beskawer van vleesprodukte en/of spekboverder, gekwalifieer…………………………………….. 207,00
(b) Winkelhulpsers, beskawer van vleesprodukte en/of spekboverder, ongekwalifieer:
gedurende eerste jaar ondervinding……………………………………………………………………………….. 127,50
gedurende tweede jaar ondervinding……………………………………………………………………………….. 180,00
(c) Loswerknemer: 'n pro rata bedrag vir die werklikte tydperk wat by gewerk het toon die volgesteekte loon van
toepassing op die klas werk wat hy verrig.
Per maand R
(d) (i) Klerk, gekwalifieer………………………………………………………………………………………… 682,00
(ii) Klerk, ongekwalifieer——
gedurende eerste jaar ondervinding……………………………………………………………………………….. 531,00
gedurende tweede jaar ondervinding……………………………………………………………………………….. 607,50
Per week R
(ii) Kasier——
gedurende eerste jaar na die inwerkingsregeling van hierdie Ooreenkoms………………………………………………………….. 80,00
daarna……………………………………………………………………………………………………………….. 100,00
(e) Winkelassistente……
(f) Algemene werker——
gedurende eerste jaar na inwerkingsregeling van hierdie Ooreenkoms………………………………………………………….. 52,00
daarna……………………………………………………………………………………………………………….. 58,00
(g) Motorvoertuigbedrywer——
Dwywer van 'n motorvoertuig waarvan die onbelaste massa, temeg met die onbelaste massa, van 'n sleepwag of sleepwaens wat so 'n voertuig trek—
(i) meër as 500 kg maar hoogstens 2 500 kg is…………………………………………………………………….. 75,00
(ii) meër as 500 kg maar hoogstens 2 500 kg is…………………………………………………………………….. 91,50
(iii) meër as 2 500 kg is…………………………………………………………………………………………………….. 106,50
Per week R
(i) Massasmeer en pragvasser——
gedurende eerste jaar na inwerkingsregeling van hierdie Ooreenkoms………………………………………………………….. 60,00
daarna……………………………………………………………………………………………………………….. 66,00
(ii) Winkelhulpsers——
gedurende eerste jaar na inwerkingsregeling van hierdie Ooreenkoms………………………………………………………….. 60,00
daarna……………………………………………………………………………………………………………….. 66,00
(iii) Verpakker en toedraaier——
gedurende eerste jaar na inwerkingsregeling van hierdie Ooreenkoms………………………………………………………….. 52,00
daarna……………………………………………………………………………………………………………….. 58,00
(l) Deeltydse werknemer——Minstens 60% van die gekwalifieerde besoldiging ten die volgesteekte loon van toepassing op die klas werk wat hy verrig.)

(4) Substitute the following for "hourly wage":
(a) "hourly wage" means—
(a) the daily wage divided by eight, in respect of employees for whom wages are prescribed in clause 4 (c);
(b) the weekly wage divided by 46, in respect of employees for whom wages are prescribed in clause 4 (a), (b), (f), (g), (h) and (h);
(c) the weekly wage divided by 30, in respect of employees for whom wages are prescribed in clause 4 (1) (i);
(d) the monthly wage divided by—
(i) 200, in respect of employees for whom wages are prescribed in clause 4 (d);
(ii) 130, in respect of employees for whom wages are prescribed in clause 4 (1) (i);

(5) Substitute the following for "part-time employee":
"part-time employee" means an employee who is employed as such by the same employer for not more than 30 ordinary hours in any one week;

(6) Substitute the following for "shop attendant":
"shop attendant" means an employee who, under the supervision of a qualified meat technician, is engaged in selling meat which has been pre-cut and pre-priced and who may, in addition, perform the work of a general worker;

(7) Delete the definitions of "livestock" and "meat technician's assistant".

3. CLAUSE 4.—REMUNERATION
Substitute the following for clause 4:
"No employer shall pay and no employee shall accept remuneration lower than the following:
Per week R
(a) Manager………………………………………………………………………………………………………………………….. 228,50
Shop controllers………………………………………………………………………………………………………………………….. 172,50
Miel-technici, kleinmoordmaak en/of boncurer, gekwalifieer…………………………………………………………………….. 207,00
(b) Miel-technici, kleinmoordmaak en/of boncurer, uningekwalifieer—
during first year of experience…………………………………………………………………………………………………….. 127,50
during second year of experience…………………………………………………………………………………………………….. 180,00
(c) Casual employee: Pro rata amount for the actual period worked by him at the prescribed rate applicable to the class of work he performs.
Per month R
(d) (i) Clerical employee, qualified…………………………………………………………………………………………………….. 682,00
(ii) Clerical employee, uningekwalifieer—
during first year of experience…………………………………………………………………………………………………….. 531,00
during second year of experience…………………………………………………………………………………………………….. 607,50
Per week R
(iii) Cashier——
during first year of experience…………………………………………………………………………………………………….. 80,00
during second year of experience…………………………………………………………………………………………………….. 100,00
(e) Shop assistant………………………………………………………………………………………………………………………….. 90,00
Per week R
(f) General workers——
during first year of operation of this Agreement………………………………………………………………………………………….. 52,00
during second year of operation of this Agreement………………………………………………………………………………………….. 58,00
(g) Motor vehicle drivers——
driver of a motor vehicle, the unladen mass of which, together with the unladen mass of any trailer or trailers drawn by such vehicle—
(i) does not exceed 500 kg…………………………………………………………………………………………………….. 75,00
(ii) exceeds 500 kg but not 2 500 kg…………………………………………………………………………………………………….. 91,50
(iii) exceeds 2 500 kg……………………………………………………………………………………………………………….. 106,50
Per week R
(i) Mass measurer and price—
during first year of operation of this Agreement………………………………………………………………………………………….. 60,00
during second year of operation of this Agreement………………………………………………………………………………………….. 66,00
(ii) Shop attendant—
during first year of operation of this Agreement………………………………………………………………………………………….. 60,00
during second year of operation of this Agreement………………………………………………………………………………………….. 66,00
(iii) Packers and wrappa——
during first year of operation of this Agreement………………………………………………………………………………………….. 52,00
during second year of operation of this Agreement………………………………………………………………………………………….. 58,00
(l) Part-time employee.—Not less than 60% of the prescribed remuneration at the prescribed rate applicable to the class of work he performs."
4. KLOUSULE 5.—BETALING VAN BESOLDING

Skrap subklausule (3) (e) en vervang "(o)" deur "(d)" in die volgende paragraaf.

5. KLOUSULE 6.—VERHOUDING VAN WERKNEMERS

(1) Vervang subklausule (1) deur die volgende:

"(1) Vleesvarken.—n 'n Werkgever mag nie 'n ongekwalifiseerde vlees- visser van 'npayer in diens se neem nie, teny by 'n geëskoolde vlees- visser in sy diens het, en vir elke geëskoolde vleesvisser in sy diens mag hoogstens een ongekwalifiseerde vleesvisser en een nayer in elke bedryvingsmiljoe in diens genoem word.",

(2) Vervang subklausule (4) deur die volgende:

"(4) 'n Werkgever mag nie 'n markantevarken, 'n winkelhulp of 'n nayer in diens neem nie teny by 'n geëskoolde vleesvisser en een nayer in elke bedryvingsmiljoe in diens genoem word.",

(3) Vervang subklausule (5) deur die volgende:

"(5) As 'n winkelhulp, 'n winkelassistent, 'n klerk, 'n nayer of 'n algemene werker die werk van 'n vleesvisser verrig, word by geag 'n vleesvisser te wees."

6. KLOUSULE 7.—WERKURE

(1) Vervang subklausule (1) (d) deur die volgende:

"(d) in die geval van 'n deelyds werker, hoogstens 30 uur per week, en in die geval van 'n los werker, afgaart per dag, met diens verstaan deur die werknemer.",

(2) Vervang subklausule (6) deur die volgende:

"(6) Kliousule 7 (1) b, 8 en 9 (1) is nie van toepassing op 'n werknemer wat R12 000 of meer per jaar verdien nie."

7. KLOUSULE 9.—OORDTDYKWERK

Vervang die syfer "24" deur "30" in subklausule (3) (c).

8. KLOUSULE 11

(1) Vervang subklausule (2) deur die volgende:

"(2) Aan elke werknemer vir wie daar loon in klausule 4, uitgeoorder los werknemers, voorgeskryf word, moet daar in elke diens deur die selfde werkgever drie agtweeklyns volgende weke verlof met volle besolding toegestaan word, met diens verstaan dat deur 'n openbare vakansie van 'n jaar, die toegestaan verlofjdiperikal, vooral teen vakansie die gedurende die volle besolding gevoeg moet word. Daarmee mag die werknemer net verlof aanvraag doen wanneer sodanige verlof genoem moet word en sodanig deur sy baan beskikbaar. Die werkgever moet aangelaag in die geval van 'n werknemer wat gedurende die volle besolding geslaag het, om die werkgever die volgende weke van die volweke deur te hou van die volweke deur te hou."

(2) Vervang subklausule (3) deur die volgende:

"(3) As die diens van 'n werknemer vir wie lone in klausule 4, uitgeoorder is, los werknemer, voorgeskryf word, betydiig word voor volweke van 'n jaar diens maar na volvoering van 'n maand diens, moet die werkgever die werknemer vir in plaas van die verlof drie twee-on-vrydagse van 'n week se loon betaal vir elke volweke week diens in die vijfweekse jaar, bereken teen die loon wat die werknemer ontvang het toe diens betydiig is. Met diens moet verstaan dat die werkgever 'n ewerdegewet bedrag kan aftrek ten opsigte van 'n verlofjdiperikal wat ingevoeg het deur die werkgever by die regter in die regtige daaromte betekenis, in die geval van 'n manaks welloende besoldiging moet die "wekeloos" gege die maandloon gedeel deur vier en 'n derde te wees."

(3) Vervang subklausule (6) deur die volgende:

"(6) Van die diens van 'n werklooser mag nie 'n loon in klausule 4, uitgeoorder word, voorgeskryf word, na volvoering van 'n jaar diens maar voordat sodanige jaarlike verlof ooreenkomstig subklausule (2) toegestaan is, moet die werkgever by sodanige betydiiging aan die werknemer, in plaas van sodanige verlof, vir elke maand van sodanige diens 'n kwart van 'n week se loon betaal bereken ten deur die besoldiging wat die werknemer toevoeg van sy diensbetydiiging ontvang het. Vir die regter is dit van die subklausule ooreenkomstig "wekeloos" in die geval van 'n manaks welloende besoldiging moet die maandloon, gedeel deur vier en 'n derde te wees."

9. KLOUSULE 18.—FONDSE VAN DIE RAAD

(1) Vervang subklausule (1) (a) en (b) deur die volgende:

"(1) (a) Elke werkgever moet teen opsigte van elke sekondemening wat by besit of dyt, 'n jaarlike bydrae van R25,00 aan die Raad betal. Hiertoe is die berekening van diens van inwerkende werknemers. Ooreenkom, of op die datum waarop hy die diens van die werknemer, naamlik die diensdatum, en moet betaal word binnen twee weke na die datum waarop dit verkooplik is."

10. KLOUSULE 20.—PAYMENT OF REMUNERATION

Delete subklausule (3) (e) en substitute "(o)" for "(d)" in the following paragraph.

5. KLOUSULE 6.—PROPORTION OR RATIO OF EMPLOYEES

(1) Substitute the following for subclauses (1):

"(1) Meir technicus.—An employer shall not employ an unqualified meir technicus or a cutter unless he has in his employment a qualified meir technicus, and for each qualified meir technicus employed, not more than one unqualified meir technicus and one cutter may be employed in each establishment.",

(2) Substitute the following for subclauses (4):

"(4) An employer shall not employ a shop assistant or a shop attendant unless he in his employment a qualified meir technicus, and for each qualified meir technicus employed, not more than one shop assistant and two shop attendants or two shop assistants and one shop attendant may be employed by him."

(3) Substitute the following for subclauses (5):

"(5) Whenever a shop attendant, a shop assistant, a clerical employee, a cutter or a general worker performs the work of a meir technicus, he shall be deemed to be a meir technicus."

6. KLOUSULE 7.—HOURS OF WORK

(1) Substitute the following for subclause (1) (d):

"(d) In the case of a part-time employee, not more than 30 hours in any week and in the case of a casual employee, eight hours on any one day; Provided that—"

(2) Substitute the following for subclauses (6):

"(6) The provisions of clauses 7 (1) (b), 8 and 9 (1) shall not apply to an employee who is in receipt of R12,000 or more per annum."

7. KLOUSULE 9.—OVERTIME

(1) Substitute the figure "30" for the figure "24" in subclause (3) (c).

8. KLOUSULE 11.—HOLIDAYS AND PAYMENTS

(1) Substitute the following for subclauses (2):

"(2) Every employee for whom wages are prescribed in clause 4, other than a casual employee, shall be given in each year of service with the same employer, three consecutive weeks' leave of absence on full pay, provided that should any public holiday fall within the period of leave granted, such holiday shall be added to the said period of leave of absence on full pay. Provided further that the full period of leave may be reduced by any number of days on which the employee, during the relevant period of employment, was granted annual leave on full pay at his written request. The employers shall fix the time when such leave shall be taken so as to commence within six months after the completion of a year's service, but this leave shall not run concurrently with the period of military service in terms of the Defence Act, 1957, or sick leave granted in terms of clause 12. The employer shall pay his employee his wages for the holiday period before such employee goes on leave."

(2) Substitute the following for subclause (3):

"(3) Where the service of an employee for whose wages are prescribed in clause 4, other than a casual employee, is terminated before the completion of a year's service, but after completion of one month's service, the employer shall for and in lieu of leave pay to the employee such completed week of service in the uncompleted year three fifty-seCONDS of a week's pay at the rate which the employee was receivied, when such service was terminated: Provided that an employee may make a proportionate deduction in respect of any period of leave granted to an employee in terms of the second proviso to subclause (2). In the case of a monthly-paid employee, "week's pay" shall be deemed to be the monthly rate, divided by four and one third."

(3) Substitute the following for subclause (6):

"(6) Where the service of an employee for whom wages are prescribed in clause 4, other than a casual employee, is terminated after the completion of any year's service, but where such annual leave has been granted in terms of subclause (2), the employer shall upon such termination pay the employee in lieu of such leave one-quarter of a week's pay in respect of each month of such service. In the case of an annual leave which was terminated after his service was terminated. For the purposes of this subclause, a "week's pay" in the case of a monthly-paid employee shall be deemed to be the monthly rate, divided by four and one third."

9. KLOUSULE 18.—COUNCIL FUNDS

(1) Substitute the following for subclause (1) (a) and (b):

"(1) (a) Every employer shall, in respect of each business he owns or conducts, pay to the Council an annual contribution of R25,00. Such sum shall become due on the date of coming into operation of this Agreement, or on the date on which he enters the meat trade, whichever is the later, and shall be paid within two weeks of the due date."
(b) Elke werkgever moet R1,00 per maand afrek van die londe van elkeen van sy werknemers wat 'n loon van minder as R100,00 per week ontvang en R2,00 per maand van elkeen van sy werknemers wat R100,00 of meer per week ontvang."

(2) Skrap subklusule (2).

10. KLOUSULE 21.—ORGANISASIE

(1) Skrap die volgende van subklusule (1):

"... en motorvoertuigrywe..."

(2) Voeg die volgende subklusule in:

"(2) Elke werkgever sal van die londe van elke werknemer in sy diens, wat lê op die volgende dag, die bedrag toekomstig aan die vakunie, van die werknemer se londe afrek en sal die totale bedrag saam met 'n lys van die betrokke werknemers aan die Sekretaris van die vakunie, Postbus 1005, On-Loend, nie later as die vyftigste dag van die volgende maand wanneer die afrekse toekomstig wórds..."

(3) Verwysing "(3)" deur "(4)".

Gekyk te On-Londen, soos gemag, naam die partye by die Raad op hede die 18de dag van Julie 1986.

A. SUTHERLAND,
Voornimter van die Raad.

R. G. CONWAY,
Ondervoornimter van di se Raad.

J. A. NICHOLAS,
Sekretaris van die Raad.

(6) R1,00 per month shall be deducted by every employer from the wages of each of his employees who are in receipt of wages of less than R100,00 per week and R2,00 per month from each of his employees who are in receipt of wages of R100,00 or more per week."

(2) Delete subclause (2).

10. CLAUSE 21.—ORGANISATION

(1) Delete the following from subclause (1):

"and motor vehicle drivers" or (b)

(2) Insert the following subclause:

"(3) Every employer shall deduct from the wages of each member of the trade union in his employ, the monthly subscription due by such employee to the trade union and shall forward the total amount deducted, together with a list showing the names of the relevant employees, to the Secretary of the union, P.O. Box 1005, East London, not later than the fifteenth day of the month following that in which the deduction became due."

(3) Substitute "(3)" for "(4)".

Signed at East London, as authorised, for and on behalf of the parties to the Council, this 18th day of June 1986.

A. SUTHERLAND,
Chairman of the Council.

R. G. CONWAY,
Vice-Chairman of the Council.

J. A. NICHOLAS,
Secretary of the Council.

DIE BLOMPLANTE VAN AFRIKA

Hierdie publikasie word uitgegee as 'n geïllustreerde reeks, baie na die aard van Curtis se "Botanical Magazine". Die doel van die werk is om die skoonheid en variasie van vorm van die flora van Afrika aan die leser bekend te stel, om belangstelling in die studie en kweek van die inheemse plantes op te wek, en om plantkunde in die algemene te bevorder.

Die meeste van die illusirasiestories deur kunstenaars van die NAVORINGSINSTITUUT VR PLANTKUNDE gemaak, dog die Redakteur verwelkom geskikte bydrages van 'n wetenskapslike en kunstenaarlike afkomstig van verwarte inrigtings.

Onder huidige omstandighede word twee dele van die werk in 'n omslag gepubliseer, maar met onreëlmatige tussenspase; elke deel bevat 10 kleureplate. Intekengeld bedra R15 per uitgawe van twee dele (Buite­lands R16 per uitgawe), vier dele per band. Vanaf band 27 is die prys per band in rexine gebind R40; in luukse rexine gebind R45. (Buite­lands, rexine gebind R45; luukse band R50).

Verkrygbaar van die Direkteur, Afdeling Landbouinligting, Privaatsak X144, Pretoria.

Verkoopbelasting moet by binnelandse bestellings ingesluit word.

THE FLOWERING PLANTS OF AFRICA

This publication is issued as an illustrated serial, on the same lines as Curtis’s Botanical Magazine, and for imitating which no apology need be tendered.

The desire and object of the promoters of the publication will be achieved if it stimulates further interest in the study and cultivation of our indigenous plants.

The illustrations are prepared mainly by the artists at the Botanical Research Institute, but the Editor welcomes contributions of suitable artistic and scientific merit from kindred institutions.

Each part contains 10 plates. Two parts are published in one cover and costs R15 per issue of two parts (other countries R16 per issue). Two, three or four parts may be published annually, depending on the availability of illustrations. A volume consists of four parts. From Volume 27, the price per volume is: Rexine binding, R40; de luxe binding R45 (other countries, rexine binding R45; de luxe binding R50).

Obtainable from the Director, Division of Agricultural Information, Private Bag X144, Pretoria.

Sales tax must accompany inland orders.
POINTER FASHION International, the Cape-based handbag and leather garments manufacturer, has applied for listing on the Development Capital Market on June 25.

Of the 8-million non-par-value shares, 1.6-million will be privately placed with associates and employees at an issue price of 23c a share.

Pointer is forecasting earnings of 2c a share for the year to June 1986 and a 1c a share dividend for 1987. Turnover is estimated at R5,5m for 1986 (R4,5m) and taxed profit of R157 000 (R118 000). The net asset value is 14c a share.

After the listing executive chairman Sol Turok will control 40% of the equity, having made available for the issue 20% he previously owned. Joint MDs Julie Stein and Laurence Turok hold 20% each.

The share capital was increased on May 15 when shareholders' loans amounting to R518 000 were capitalised.

The pro forma balance sheet to June 1985 shows a current ratio of over 2:1 and gearing of 45%.

About 80% of Pointer's market is on the Reef and about 25% of turnover is earned by exports.
No. R. 2212
24 October 1986

LABOUR RELATIONS ACT, 1956

HAIRDRESSING TRADE, CAPE PENINSULA.—RENEWAL OF MAIN AGREEMENT

I, Mattheus 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 Notices R. 1902 of 2 September 1983 and R. 300 of 15 February 1985, to be effective from the date of publication of this notice and for the period ending 31 March 1989.

M. W. J. LE ROUX,
Director: Manpower.

No. R. 2213
24 October 1986

LABOUR RELATIONS ACT, 1956

BUILDING INDUSTRY, PIETERMARITZBURG AND NORTHERN AREAS.—EXTENSION OF MAIN AGREEMENT


M. W. J. LE ROUX,
Director: Manpower.

No. R. 2214
24 October 1986

LABOUR RELATIONS ACT, 1956

LEATHER, INDUSTRY, REPUBLIC OF SOUTH AFRICA.—AMENDMENT OF PROVIDENT FUND AGREEMENT

I, Pieter Theunis Christiaan 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 1 January 1991, upon the employers' organisations and the trade unions which entered into the Amending Agreement and upon the employers and employees who are members of the said organisations or unions; 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 clauses 1 (1) (a) shall be

No. R. 2212
24 October 1986

WET OP ARBEIDSVERHOUDINGE, 1956

HAARKAPPERSBEDRYF, KAAPSE SKIEREILAND.—HERNUILING VAN HOOFDOORENKOMS

Ek, Mattheus Willem Johannes le Roux, Direkteur: Mannekrag, behoorlik daartoe gemagtig deur die Minister van Mannekrag, verklaar hierby, kragtens artikel 48 (4) (a) (ii) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van Goewermentskennisgewings R. 1902 van 2 September 1983 en R. 300 van 15 Februarie 1985, van krags is vanaf die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Maart 1989 eindig.

M. W. J. LE ROUX,
Direkteur: Mannekrag.

No. R. 2213
24 Oktober 1986

WET OP ARBEIDSVERHOUDINGE, 1956

BOONYWERHEID, PIETERMARITZBURG EN NOORDELIKE GEBIEDE.—VERLENGING VAN HOOFDOORENKOMS


M. W. J. LE ROUX,
Direkteur: Mannekrag.

No. R. 2214
24 Oktober 1986

WET OP ARBEIDSVERHOUDINGE, 1956

LEERNYWERHEID, REPUBLIEK VAN SUID-AFRIKA.—WYSIGING VAN VOORSORGFONDSOORENKOMS

Ek, Pieter Theunis Christiaan du Plessis, Minister van Mannekrag, verklaar hierby—

(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) wat in die Bye R. 1902 van 2 September 1983 en R. 300 van 15 Februarie 1985, vanaf die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Maart 1989 eindig, bindend is vir die werkopers, organisasies en die vakverenigings wat die Wysigingsooreenkoms aangegaan het en vir die werkopers en werknemers wat lid is van die genoemde organisasies en verenigings is; en

(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van die Wysigingsooreenkoms, uitgesonder die vervat in klusules 1 (1) (a) met ingang van die
binding, with effect from the second Monday after the date of publication of this notice and for the period ending 1 January 1991, 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
NATIONAL INDUSTRIAL COUNCIL OF THE LEATHER INDUSTRY OF SOUTH AFRICA
PROVIDENT FUND AGREEMENT
in terms of the Labour Relations Act, 1956, made and entered into by and between:
(a) The Midland and Border Leather Industry Manufacturers’ Association;
(b) Western Cape Leather Industries Association;
(c) The Transvaal Footwear, Tanning and Leather Trades Association;
(d) The Natal Footwear, Tanning and General Leather Manufacturers’ Association;
(e) The Southern Cape Leather Industries Association;
(f) The South African Tanning Employers’ Organisation;
(g) The South African Handbag Manufacturers’ Association;
(b) Footwear Manufacturers’ Federation of South Africa;
and
(l) Association of Transvaal Manufacturers of Luggage, Handbags and General Goods,
(hereinafter referred to as the “employees” or the “employers’ organisations”), of the one part, and
(j) The National Union of Leather Workers;
and
(k) The Transvaal Leather and Allied Trades Industrial Union,
(hereinafter referred to as the “employees” or the “trade unions”), of the other part,
being the parties to the National Industrial Council of the Leather Industry of South Africa,

1. SCOPE OF APPLICATION OF AGREEMENT
(1) The terms of this Agreement shall be observed in the Leather Industry—
(a) by all employers who are members of the employers’ organisations and by all employees who are members of the trade unions and who are engaged or employed therein respectively (other than persons engaged exclusively on repair work);
(b) in the Republic of South Africa, excluding the port and settlement of Walvis Bay: Provided that, on the operations set forth in paragraph (6) of the definition of “Industry” or “Leather Industry” in clause 3 of this Agreement, it shall be observed only in the Magisterial Districts of Bellville, The Cape, Goodwood, Durban, including that portion of the Magisterial District of Chatsworth which, prior to the publication of Government Notice 501 of 8 March 1985, fell within the Magisterial District of Durban, and Johannesburg: Provided further that, on the operations set forth in paragraph (7) of the definition of “Industry” or “Leather Industry” in clause 3 of this Agreement, it shall be observed only in the Magisterial Districts of Bellville, Goodwood and Durban, including that portion of the Magisterial District of Chatsworth which, prior to the publication of Government Notice 501 of 8 March 1985, fell within the Magisterial District of Durban: Provided further that, on the operations set forth in paragraph (8) of the definition of “Industry” or “Leather Industry” in clause 3 of this Agreement, it shall be observed only in the Magisterial Districts of Bellville, Germiston, Middelburg (Transvaal), Pretoria, Roodepoort and The Cape.
(2) Notwithstanding the provisions of subclause (1), the terms of this Agreement shall, however, only apply to those employees for whom wages are prescribed in any agreement of the Council.

BYLAES
NASIONALE NYWERHEIDSRAAD VIR DIE LEERNYWERHEID VAN SUID-AFRIKA
VOORSORGFONDOOREENKOMS
ooreenkomstig die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tusken:
(a) The Midland and Border Leather Industry Manufacturers’ Association;
(b) Western Cape Leather Industries Association;
(c) The Transvaal Footwear, Tanning and Leather Trades Association;
(d) The Natal Footwear, Tanning and General Leather Manufacturers’ Association;
(e) The Southern Cape Leather Industries Association;
(f) The South African Tanning Employers’ Organisation;
(g) The South African Handbag Manufacturers’ Association;
(b) Footwear Manufacturers’ Federation of South Africa;
and
(l) Association of Transvaal Manufacturers of Luggage, Handbags and General Goods,
(hierdie die “werkgewers” of die “werkgewerorganisaties” genoem), aan die een kant en
(j) The National Union of Leather Workers;
and
(k) The Transvaal Leather and Allied Trades Industrial Union,
(hierdie die “werknerens” of die “vakvereniging” genoem), aan die ander kant,

1. TOEPASSINGSBRETEK VAN OOREENKOMS
(1) Hierdie Ooreenkoms moet in die Leernywerheid nagekom word—
(a) deur alle werkgewers wat lede van die werkgewerorganisaties is en deur alle werknerens wat lede van die vakverenigings is en wat onderskeidelik deur die Nywerheid betrokke of daarin werkzaam is (uitsondering persone wat uitsluitlik herstelwerk doen);
(b) in die Republiek van Suid-Afrika, uitgesonderd die hawwe en neder-siging van Watvisbaai: Met dien verstande dat, in verband met die werkzaamhede uiteengesit in paragraaf (6) van die omskrywing van “Nywerheid” of “Leernywerheid” in klousule 3 van hierdie Ooreenkoms, dit net in die landdorstdistrikte Bellville, Die Kaap, Goodwood, Durban, met inbegrip van daardie gedeelte van die landdorstdistrik Chatsworth wat voor die publikasie van Goewerneerkeningewig 501 van 8 Maart 1985 binne die landdorstdistrik Durban geval het, en Johannesburg nagekom moet word: Voorts met dien verstande dat, in verband met die werkzaamhede uiteengesit in paragraaf (7) van die omskrywing van “Nywerheid” en “Leernywerheid” in klousule 3 van hierdie Ooreenkoms, dit net in die landdorstdistrikte Bellville, Goodwood en Durban, met inbegrip van daardie gedeelte van die landdorstdistrik Chatsworth wat voor die publikasie van Goewerneerkeningewig 501 van 8 Maart 1985 binne die landdorstdistrik Durban geval het, nagekom moet word: Voorts met dien verstande dat, in verband met die werkzaamhede uiteengesit in paragraaf (8) van die omskrywing van “Nywerheid” of “Leernywerheid” in klousule 3 van hierdie Ooreenkoms, dit net in die landdorstdistrikte Bellville, Germiston, Johannesburg, Middelburg (Transvaal), Pretoria, Roodepoort en Die Kaap nagekom moet word.
(2) Ondanks subklousule (1), is hierdie Ooreenkoms egter van toepassing slegs op die werknerens wat vir lone in enige ooreenkoms van die Raad voorgeskreyp word.
2. CLAUSE 4.—PROVIDENT FUND

(1) In subclause (9) (b), substitute "80 per cent." for "65 per cent.".

(2) Insert the following new subclause (9) (c):

"(c) Every member referred to in subclause (7) (a) who has had 25 years' continuous service in the Industry shall, in addition to the bonus referred to in paragraph (a), be entitled to a bonus equal to 20 per cent of the benefits payable in terms of subclause (7) (a) or (a) bis, whichever is applicable: Provided that the Management Committee may, in its discretion, and on the recommendation of an actuary, vary or cancel such bonus."

(3) In subclause (9), renumber the following paragraphs (c), (d), (e), (f) and (g) to read (d), (e), (f), (g) and (h).

Signed at Port Elizabeth, on behalf of the parties, this 7th day of July 1986.

D. J. F. LINDE,
Member of the Council.
O. J. FOURIE,
Member of the Council.
L. M. VAN LOGGERENBERG,
General Secretary of the Council.

No. R. 2232
LABOUR RELATIONS ACT, 1956

IRON, STEEL, ENGINEERING AND METALLURGICAL INDUSTRY.—AMENDMENT OF SICK PAY FUND AGREEMENT

I, Pieter Thuis 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 30 November 1990, upon the employers' organisations and the trade unions which entered into the Amending Agreement and upon the employers and the employees who are members of the said organisations or unions; 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 clauses 1 (1) (b), 2 and 5, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 30 November 1990, 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
NATIONAL INDUSTRIAL COUNCIL, FOR THE IRON, STEEL, ENGINEERING AND METALLURGICAL INDUSTRY
SICK PAY FUND AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

Automotive Parts Production Engineers' Association
Border Engineering Industries Association
Cape Engineers' and Founders' Association
Constructional Engineering Association
Domestic Appliance Manufacturers' Association of South Africa
Edge Hand and Small Tool Manufacturers' Association
Electrical Engineering and Allied Industries Association
Electronics and Telecommunications Industries Association

2. KLOUSULE 4.—VOORSORGFONDS

(1) In subklausule (9) (b), verving "65 per cent." deur "80 per cent.".

(2) Voeg die volglike nieue subklausule (9) (c) in:

"(c) Elke lid in subklausule (7) (a) bedoel wat 25 jaar ononderbroeke diens in die Nywerheid gehad het, is beweeg dat die bonus in para- graaf (a) bedoel, geregter op 'n bonus gelyk aan 20 persent van die bystand betaalbaar ooreenkoms: subklausule (7) (a) of (a) bis, watter een ook al van toepassing is. Met dien voorstaande dat die Bestuurskomitee na goeddust en op aanbeveling van 'n actuaris so 'n bonus kan verander of kanselier."

(3) In subklausule (9), herenom die bestaande paragrafe (c), (d), (e), (f) en (g) om te lees (d), (e), (f), (g) en (h).

Nansens die partye op hede die 7de dag van Julie 1986 te Port Elizabeth onderteken.

D. J. F. LINDE,
Lid van die Raad.
O. J. FOURIE,
Lid van die Raad.
L. M. VAN LOGGERENBERG,
Hofsekeretiaris van die Raad.

No. R. 2232
WET OP ARBEIDSVERHoudINGE, 1956

YSTER-, STAALENKAMES-, EN METALLURGIESE NYWERHEID.—WYSIGING VAN SIEKTEBYSTATUSFONDSOOREKENKOMS

Ek, Pieter Thuis Christiana du Plessis, Minister van Mannekrag, verklaar hierby—

(a) kragtens artikel 48 (1) (a) van die Wet op Arbiedsver- houdinge, 1956, dat die bepaling van die Ooreen- koms (hierdie die Wysigingsoorrekenkoms genoem) wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 November 1990 eindig, bindend is vir die werkge- wers, werknemers en die vakverenigings wat die Wysigingsoorrekenkoms aangegaan het en vir die werkge- wers en werknemers wat lede van genoemde organi- sasie of verenigings is; en

(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepaling van die Wysigingsoorrekenkoms, uitgeson- derd dié vervat in klousses 1 (1) (b), 2 en 5 met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tyd- perk wat op 30 November 1990 eindig, bindend is vir alle ander gewerkers en werknemers as dié genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in die Onderneem- ning, Nywerheid, Bedryf of Beroep in die gebiede in klou- sule 1 van die Wysigingsoorrekenkoms gespesifiseer.

P. T. C. DU PLESSIS,
Minister van Mannekrag.

BYLAE
NASIONALE NYWERHEIDSRAAD VIR DIE YSTER-, STAALENKAMES- EN METALLURGIESE NYWERHEID
SIEKTEBYSTATUSFONDSOOREKENKOMS

doore ooreenkoms die Wet op Arbiedsverhoudinge, 1956, gesluit deur en aangegaan tussen die

Automotive Parts Production Engineers' Association
Border Engineering Industries Association
Cape Engineers' and Founders' Association
Constructional Engineering Association
Domestic Appliance Manufacturers' Association of South Africa
Edge Hand and Small Tool Manufacturers' Association
Electrical Engineering and Allied Industries Association
Electronics and Telecommunications Industries Association
LEATHER

Down at heel

The South African tanning industry, caught between the twin evils of exploding input costs and fickle local demand, is fighting for survival — ironically at a time when the South African footwear industry is showing signs of recovery.

SA Tanners' Association president Ulrich Hanni predicts tanners will have to increase their prices by at least 15%-20% in the next few months if they are to stay in business. Hanni reckons tanners have done their best to absorb runaway costs, directly contradicting the footwear manufacturers' charge that leather prices, along with other industry inputs, have increased by around 100% in the past year (Business October 17).

Claiming the footwear manufacturers have their arithmetic wrong, Hanni nonetheless warns that they should brace themselves for a spate of further leather price increases which he says have their origin in the adverse exchange rate and high local inflation.

"The average hide price," says Hanni, "increased from R1.09/kg in 1983 to R2.60/kg in 1986, an increase of 138%. The cost of chemicals, most of which are imported, went up by 95% over the past 15 months.

"In 1983, on the other hand, the price of corrected grain side leather which is used for school shoes was R16.50/m², in 1985 R23.20/m² and in September 1986 R31/m² — an increase of 88% over almost three years or an average of 29% a year."

Hides constitute 55% and chemicals 25% of the selling price of leather.

Clearly, says Hanni, tanners absorbed a large percentage of the cost increases to the obvious advantage of shoe manufacturers. Furthermore, while it was more profitable for tanners to export hides semi-processed because of the high foreign currency receipts, they had continued to supply local factories to maintain continuity of supply.

Another charge shoe manufacturers make is that leather quality and delivery lead times have been bad lately. However, Hanni points out that shoe retailers, who are notoriously partial to dipping in and out of the import market when exchange rates are favourable, could hardly expect tanners to gear up their capacities by 40%-60% when demand suddenly came back on shore.

To illustrate the point, he notes that from 1980 to 1984 total shoe imports increased from 21% to 31%. Conversely, from January to June this year, imports of bovine leather and leather shoes dropped to 32% and 27% of their historic levels respectively.

It is precisely this love affair with overseas shoe suppliers which, he says, distorts the industry and leads to feast or famine consequences for tanners.

However, Hanni warns that the tide could turn and that shoemakers may "find many closed doors when they return to the local market when the rand falls again."

In a rare confluence of interests, Robert Fineblum, vice-president of the Footwear Manufacturers' Federation, admits he has sympathy with Hanni's argument. But he says it ignores a fundamental business principle in that business has an obligation to maximise its returns — which invariably means buying in the best possible market.
Tannery forced to retrench 101 workers

EAST LONDON — King Tanning Company retrenched 101 employees because of deteriorating economic circumstances, the managing director, Mr P D Brand, announced in King William's Town.

Mr Brand said in a statement the retrenchments were due to the "serious and deteriorating prevailing economic circumstances", and said the decision was taken with "deep regret".

He said management consulted both trade unions operating at its factory "in order to establish retrenchment terms which are aimed at ameliorating the inevitable hardship which this action implies". — Sapa.
A piece of the action works wonders

By TOM HODD
Weekend Argus
Financial Staff

IF YOU want to motivate your workers, give them a piece of the action.

This is the belief of Mr Sol Turok, who is doing just that — offering part of the 96-year-old family business to the 180 workers in the leather handbag and clothing factory at Paarden Eiland.

The company, Pointer Fashion International, is being listed on the Johannesburg Stock Exchange this month and a major part of the 1.6 million shares on offer has already been earmarked for the staff.

Already, he says, employees are looking at the high-fashion factory in a new light.

One worker-shareholder, for example, noticed metal rods for bags being sent to an engineering shop for cutting — the normal practice. He immediately offered to take them home after work and cut them in his garage for free, to save the company money.

Another long-serving worker, who could not afford to buy shares even at 23c each, was in tears when the directors decided to give him a gift of the shares allotted to him. “I am sure they will be different people from now on with a new attitude to work,” said Mr Turok.

The share price of 23c represents an earnings yield of 8.7 percent in terms of the forecast profit and the listing later this month in the Development Capital sector of the JSE has brought an unexpectedly large demand from trade suppliers, customers and business associates, who had been on the list for an allocation of shares.

“We didn’t know we had so many friends. People have been phoning us from all directions. We could have placed three times as many shares,” says Mr Turok.

In fact he is limiting people on the intended list to only 50 percent of their allocation.

Pointer claims to be the largest company of its kind in the country and after it becomes better known in the capital market it expects to be able to muster the funds needed for future expansion.

This week a long-established company in the same field made approaches and said it would like to join Pointer.

“There is the possibility of taking them over. That could be the best way to expand,” he said.

Sales, particularly exports, are running at a high level. “We have turned business away because we don’t have the capacity to do it.”

The low rand will help exports, he said, but the low cost of raw materials is not the main reason. “It was controlled by the communist government. He landed in prison for telling the workers more food and fuel for his workers.

He escaped from the country and set up business in other European countries.

Emigrating later to Australia, he settled in Town, liked the mountain and decided to open a factory in Hope Street.

Solomon later joined him, training overseas workers and running his way up from the shop floor to the MD’s chair.
Leather heads for the JSE

By Kerry Clarke

GROWING demand from black consumers for leather garments and strengthening demand from the US for relatively cheap SA goods prompt optimistic turnover and profit growth predictions by Pointer Fashion International.

The company, which will be listed on the Development Capital Market of the Johannesburg Stock Exchange on Wednesday, has an erratic turnover and taxed profit history. Turnover fell by 4% in 1983 and profits declined 20% in 1984.

Healthier

But growth in 1985 and predicted growth for the year to June 1986 looks far healthier. Turnover rose by 34% to R45.5-million from R34.6-million in 1984 and taxed profits by 37% to R118 000.

Turnover is predicted to increase by 22% to R50.5-million in 1986 and taxed profits are forecast to rise 50% to R175 000.

Expected earnings for 1986 are R1 a share and the dividend, 1c.

Pointer, which has been in business for 30 years, supplies all the large retail chains in SA with leather and plastic goods. A drive to increase sales abroad has resulted in the appointment of Pointer agencies in New York, Texas and Los Angeles.

Exports comprise 10% of turnover and Pointer chairman Sol Turok says there is huge potential for growth.

The SA market is also looking good because of increasing demand from black buyers. Imports have been halted by a duty that operates on the basis of both price and weight.

Coming back

"Motorcycle shops which used to import jackets from the Far East — Korea and Taiwan — are coming back to us. We are also supplying provincial departments and traffic departments."

Mr Turok has released 20% of his holding of Pointer, or 1.6-million shares, for a private placing at 23c a share — a 5c premium to net asset value. This will leave him with 60% of the company.

Joint managing directors, Laurence Turok and Julie Stein, hold the remaining 40%.

Mr Sol Turok says one of the main reasons for a listing was the need to broaden the company's managerial base.

Shares were also offered to customers, and Mr Turok believes this move will 'boost' loyalty.
PROSPECTS for Pointer Fashion International are encouraging as profit from July to December should be up by 50 percent on the same period last year, says the chairman, Mr Sol Turok.

Turnover will be up by about 40 percent, he said in Cape Town at the first annual meeting since the Johannesburg Stock Exchange listing of the leather fashion goods manufacturer.

"This impressive performance in difficult times is something we can all be proud of," he told shareholders.

Order books were filling up and the company could look forward to "an excellent" 1987.

More ostrich skin goods were being sold than ever before and high priced jackets in the R800 to R900 range were selling well. The Christmas trade was expected to be exceptionally good.

Cash flow was improving as a result of reducing terms to 60 days and giving discounts for cash.

Franchise agreements were going well, with four more coming into force in February next year.

The more stable rand exchange rate and a drop in the prices of imported leathers would help to contain wage and other cost increases.

Exports were buoyant and the company had an assured future in the overseas market, said Mr Turok in his review. "Firm inquiries from overseas are most heartening.

"We are constantly impressed by the notable fund of confidence and goodwill shown towards South Africa and our company by a large and expanding circle of business associates and contacts."

Earnings for next year were likely to exceed the forecast of 2,35c a share for the 12 months to next June — and that figure was up by 59 percent.

The maiden dividend would also be more than the 0,5c forecast in the pre-listing statement.

Tom Hood
POINTER
Fashion International, the
Cape-based
manufacturer
of leather gar-
ments and
handbags, boosted after-tax profits by
almost 50% — from R37 000 to R54 600
—for the six months to December last
year.

Earnings per share are up from
15.1c to 18.6c and the company has
declared an interim dividend of 0.75c
a share — 50% higher than that fore-
cast in the company's pre-listing state-
ment published in May last year.

The interim statement published
yesterday also reveals that turnover
climbed from R2,8m to R3.8m.

'Deployment of skills'

Interest was up by R33 000 to
R77 000 while the tax bill rose by
R22 000 to R88 000.

Commenting on the results, the di-
rector's point out that much of the com-
pany’s success was due to the deploy-
ment of increased management skills
in the critical areas of sales and pro-
duction.

The company's order books are full
to the end of April and demand for the
important winter season is showing
encouraging signs of improvement
over last year.

The directors also state that the
company's franchise and export pro-
grammes continue to progress well.

Showroom in Brussels

'Agreements have been concluded
with manufacturers of men's belts,
sportswear and a suit and trouser
house to produce ranges under the
Pointer label. Three further agree-
ments are pending and the franchise
programme should increase royalty
income significantly in the future," they say.

With the co-operation of the SA En-
ambassy, the company has opened a per-
manent showroom in Brussels and ne-
gotiations are underway for products
to be distributed in Germany.

The company has also started the
export of handbags to Taiwan.
Manufacturing - leather and products

1993
Activities: Tanning of hides and skins for sale as finished leather in local and overseas shoe, clothing and upholstery markets.

Control: African Hides Trading Corp 63%.

Chairman: P G Kaufmann; MD: O R Townsley.

Capital structure: 18,6m ords. Market capitalisation: R23m.

Share market: Price: 125c. Yields: 21.6% on dividend; 43.6% on earnings: p/e ratio, 2.3; cover, 2.0. 12-month high, 160c; low, 100c.

Trading volume last quarter, 702 000 shares.

Year to Jun 30 89 90 91 92
ST debt (Rm) .......... 41,7 36,6 24,5 15,6
LT debt (Rm) .......... nil 6,6 10,2 10,5
Debt/equity ratio ...... 0,74 1,11 0,86 0,88
Shareholders’ interest 0,48 0,38 0,41 0,46
Int & leasing cover 5,60 1,19 1,75 2,78
Return on cap (R%) .. 8,3 9,6 14,6 18,2
Turnover (Rm) .......... 203 200 176 179
Pre-int profit (Rm) .. 9,8 9,8 14,6 17,3
Pre-int margins (%) 4,8 4,9 8,3 9,7
Earnings (c) .......... 4,1 0 nil 26,3 54,5
Dividends (c) .......... 19,0 nil nil 6,1 10,8
Net worth (c) ......... 300,8 262,3 220,2 227,8

Tional expenditure will be necessary for improvements to finished products to maintain competitiveness in world markets.

Proposed deregulation of the meat industry, to allow Abacor to privatise the main city abattoirs — a move away from controlled marketing to free enterprise — will bring freer availability of hides and skins.

With efforts focused on improving finished leathers for export, Townsley is cautiously optimistic for this year. At 125c, close to its yearly low and on a 2,3 pce, the share seems cheap.

MaryLou Gregg
Pointer hurt by imports

LINDA ENGBER

CAPE TOWN — Cheap imports from Turkey and the Far East, together with the recession, sunk handbag and leather garment manufacturer Pointer Fashion International deeper into its loss-making situation in the year to end-June 1992. Chairman Laurence Turok estimated that foreign imports were coming in at prices about 50% cheaper than local goods. He said problems relating to adjustment of stock level figures and audit staff difficulties had caused the delay in submitting results.

A loss of R382 483 (R483c) was suffered and no dividend was paid. Turnover fell to R11m (R16m) and there was a pretax loss of R17 000 (R77 000).

Turok said cost-cutting measures had been taken relating to turnover, labour costs, material handling and buying procedures, and the directors had taken a pay cut.
POINTER Fashion International (Pointer) had boosted operating profit by 27.2% to R3.8m (R1.49m) for the year to end-June after an extensive factory modernisation programme, chairman Sali Turak said yesterday.

The improved margins of the Cape-based leather garment and handbag manufacturer were achieved on a 13.7% rise in turnover to R15.8m (R13.8m).

Turak said he was pleased with the results in view of the slowdown in consumer spending that characterised the reporting period.

Attributable profit rose by 16.5% to R94 000 (R80 000) after allowing for a larger interest bill and a rise in the amount of tax paid.

This translated into earnings a share of 7.40c (6.35c). A final dividend of 2.9c (2.75c) was declared, bringing the total payout for the year to 5.3c (5.0c).

The export and franchise programmes contributed to the increased sales.

"The results for the year have proven that the quality and styling of Pointer products are such that demand remains buoyant notwithstanding severe cutbacks in consumer spending," he said.

He said the group was ideally placed to take advantage of any upturn in the economy as production levels were running at optimum efficiency levels.
Unrest erodes Pointer earnings

Pointer Fashion International has reported a marginal increase in turnover to R7.70 million for the six months to December (R7.52 million at the previous interim).

However, there was a decline in attributable profit from R274 000 to R128 000 because of general unrest in areas normally responsible for generating the highest sales.

The company was forced to reduce prices to compete with imported leather goods carrying little or no duty.

This put margins under pressure, with operating profit dipping from R871 000 to R82 000.

To improve cash flow and reduce finance costs, no interim dividend is being paid. — Sapa.
Conshu poised for huge exports drive

TOM HOOD
Business Editor

CONSHU, the country’s largest shoe manufacturer, expects to double its exports by June this year.

Chief executive Robert Feinblum says in spite of depressed consumer demand overseas, exports increased dramatically in the six months to December.

The export drive is headed by Conshu’s British-based subsidiary Sterling and Hunt and has seen the purchase of thousands of pairs of top quality shoes by British consumers who are traditionally among the world’s most discerning shoe buyers, said Mr Feinblum.

He described prospects for the half-year to June as satisfactory.

Sales figures for the summer shoe season, which is usually a busy time, should contribute to profits, he said.

“The destocked position of retailers and growing confidence stemming from recent positive political developments should see some improvement in capacity utilisation.”

The extended drought is expected to make an impact on leather prices and on shoe prices, he added.

A 91 percent upsurge in shoe imports hit sales and brought a reduction in output, layoffs and short time in factories between July and December.

“In spite of increased tariffs last August, the damage caused by the import of 5.7 million pairs of shoes in the first half of last year impacted heavily on our business,” said Mr Feinblum.

Turnover rose by 4 percent to R330 million, reflecting inflationary pressure on materials and labour costs which led to higher prices.

But earnings fell by 8 percent to R14 million, partly due to additional depreciation of R1.5 million being charged, while tax benefits from the export allowance were received.

An unchanged interim dividend of 11.5c is being paid.

Sun International’s Ciskei subsidiary, Sun Ciskei, reports a turnover increased of 13 percent to R59.5 million for the half-year to December but higher payroll costs reduced growth in operating profit to five percent at R17.3 million.

Revenue growth was hit by labour disputes and the expansion work at the Fish River Sun, which was completed in December.

Sun Ciskei’s hotels averaged an occupancy of 55 percent, in line with the national average but below the occupancies recorded at Sun City and the Wild Coast Sun.

The directors say earnings should improve moderately in the second half of the year, due mainly to the recently completed extensions to the Fish River Sun, provided that there is no further significant deterioration in economic conditions.

BTR Dunlop’s sales for 1991 dropped by 14 percent to R672 million while earnings were R10 million lower at R56.5 million.

Managing director Clive Hooper said the sales decline was mainly due to the continuing recession and the absence of major capital projects in the mining industry.

Four group companies were affected by the eight percent decline in new vehicle sales in 1991.

Siltek has reported after-tax profits of R19.4 million for the six months to December. This is an increase of 9 percent.

The group said that turnover was up by 12 percent to R415 million while earnings per share were 96.5c.

The dividend was unchanged at 10c.

The group says the outlook for the rest of the year is good.

The impact of reduced demand in the mining, motor and agricultural sectors hit Wayne Manufacturing profits for the six months to December.

The group said that attributable profits were down by 10 percent at R2.3 million compared to the previous period’s R2.5 million.

Earnings per share were down by 9.2 percent at 4.9c (5.4c) while an unchanged interim of 1.7c was declared.

One of the main reasons for the drop in profits was the closure of a factory which led to relocation costs for employees.
Silveroak changes track and stages a turnaround

TANNING group Silveroak surmounted difficult trading conditions to stage a turnaround for the year to June with earnings at 26c a share compared with a loss in the previous year.

The group, which tans hides and game skins for export and finished leather for local sale, declared a dividend of 6.1c a share to give a dividend cover of 3.3 times.

Operating income from normal operations was up 9% at R14.5m from R13.4m on turnover which decreased 15% to R74.9m from R88.4m.

A Silveroak spokesman said the price war in raw materials continued as there was a shortage of good quality hides available locally.

He added that Silveroak's exports had come under pressure because the Soviet Union had been flooding the world markets with leather to earn scarce foreign exchange.

Directors said a new practice had developed during the year in which some of its overseas buyers had not been honouring forward sales contracts.

Trading with these customers would be conducted with caution in future.

The production of unprofitable leather products at the Ladysmith Leathers division was being phased out. Instead, more emphasis had been given to producing automotive and furniture upholstery and the group had concluded an agreement with a German automotive upholstery manufacturer to supply seat upholstery to BMW in Germany.

Directors said that all the other divisions had performed satisfactorily.

A healthy order book boded well for the coming year, they said.
Hanni buys Bop tannery

By Jabulani Sikhakhane

Leather tannery Hanni, which is a subsidiary of the JSE-listed Kan- hym Investments has acquired KRM Tannery in Bophuthatswana. The acquisition will increase Hanni’s capacity for various leather types and enhance its export capabilities.

Chief executive, Boet Venter says the purchase has created additional tanning capacity near the PWV region which is the major hide source in the country.

“In addition we have increased the utilisation of local raw material and created more job opportunities in an economic development area.”

Product lines will be rationalised with the Nigel plant’s products for the best synergy regarding volume and quality.

KRM’s existing facilities will be upgraded and supplementary equipment bought to increase production capacity by 40 percent and that of motor leather by 25 percent.

The capital expenditure programme, including the purchase price, will be in the region of R8 million to R10 million.

Hanni supplies about 95 percent of the domestic motor upholstery market, 55 percent of the total exports of motor leather and 50 percent of the domestic furniture leather market.
Silveroak sits pretty after upholstery deal

THE highlight of Silveroak's year was the conclusion of a long-term agreement with a German automotive upholstery manufacturer for the supply of seat upholstery, Silveroak Industries MD Owen Townsley said in the annual report.

"This agreement not only creates in the short term a tremendous potential for growth through added value with minimum capital outlay, but must underwrite improved investment returns. This certainly places us in a top challenging position in the supply of leather as local content to the motor industry for both internal consumption and exports."

Townsley said the poor economic situation which has plagued the Soviet Union in the past years had contributed to the extremely difficult trading conditions which the group had experienced over the past year. Substantial quantities of poor quality raw materials were dumped on the European market by the Soviets and consequently had a depressing influence on the export market prices of hides and skins.

He said a new and discon-ting-practi-ice arose dur- ing the year which was the deteriorating degree of m-ortality in the honouring of forward sales contracts by some of Silveroak's overseas buyers. This malpractice was most noticeable among south-ern European customers.

In the divisional review, he said African Hide Trading's year was characterised by a continuing decline in the market prices of hides and skins.

In the Aftro Country Buying division, Silveroak merged several branches and closed others, while ensuring the supply of hides was not reduced.

He said operating results at Ladysmith Leathers continued to disappoint despite the rationalisation in the division where the three units in the division moved under one roof.

The Mossop Leather division, traditionally a significant contributor to the group's profitability, continued to perform well last year. He said demand from the footwear manufacturers, which comprised the major portion of the division's customers, remained consistently high for most of the year.

Townsley said Silveroak closed last financial year with a healthy order book.

EXECUTIVE SUITE

BEING A JUNIOR EXECUTIVE IS VERY STRESSFUL
Hanni getting R17,5-m facelift

By Jabulani Sikhakhane

Hanni & Sons, a subsidiary of Kanthym, is expanding and upgrading its facilities at a cost of more than R17,5 million to meet increasing demand from local and foreign customers.

Chief executive Boet Venter said yesterday that the first phase of the project, which cost over R12 million, focused on increasing production of wet blue hides by 33 percent from 1,500 to 2,000 hides daily. An estimated 10 percent of the wet blue hides are for the export market.

Leather dyeing facilities have been extended, while Hanni has also introduced a new value-added product called Hanni Lux to the leather furniture manufacturing industry.

In the second phase, Hanni will invest about R5.5 million in machinery replacement. Automation will be introduced to certain sections of the motor leather department to ensure uniformity of cut and quality. This will also help meet the increasing demand from the motor industry.
Relocation, rationalisation
.puts Silveroak in the red

SILVEROAK Industries has been badly hit by its relocation and rationalisation programmes over the past year and has gone into the red in its latest set of results.

The group tans hides and game skins for export and finished leather for local sale.

It reported a net attributable loss of R1,06m for the June year-end compared with earnings of R7,94m in June 1983.

No dividend was declared (19c last time round) and there was a 5,75c loss a share (earnings of 41c a share previously).

Turnover of R200,4m was unchanged from last year's R202,9m and net income was at R1,46m (R8,2m) before extraordinary items.

Extraordinary loss items of R2,5m have been attributed to the state of the industry.

A loss in operating income of R3,38m was reported from divisions affected by the relocation of Silvertone Tannery to Ladysmith.

Group directors said the major rationalisation and specialisation had seen a move away from non-profitable traditional lines to a new product mix, which should be of benefit in the future.

In the past year, a feltmongery was established in Port Elizabeth. It commenced production during the course of this month.

Directors say the effect on profitability will therefore be felt only in the next financial year.
WIDENING MARGINS

Activities: Makes leathers and accessories.

Control: Directors 37%.

Chairman: S Turok; MD: J Stein.

Capital structure: £8.0m ordinary. Market capitalisation: £1.6m.

Share market: Price: £20.00. Shares: 37% on earnings; p/e ratio, 2.7; cover, 2.1. 12-month high, 26p; low, 18p.

Trading volume last quarter, 13,000 shares.

Year to June 30

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<td>Turnover (£m)</td>
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<td>Pretax margin (%)</td>
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<td>Dividends (d)</td>
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<tr>
<td>Net worth (d)</td>
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<td>18</td>
<td>22</td>
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An improvement in margins in the six months to June helped Pointer towards a 16.5% increase in EPS last year. Though in real terms that may not amount to the "substantial" gain chairman Sol Turok had forecast, it's better than many companies in the volatile fashion business achieved.

Whereas first half operating profit was 10% up, the gain for the full year was 27%. Turok tells the 'FM' this largely reflects a switch in marketing strategy, with less emphasis on small boutiques and more on selling in bulk to larger chains, as well as the completion of plant refurbishment. The franchise programme also continued to raise its contribution (various garments and shoes are sold on a 3% royalty basis), while the purchase of increasing volumes of locally produced leathers led to lower costs.

Also unusual for a fashion business is that sales are spread relatively evenly through the year, with no Christmas peak. Turok attributes this to the fact that high-ticket leather garment sales peak in winter.

In the annual report Turok predicted further improvement in sales and profit this year. Though the market has since got tougher, Turok confirmed at the AGM in December that sales and profit for the first five months had held up well, and reiterated his hopes for the full year.

Liquidity is generally sound, though tightening marginally, and operating ratios are healthy. The smallness of the company and tight marketability will prevent the share from ever becoming an institutional stock, but it could have interest for an income-conscious small investor.

Michael Grubin
Poor trading conditions knock IB Joffe

OUTDOOR and leather-goods manufacturer and distributor IB Joffe has been hard hit by poor trading conditions as a result of political uncertainty, by labour disputes and consumer boycotts in the six months to June.

The retail-listed company’s interim results reflect a bottom-line loss of R50 000, compared with earnings of R600 000 for the same period last year, and a loss of 3.4c a share compared with a positive 5.6c to June 1988. No ordinary dividend (3c) was declared “in view of the results”.

A hike of almost 300% in the group’s interest burden to R579 000 from R150 000 contributed to the loss, following a small increase in turnover to R121m.

A group spokesman said last night a profit was expected at year-end, as the group now had “a monopoly on tubular furniture market”. The positive impact of the acquisition of plastic furniture manufacturer Leisure Laze would be evident in the future.
the listed broiler and feedgrain producer, advised shareholders on April 5 that it is involved in negotiations which could affect the share price, but chairman Boet van Wyk would only confirm he was talking about a merger. Kanhym was equally mum, saying no more than that negotiations were taking place.

Mielie-Kip draws 80% of its turnover from the overtraded broiler market and sells 130,000 chickens a week, giving an estimated 2.5% market share. Its market is, however, concentrated in the Witwatersrand and the company is one of the few independent broiler producers.

Kanhym’s aim is to diversify into non-meat value-added areas. Per capita consumption of red meat has fallen over a number of years, whereas chicken sales are growing.

Still, the broiler market remains extremely competitive though that did not prevent Mielie-Kip from improving its margin to 8.4% (6.8%) in the year to end-February 1989. Turnover for the year was R37.9m (R31.6m) and taxed profit R2.9m (R1.6m).

A dividend of 6c was paid on earnings of 22c. At the 1990 interim stage, earnings improved to 8.4c (7.4c) and the dividend to 2.5c (2c). Turnover increased 17.5% to R20.3m.

While Kanhym gains entry into the broiler market, Mielie-Kip could benefit from Kanhym’s maize farming for its own feedlots. Kanhym’s maize fields are near Mielie-Kip’s broiler houses and, at present, the chicken company grows only half of the maize its broilers eat.

Mielie-Kip shares, 78% of which are controlled by management, are trading at 72c giving a market capitalisation of R9.5m.

* Pam Bashind *
HEDGING against difficult trading conditions has proved immensely costly for Silveroak Industries for the six-month period to December.

The group, which tans bovine hides and game skins for export and finished leather for local sale, turned an operating profit of R6,5m for the same period last year into a R2,5m loss.

This is in spite of a 29% increase in turnover to R117,6m (R91,1m). Directors said the group had been hit by a number of adverse circumstances, although a major programme of rationalisation, consolidation and specialisation had been embarked upon.

Silverton Tannery, described by directors as a "developing negative", has relocated to a decentralisation point near Ladysmith. The group also acquired a vegetable leather tannery in Pearl for the production of shoe soles, saddlery and belt leather.

**Released**

The cost to the group of closure and relocation, as well as start-up costs at Ladysmith, reduced profits for the period by R6,5m.

However, directors say plant and equipment worth R5,9m have been released for use throughout the group. The group also benefited from the sale and lease-back of buildings in Port Elizabeth and surplus plant in Pretoria to the tune of R1,4m.

On the books, the moves were not complementary; finance costs were up 30% to R2,6m (R1,5m), leaving an attributable loss — after an extraordinary item of R1,4m — of R3,7m (+R5,1m). Earnings were down to -27c (28c) a share.

On the balance sheet the current ratio dipped to 1,41 (1,81) with gearing up to 72% (56%).
Revamp reins in leather house

CAPE TOWN — High finance charges incurred in a major revamp of Cape-based Pointer Fashion International’s production facilities limited growth, with taxed earnings increasing 10% to R274 600, or 3,4c a share, for the six months to December 1989.

The leather garment and handbag manufacturer reported 16% growth in turnover to R7,5m and 19% growth in operating profit to R871 000 during the interim period. But pre-tax profits were diluted by a 35% increase in finance charges. Tax increased by 10% to R224 000.

The directors decided, however, to boost the interim dividend payment by 20% to 1,5c a share.
Extended range boosts Pointer

By BRUCE WILLAN

EXTENDING its product range into the women’s leather garment sector has boosted Pointer Fashion International’s turnover by 37%.

Turnover increased in the first six months of the year ended December 31, 1988 to R6.5m compared with the previous year’s R4.7m.

Operating profit jumped by 35% to R728,000 but due to increased costs for financing, earnings per share only increased by 25% to 3 lc.

Finance costs almost more than doubled to R276,000 (R109,000).

An interim dividend of 1.25c (1c) has been declared.

Chairman Sol Turko points out that apart from the contributions made by the new range of women’s garments, all divisions within the group performed well.

"In addition, our franchising programme is making an increasing contribution to group profits."

Turko is optimistic about the group’s prospects for the remainder of the financial year.
Bid to settle Parow strike

Staff Reporter

A WAGE strike involving 180 workers at Messop and Son leather manufacturers in Parow has been referred to mediation in a bid to settle the dispute.

A spokesman for the SA Chemical Workers' Union yesterday said management had agreed to resort to mediation on October 12.

Workers rejected the company offer of R20 and demanded a R50 increase, to be implemented in two instalments, the spokesman said.
Workers to vote on strike

WORKERS at Mossop Leather in Epping this week resolved to prepare for a strike ballot after a month-long wage dispute with the company.

A South African Chemical Workers' Union (Sacwu) spokesman, Mr Peter Roman, said yesterday that the 140 Sacwu members at Mossop Leather initially demanded a R75 across-the-board increase.

Mr Roman said that after negotiations with management failed, the workers decided to ask for a R50 increase which the company still refused to give.

He said the company instead offered an 18.5% increase for workers earning below R100 and 15.5% for those earning above R100.
The cutting edge

High technology is what many JSE investors want — but do they know precisely what it is? And do they know if a given company in the field is a good investment?

were listed 12 months ago. Excluded are several newly announced listings whose prospects are not available — including Computer Warehouse, Sequel (which is being reversed into cash shell Barbican) and Dimension Data.

The graph shows the extent of the sector’s growth. Electronics has far outstripped the manufacturing sector and is obviously the industry of the future. The market is expected to increase 125% worldwide in dollar terms between now and the end of the century. And with the rapid rise in record in electronic products, volumes may rise considerably more.

Entrées for the South African investor remain limited. Some of the most important hi-tech companies are unlisted subsidiaries of multinationals — Precise and Siemens come to mind.

Of the companies which are quoted in the Electronics sector or have a hi-tech image, few would actually be regarded as hi-tech in other countries. Altech stands out.

Apart from manufacturing and developing products in telecommunications, it has a subsidiary, MSN, which produces printed circuit boards (the basis of the electronics industry) and hybrid microcircuits. Altech also has 37% and management control in South African Micro-Electronic Systems (Sames), producing microchips, and in Integrated Circuit Design Centre (ICDC), which designs and develops chips for specific applications.

The computer and business systems arm of the Altron group is to be Fintech. The longer-established Powertech, which some may also regard as hi-tech, operates more in the heavy engineering sector. Its recent share price rise could be more realistically ascribed to internal rationalisation and recovery than involvement in hi-tech.

Reunert is also regarded as a hi-tech stock, with a large technology and computer section, as well as fibre optics and telephone systems. Its heavy engineering division has not been as profitable as other divisions recently, and the industrial section caused problems in the past (see Fox). It is to be listed as Fenner. Indications are that Reunert is at last focusing on hi-tech, that it has a strong balance sheet, and could now achieve its growth targets.

Two other companies regarded as hi-tech are Grinaker Electronics (Grinel), part of listed Grinaker Holdings, and Spescom. Grinel has produced and exported new technology, specifically in high-frequency radio lines, and developed a unique underground mine communicator. But Grinel accounts for only 35% of Grineker’s funds, so Grinaker is hardly worth chasing as an investment in hi-tech.

Spescom has concentrated on niche markets, in the belief that SA cannot produce the volumes required by world markets and must target specific areas. Spescom is concentrating on development of data capture and recording equipment.

A stockbroker points to an important differentiation between “hi-tech products and hi-tech people.” Software groups, he considers, have their technology locked into the ability and training of their people. This, he says, is a fragile technology” for any investor to back. People in SA are mobile — and especially computer people.

Unfortunately, a large proportion of the companies generally viewed as hi-tech on the JSE fall into this category. As the table indicates, several are concerned with developing and marketing software, a particularly difficult activity for an investor to assess. So the investor has to take into account the extent to which skilled staff are tied to the company. A notable aspect of the SPL issue, for example, was the large number of shares allocated to staff. Spescom has chosen a similar route — 70% will be owned by staff and senior executives after the issue.

It’s also important to see how long a company has been around. A company e-
Altron's Snedden ... across many disciplines

established some time ago is more likely to have loyal staff and be capable of the adaptations which are part of a rapidly changing industry. The date of listing can also be vital, since this is when funds became available for expansion and investment. Or the company must have the backing of a large group such as Fintech (Altron) and Reuert (Barlow).

The size and age of a company could influence its ability to obtain technology. Unlisted subsidiaries of multinationals have access to research and development of their parent companies, but others have to find their own sources of foreign technology. Here a small recently-formed company is obviously at a disadvantage when compared with, say, Altech, which has developed overseas connections over many years.

And it is essential to keep up to date. In the Siemens Review of July/August 1986 the company points out that more than 90% of present sales are of products which did not exist five years ago.

Size can influence performance in another way. While some investors in small companies hope to be on the ground floor of another Apple, such companies are few and far between. Barriers to entry in the wider markets are high, as the cost of establishing large plants to supply public sector contracts could be prohibitive to the newcomer.

The table also lists a large number of companies concerned with sale and distribution of software and hardware. Though they perform important functions — whether products are sold to the computer industry or any other — the business remains a retail operation. The advantage of selling hi-tech products is simply that of a fast-growing market.

Pace of growth is the reason for the rating of the hi-tech stocks. As Jesse puts it — “you can get a growth rate much faster than GDP, as people switch from old to new products.”

But the kind of growth expected by investors right now seems so high that companies can only meet expectations through acquisitions. Organic growth, with its fits and starts, may not be good enough for investors in this heated sector — witness disappointment expressed by analysts, and shown in SPL’s market rating following its recent results. There is the fear that, as one analyst puts it, “some companies could be so absorbed in making acquisitions that they could forget the need to run their businesses.”

There are other grounds for investor confusion. Earnings yields of newly-listed companies, as stated by the JSE, are based on forecast earnings; whereas yields of companies listed for more than a year are calculated on historic performance. In a high-growth industry this distorts comparisons,

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<td>Altech</td>
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<td>Lithosaver</td>
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<td>Spectron</td>
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*Acquired by Altron
especially where acquisitions have been made. So the investor should keep up with latest developments in all the companies to assess relative yields.

A general industry complaint is that the funds going to relatively small companies are distorting the market — in terms of what companies believe they are worth, and in terms of the sums they are investing. The head of one listed company suggests that every small computer operation is now valuing itself at stock market ratings. The upshot is that there are very few reasonably priced acquisitions around.

Rationalisation lies somewhere in the future. Those pushing for the highest growth rates will not necessarily survive. As Everett M Rogers and Judith K Larsen point out in *Silicon Valley Fever* (Basic Books, 1982), “it is entirely possible for a new firm to grow itself to death.”

*Pat Kenney*

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**FM's Economic Panel**

*May we suggest* . . .

**Parsons:** Before we start making recommendations, we should outline how we see the present situation.

**Dickman:** Growth started improving from the middle of last year. For the first quarter of this year, I would say that the evidence is probably still positive but not startlingly dynamic. It is a mixed bag.

The BoP current account was running at a very high surplus in the fourth quarter of last year. In rand terms it certainly fell in the first quarter, but should be looked at in relation to the strengthening of the rand. Financial conditions are still easy.

**Kantor:** If you look at expenditure growth certainly the final quarter was disappointing, but there is no doubt that domestic expenditure is now picking up strongly.

**Hamersma:** It is mainly stimulated by government expenditure. This recovery differs from previous recoveries in that it is not based on rising exports it depends on domestic demand. There is no strong underlying growth factor.

**Kantor:** One fundamental running very strongly is probably the most important: the gold price in dollar terms is significantly up, so exports in dollar terms are probably growing strongly, if not in rand or volume terms.

**Parsons:** How do you see consumer and business confidence?

**Dickman:** Confidence has improved.

**Parsons:** Short-term and long-term confidence are not the same thing. To what extent is there evidence of a real improvement in private fixed investment, as reflecting longer-term confidence?

**Hamersma:** In the banking sector interest is developing in the fixed investment field. But consumers are still not borrowing.

**Kantor:** The economy is running very lean and businesses are planning for small volumes. If this recovery is even moderately sustained, ability to meet demand will be threatened by capacity constraints. Private investment spending will improve in response. But the public sector is also a very important investor; last year declines in spending by public corporations and public authorities were an important contributor to very weak investment performance.

**Dickman:** Figures for real disposable income and savings seem to show there are no personal savings left, which doesn't fit with our knowledge of what savings go into pension funds, etc.

**Kantor:** The savings mix has changed fundamentally and for good reason. Corporate savings have become the vast bulk of total savings, because the returns corporations can earn after tax have been much better than the returns savers can get for themselves through banks and building societies.

What is going to be critical for consumers is shortages of labour, shortages of skills which will come about after new input pressure on employment benefits.

**Dickman:** Wages are rising fast in mining, in contrast to the rest of the economy.

**Parsons:** Could we comment on the impact, if any, on business and consumer sentiment of the general election?

**Dickman:** The first reaction is positive in that the financial risk has not declined and the stock market has gone on strongly. This may well be a response to the return of a strong government.

**Hamersma:** The result has not been well received abroad, particularly in the UK and US. In Europe people are more relaxed.

**Kantor:** I think reactions are mixed, depending on how you voted. People who voted for the PFP or perhaps the Independents, though I think the Independents did well, feel pretty bad. If anything the election will encourage emigration, not discourage it.

**Hamersma:** The results could foster a more inward-looking policy. People may feel that we must emphasise domestic security rather than reform, which would have a beneficial effect on the view the outside world takes. Because of the structure of our economy, we should be outward-looking.

**Dickman:** We use the term inward industrialisation, which is of course outward-looking in itself. You need a different attitude towards the export of the resources we have.

If the emphasis is a return to a more security conscious approach, how are we going to carry on with this broader strategy of bringing the black population into private enterprise?

**Kantor:** The business community was shown to be irrelevant. If anything it is armegeddon against government, which won hands down.

**Parsons:** We have identified some major elements in the background to the Budget. So what do you see as the main challenges facing the minister of finance?

**Kantor:** The challenges are always the same: to design policies that maximise growth within the political constraints.

**Parsons:** What is the maximum growth we can afford, given the constraints?

**Kantor:** The potential growth of SA is enormous. There's no ceiling. The problem is not generally deficient demand, but the appropriate structures for growth.

**Hamersma:** No, there obviously is a constraint. We know how weakly the economy has performed. It is wrong to try to stimulate the economy by massaging it in the short term, adding a bit of spending here and there. We must take a longer-term view and decide what is going to create growth, depending on our comparative advantages.

The world economy is not performing in a way which could provide positive reliable stimulus. And we are out of phase; we are trying to create growth at the wrong
Tanning industry slump takes toll on Silveroak

ACHMED KAREEM

THE tanning industry was experiencing a major market downturn, Silveroak Industries chairman Peter Kaufmann said in his annual review.

The tanning and leather group recently posted a net attributable loss of R1.06m in the year to end-June, compared with earnings of R7.94m in June 1989.

"Recession and consumer tiredness in North America and Western Europe, the abrupt falling away of Eastern European imports and ecological problems are all taking their toll," he said.

However, Kaufmann anticipated a growing worldwide demand for footwear and leather.

"As SA continues to make important strides towards an acceptable interracial partnership, I feel confident that our group will be well positioned to participate in this growth and to benefit from it."

He said although the world ban on elephant products was a blow, Silveroak had been able to replace this volume with new specialty leathers.

Kaufmann said the establishment of Exofell, a fellmongery in Port Elizabeth which started production in June, held good prospects for the current year.

"The effect on profitability will therefore be evident in the new financial year, but already the results are interesting."

The group had followed a world trend to small specialised tanneries and had a new upholstery leather tannery in Ladysmith, a vegetable leather tannery in Paarl and a pickling plant in Exofell. It also had southern Africa's game skin tannery in Port Elizabeth.
Rationalisation yields silver lining for leather firm

Beverly Huckleby

AFTER a year of heavy losses, Silverosk Industries saw a return to profitability in the six months to end-December with earnings of $3c a share compared with a loss of 27c a share in the same period in 1989.

The group tans hides and game skins for export and makes finished leather for local sale.

Despite a 20.9% drop in turnover to R83m (R117.8m), operating profit rose to R5.5m compared with a loss of R2.5m in the 1989 review period.

Finance costs of R4.1m (R2.6m) and a massive hike in the interest bill to R4.1m (R1.8m) reduced after tax profits to R518 000. However, this represented an increase compared with after tax loss of R5.1m in the previous review period.

No interim dividend has been declared.

Directors said adverse factors which had affected results in 1989 had basically come to an end. Rationalisation strategies already in place would also increase efficiency and margins.

Savings instituted in the first six months would only become evident in the next half-year.

Acceptance

Although Ladysmith Leather had not yet reached its full potential, the operation now had permanent facilities which augured well for future profits, they said.

This was already evident in the improved output levels as well as the fact that production were gaining acceptance in the market place.

"Mossop Leather continues to be a meaningful contributor to group profits and has improved its market share in the retail and production sector of the semi-durable market and is at present heading for a financial return," they said.

Exotan, which operated in the luxury non-footwear and clothing goods market, was affected by the impact of cheaper imports of raw materials and finished goods.

"Our hide and skin trading activities, although coming under pressure from the downturn in export markets, continues to be a major contributor to group results," they said.

Order books of most divisions were mostly filled and together with cost rationalisations should result in increased profit and dividends.

Decentralisation and export incentive claims due from government were not shown on the statement as the cash for these claims had not been received, they said.
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Decentralisation and export incentive claims due from government were not shown on the statement as the cash for these claims had not been received, they said.

AECI slows after 5-year surge

THE recent disappointing performance of chemical giant AECI brought to an end a five-year period during which earnings a share increased by 23% a year from the low point reached in 1984, AECI chairman Gavin Reilly said in this year's annual review. (See page)

Reilly said adverse local and international conditions persisted throughout the year, and unfavourable weather in most of the summer rainfall area during the last quarter exacerbated the position in the agricultural sector.

In consequence, the normal business pattern which favours second-half results did not materialise," Reilly said, adding that demand remained weak in most major industries supplied by the group and margins were generally reduced.

Reilly said the decision by the board to maintain the dividend, despite the lower level of dividend cover, reflected the belief that 1989 marked the low point for the group in the current business cycle.

COMPANY RESULTS WRAP-UP
IB JOFFE FM 1715711

LITTLE APPEAL

There are few companies with R30m turnover that produce photo-copies annual reports, but given the collapse in earnings since I B Joffe's 1987 listing no doubt any economy is useful. And there aren't likely to be many objecting shareholders: only 32 000 shares changed hands in the whole of last year, and none so far this year.

Unfortunately, economy of production cost is matched by economy of disclosure. The report nowhere lists the directors, and as there's no longer even a breakdown of individual directors' shareholdings, their identity can't even be inferred. MD Peter Joffe calls this a "total oversight." The sectoral profit breakdown has also been changed, with no comparative figures on the new basis.

Other than referring to industrial action to budget and Leisure Late should contribute to the joint sale of R2.5m-R3m this year. But margins are still under pressure. This does not suggest that a major recovery is in profits is imminent. So even a return to high levels is unlikely, unless there is a total overhaul of the operation. The share is worth selling short at present nominal price.

Activities: Makes and distributes leather and canvas goods and outdoor equipment and furniture.

Chairman: B M Joffe; MD: P R Joffe.

Capital structure: 17,8m ords. Market capitalisation: R11.8m.

Share market: Price: 67c. Yields: 2.2% on earnings; p/e ratio, 44.7. 12-month high, 70c; low, 80c. Trading volume last quarter, nil.

Year to Dec 31 88 89 90
ST debit (Rm) 1.4 2.3 5.5
LT debt (Rm) 4.7 4.8 7.2
Debt/equity ratio 0.64 0.62 1.04
Shareholders' interest 0.44 0.45 0.43
Int & leasing cover 20.7 5.6 1.5
Return on capital (%) 15.4 15.4 6.0
Turnover (Rm) 25.9 28.5 30.6
Pre-int profit (Rm) 3.7 3.9 1.8
Pre-int margin (%) 14.6 13.8 5.9
Earnings (c) 15.7 14.3 1.6
Dividends (c) 5 6 6
Net worth (c) 70 77 71

and consumer boycotts in the early part of the year, chairman Bill Joffe does not explain the failure to reach the target turnover of R36m.

First-half turnover was only R200 000 higher than last year and there was a six-month net loss of R540 000, so there was a significant pick-up in the second half, which Bill Joffe says was helped by improved labour relations and cost-cutting.

The report does not say what the mid-year acquisition of plastic furniture manufacturer
Silveroak resumes dividend

Although turnover fell 5.8% to R87.7m from R93.1m, operating income rose 61.7% to R10.2m (R5.8m).

MD Owen Townsley said substantial savings in financing and operations costs, combined with improved world market conditions contributed to the good results.

Finance costs were reduced from R4.1m to R2.6m, and Townsley said that balance sheet ratios had improved significantly. Attributable income grew to R2.8m from R2.6m. This compares with attributable income of R1.4m for the full year to end-June 1991.

DRAMATICALLY improved interim results from leather manufacturer and tanner Silveroak Industries saw it resume payment of its interim dividend by paying shareholders an extraordinary dividend of 5.4c a share.

After passing on dividend payments for the entire financial 1991 year, the company's R4m dividend payout, including an ordinary dividend of 16.2c a share, was covered 2.3 times by earnings.

Off a low base, the company lifted its earnings from 2.8c to 36.7c a share in the six months to end-December. These results come on the back of a healthy order book, improved cost control and improved world markets.
FOLLOW CRACKS

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<th>Dec 31 '90</th>
<th>Jan 30 '91</th>
<th>Dec 31 '91</th>
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<td>Pre-tax profit (Rm)</td>
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<td>Attributable (Rm)</td>
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<td>(0.2)</td>
<td>(0.4)</td>
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<tr>
<td>Earnings (c)</td>
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<td>(3.0)</td>
<td>(5.2)</td>
</tr>
<tr>
<td>Dividends (c)</td>
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</table>

ence Turok, who took over from his father in July last year, is not expecting a material improvement for the remainder of the financial year. The loss for fiscal 1992 will be relatively large.

Turk complains of the effects of the cheap imported leather goods from Turkey and Hong Kong, emphasising the paradox of 3% duty on imported finished goods whereas a 20% duty is levied on imported raw material. "How can we be competitive?" he asks.

No doubt, the company's performance over the past two years raises questions about the quality of management, who might have considered earlier whether tariff protection was too good to last, and what necessitated increased borrowings — and many other such questions.

Now, says Turok, it is a case of "hanging in there" until the economy turns. Then Pointer will be well positioned to trade profitably again. That is all very well. But what happens if the economy does not turn fast enough? Like Pointer, there are many small operations that are simply just managing to survive.

From the sidelines, we must sit and watch and wait and hope that it won't take too long and that, while the politicians fight for the power stakes, the economy, Pointer and the many other small companies in a similar position, will not deteriorate further.

 Gerrard Stein

POINTER FASHION

Something to bleat about

It is difficult not to continue bleating about the way that the economy has been ruined because of the politics of the past 40-odd years. But when the reality is driven home through the plight of small business, it's all but impossible to avoid doing so.

The Pointer story fits into this category. It is an old, relatively small Cape leather goods manufacturer that was listed in 1986. Until 1990, it was a successful business and showed solid financial growth. Turnover grew by a compound 31% a year; operating income before interest and tax by 36%; after-tax profit by 34% and EPS by 33%.

In 1990 and 1991, everything seems to have turned against it as the cost of its borrowings rose, labour unions received the "unreasonably" high wages they demanded, strikes, boycotts and unrest and smaller disposable incomes impacted on the consumer, and off-take declined along with GDP.

What was once a flourishing small business, is today on its knees. The interim report for the six months to end-December shows turnover reduced by a fifth, operating income barely being breakeven level and attributable earnings showing a net loss that is larger than for the whole of 1991.

At the halfway stage, therefore, share capital (including convertible debentures) shrank by 17%, even though fixed assets were revalued just over a year ago. Net working capital fell to R1.9m from R2.7m in December 1990. The debtors book is factored. Trade is not good and chairman Laur-
Tanneries' strike ballot

SHARON SOROUR, Labour Reporter

STRIKE action is looming in the South African tanning industry after employers and unionists were unable to resolve a wage impasse.

According to SA Clothing and Textile Workers' Union negotiator Mr Freddie Maguga, more than 2,500 workers at 14 tanneries nationwide will take part in a strike ballot next week.

The union declared a dispute with the SA Tanning Employers' Association after rejecting a wage offer of 12.5 percent. The union is demanding an increase of 17.5 percent, which includes demands for improved annual and long leave bonus.
Clothing dispute mended

By MONDLI MAKHANYA

WHILE strike threats in the beleaguered clothing industry may have receded, the tanning industry is teetering on the verge of strike action.

Eleventh-hour negotiations between the National Clothing Manufacturers’ Association and the South African Clothing and Textile Workers’ Union (Sactwu) at the weekend averted a strike by 20,000 workers nationwide which would have dealt a deadly blow to the tanning industry.

Workers have settled for raises of between 12.75 percent in the Cape and 13.11 percent in the Transvaal, as against the opening demand of 22 percent and an opening offer of eight percent. A dispute had already been declared and workers were poised for strike ballots.

At the same time, a pay dispute in tanning has been referred to the executive committee of the leather industrial council, and 2,500 workers are due to begin strike ballots on Tuesday.

Sactwu, which joined forces in the talks with its long-standing rival, the National Union of Leatherworkers, is demanding a 17.8 percent raise, while the South African Tanning Employers’ Association has offered 12.5 percent. Negotiations began in April and increases should have come into effect at the beginning of this month.
Export margins boost Silveroak

MARCIA KLEIN

LEATHER tanner and manufacturer Silveroak Industries increased its attributable income more than threefold to R9.4m (R2.9m) in the year to end-June after improved margins in export markets and lower finance costs.

The rise was achieved on turnover of R178.8m, only 2.2% higher than the previous year’s R175m.

Despite the pedestrian turnover growth, operating income rose by 18.3% to R17.8m (R14.6m). MD Owen Townsley said growth in turnover and improved margins "resulted from concentrating on adding value to raw material through our industrial divisions".

The local price of hides had exceeded international prices early in the year. When these came in line, margins improved in export markets. Townsley said exports accounted for about 50% of turnover.

Finance costs were reduced to R5.7m from R6m resulting from a lower inventory cost due to the reduced price of hides, lower borrowings and the drop in bank rates.

Pre-tax income was up by 77.3% to R11.4m, and the 41.7% rise in attributable income came after "a generous tax holiday" and fewer extraordinary items.

A final dividend of 10.5c a share was declared to bring the full year dividend up 333% to 27c (8.1c) a share. Townsley said results were better than expected despite poor conditions locally and an excess of raw materials overseas.

The drought had resulted in "substantially poorer quality raw material, but this should improve in the coming year.

Townsley was cautiously optimistic about the coming months, particularly if the export of finished leather provided the expected returns."
A silver lining at Silveroaks

SILVEROAKS Industries chairman Peter Ramboam is cautiously optimistic about the company's future in spite of adverse worldwide economic and local market conditions.

He said in the company's annual report the share price had not performed well, but shareholders had been re-
warded with a 300% increase in dividend payments.

One of the divisions in the leather tanning and manu-
facturing group did badly, but new management had been appointed and production streamlined.

MD Owen Townsley said the trading division's oper-
ations remained satisfactory, but this would have not been the case if the market price of hides in SA had remained unrealistically high.

The footwear leather division had been affected se-
verely by the downturn, strikes and importation of cheap shoes. The garment and exotic hides division had been affected by declining market demands and trends.

The upholstery leather division had been hit by fragile labour relations in the motor industry, and furniture upholstery demand collapsed in the second half of the financial year to end June, Townsley said.
Results at Pals Holdings reflect tough conditions

LINDA ENSOR (190)

CAPE TOWN — The effect of the recession on the clothing industry was reflected in the slide in earnings of clothing manufacturer Pals Holdings, which announced its results yesterday.

Earnings plummeted to 1.4c (6.1c) in the six months to end-December and payment of an interim dividend was waived as the directors did not foresee any short-term improvement in business conditions.

While turnover rose marginally, net operating income fell by 73% to R280 000 (R1.1m) because of the effect of difficult and deteriorating trading conditions on gross margins.\[6(\text{PA})\] \[31/3/73\].

But Pointer Fashions, which manufactures leather garments and handbags, managed to return to the black in the six months to end-December, reporting earnings of 0.715 a share compared with the previous loss of 5.17c.

This was achieved on a virtually stagnant turnover of R6.1m, as margins showed a strong improvement to 8% (0.62%), generating a rise in operating income to R493 000 (R128 000). Interest payments remained high and nearly wiped out the gains made at operating level. No dividend was declared.

Prospects for the next six months were bleak, said Pointer chairman Laurence Turok.
Metair, Toyota labour action holds back Wesco

EDWARD WEST

LABOUR unrest at Toyota SA and Metair reduced holding company Wesco Investments' earnings a share by more than two-thirds to R261c (714c) in the year to end-December 1992.

Wesco, which derives most of its income from a 59% stake in Toyota SA and 42% of the motor component manufacturer Metair, maintained a dividend for the year at 86c.

Turnover was R3,439m (R3,477m), but pretax income dropped by nearly half to R139,2m (R266,7m). This was caused by costs associated with the Toyota strike last year, and to a lesser degree labour stoppages at Metair, said Wesco company secretary Allan Stewart.

Tax was lower at R77,7m (R120,5m). No interest charge was disclosed. Interest bearing debt more than doubled to R493m (R239,3m)

which brought gearing up to 44% from 24%. Fixed assets climbed 22% to R68,1m (R56,3m).

Stewart said gearing — still at comfortable levels — periodically fluctuated because Toyota SA needed to keep its products up to date with demand for new technology.

Income before extraordinary items was sharply lower at R22m (R50m). An extraordinary item of R2,78m related to Wesco's share of income derived from Metair's sale of subsidiary Metlink to Toyota SA.

Directors reported the outlook for 1993 was not as gloomy as 1992's results which were affected by a fourth year of economic downturn, lower vehicle sales and labour disruption.

The recession would abate toward the end of 1993 and expectations of an upturn were uncertain. However, Wesco did not expect to operate in the same confrontational and hostile industrial relations environment.

At most of Wesco's companies, management and employees were engaged in serious attempts to forge better relationships at the workplace.

Stewart said Metair was working toward increased market share.

Metair's subsidiaries should also perform better in 1993 and directors expected a gradual return to previous profit levels.

Bergers going to market

CAPE TOWN — The Bergers group, which added badly into the market in the year to end-December with a loss of 7,7c a share, compared with a profit previously of 6,2c, is to go to the market to raise R25m.

Bergers Trading Holdings (Bergers) hopes to raise the funds by means of a renounceable rights offer, while parent company Bergers Group intends to raise R15m to follow its rights in the Bertrade offer.

Executive chairman Howard Mauerberger said yesterday the funds raised would increase the capital base of the group, reduce gearing and provide for future growth.

An announcement on the terms of the offer would be made shortly.

With an onerous interest burden and a gearing which increased to 119% (86%) during the 1992 year, the group needs to recapitalise.

Mauerberger said major institutions and other investors had indicated they intended to follow their rights in the offer.

Payment of dividends by Bertrade and Bergers has been waived.

An aggressive approach to stock reduction by means of markdowns and write-offs cost the group R8m and contributed to the sharp fall in operating profit to R25,000 (R11,08m) on a 1% rise in turnover to R166,7m (R165,0m). The real decline in turnover was produced on a larger number of stores, an indication, Mauerger said, of the tough trading conditions.

MD Mervyn Jacobson said carry-over stock was reduced by about R10m over the year to improve cash flow and get rid of surpluses. Heavy discounts were introduced to protect the group's market share.

All the chains in the group — Bergers, Weiner and Jones — had performed negatively and marked down heavily, Jacobson said.

With an interest bill of R4,4m (R4,4m) and an abnormal item of R1m relating to restructurings and the closure of the Johannesburg head office of Jones, the group was deep in the red.

However, Jacobson was confident about the group returning to profitability this year, despite trading conditions remaining harsh.

Parent company Bergers, which has a 94% interest in Bertrade, reported a loss of 30,8c a share (24,5c profit).

Silveroak takes severe tanning

LEATHER tanner and manufacturer Silveroak Industries reported a 72% drop in attributable income to R1,9m (R6,8m) on an 11% advance in turnover to R25,6m (R22,7m) for the half-year ended December.

This was equivalent to earnings of 12,5c (32,1c) a share. The company did not declare an interim dividend. The profit at the half-way stage last year was 16,2c a share.

MD Owen Townsley blamed the "exceptionally severe drought", which resulted in poorer quality and lower quantities of raw material creating an over-competitive demand at higher values in spite of falling consumer demand for unfinished leather. Margins were squeezed and operating income dropped by almost half to R6,4m from R10,6m.

Finance costs fell to R1,7m (R2,6m) and pre-tax income was down 62% to R3,7m (R7,8m). Profit after tax and extraordinary items was down to 10c (37c) and 18c (60c) respectively for the half-year.

Pressure on margins would continue until a drier and more transparent marketing system had been established, Townsley said. The second half of the year was unlikely to show much improvement.
Pointer back in the black, passes div

MARC HASENFUSS
Business Staff

CAPE Town-based leatherware manufacturer Pointer Fashion International crept back into the black in the six months to end December.

The group managed a small R57,000 profit compared with a hefty R415,000 loss in the corresponding period last year. No dividend was declared.

Operating margins were drastically improved in the half-year under review. The group showed pre-tax interest income of R483,000 (previously a meagre R3,800) from static turnover at R8.1 million.

Unfortunately, Pointer's interest bill was only reduced to R139,000 (R453,000), and still swallowed up most of the bottom line.

Earnings for Port Elizabeth-based leather group Silveraak plummeted 72 percent to R1.9 million for the six months ended December 1992.

Directors said poor quality and lower raw material quantities due to the severe drought created an over competitive demand at higher values.

The group passed the interim dividend for the period under review (previously 16.2c a share).

Packaging group Harwill Investments bucked the recessionary trend to post a 24 percent gain in net profit to R1.1 million in the six months to end December.

Directors modestly noted that existing businesses, and newly acquired operations, performed satisfactorily. No interim dividend was declared in line with group policy to payout after year end.

Clothing group Pals Holdings reported a 73 percent plunge in attributable earnings to R137,000 for the six months to end December.

Directors attributed the profit slump to reduced margins stemming from difficult and deteriorating trading conditions.

With no prospect of a trading recovery in the immediate future, directors passed the interim dividend (previously 2c a share)

Recession-induced markdowns and stock write-offs pushed Berger's R6 million into the red for the year to end December.

Directors said markdowns and write-offs affected profit adversely by about R8 million.

They said measures to reduce costs for the ensuing year had already been instituted and substantial savings were anticipated.

Textile group Fenix Industries reduced its net losses dramatically to R2.5 million in the year to end December from R17 million in the previous period.

Directors said the group traded profitably in the second half of the year.

Fenix's holding company Abbey Holdings cut its losses by almost a third to R7.2 million in the year to December.

A poor performance from Manpower knocked communications, research and manpower specialists Adcor in the year to end December.

Earnings dropped 43 percent to R87,000 in spite of sound showings from Research Surveys, The Qualitative Consultancy and TWS Communications.

The cost of financing Adcor's diversification — which requires liquidity on the balance sheet — precluded the paying of an interim dividend.

Consolidated Diamond Corporation remained in the red for half year to end December 1992.

However, shareholders' will be heartened that the loss was cut to R1.4 million — down dramatically from the previous year's interim loss of R2.4 million.
Six of the best

A tanning may not have been what leather manufacturer Silveroak deserved but it's what it got during the first six months of financial 1993. There was a 66% drop in EPS to 12.3c — a sharp contrast to its best-ever reported results to year-end June 1992.

MD Owen Townsley says poorer quality and lower quantities of raw materials, because of drought, created an unusually competitive demand and much higher prices. He adds that deregulation of the meat industry has left great confusion in raw hide and skin marketing: "There have been misguided efforts apparently to entrench the protectionism once provided by the statutory power of the Meat Control Board."

Merchandise produced includes footwear, clothing and automotive upholstery leather. Taking into account the decline in vehicle sales over recent years, the automotive division must be under pressure.

Overseas dumping of poor-quality goods has worked its way through the system and the company is now looking at other international markets to which it can sell. Management has to cope with the prevailing high price of hides — the largest component of the group's raw material base — which makes it increasingly difficult to control gross margins.

Townsley says the second half of the year is unlikely to show much improvement. Pressure on margins will continue until a "freer and more transparent marketing system is established." Stringent cost control and the expansion of the export market should help matters.

The share trades on a p/e of 2.9; a 37.7% discount to NAV. A stronger track record needs to be established before serious investor interest can be invoked. — Ken Reardon
2. PERIOD OF OPERATION OF AGREEMENT

Substitute the following for clause 2 of the Re-enacting Agreement:

“This Agreement shall come into operation on a date to be fixed by the Minister of Manpower in terms of section 48 (1) of the Act and shall remain in force until 31 October 1993, or for such period as may be determined by him.”.

Signed at Cape Town this First day of February 1993.

H. McCARTHY,
Chairman.

E. R. KAPP,
Vice-Chairman.

J. J. KITSHOFF,
Secretary.

No. R. 639 23 April 1993

LABOUR RELATIONS ACT, 1956

LEATHER INDUSTRY, REPUBLIC OF SOUTH AFRICA: AMENDMENT OF ADMINISTRATION EXPENSES AGREEMENT

I. Leon Wessels, 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 30 April 1997, upon the employers’ organisations and the trade unions which entered into the Amending Agreement and upon the employers and employees who are members of the said organisations or unions; 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 30 April 1997, 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.

L. WESSELS,
Minister of Manpower.

SCHEDULE

NATIONAL INDUSTRIAL COUNCIL OF THE LEATHER INDUSTRY OF SOUTH AFRICA

AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

(a) Midland and Border Leather Industry Manufacturers’ Association;

2. GELDIGHEIDSDUUR VAN OOREENKOMS

Vervang klausule 2 van die Herbevragligging van die Ooreenkomst deur die volgende:

“Hierdie Ooreenkomst tree in werklikheid op die datum wat die Minister van Mannekring kragtans artikel 48 (1) van die Wet vastgestel en by van krag tot 31 Oktober 1993 of vir die tydperk wat by bepaal.”

Geteken te Kaapstad op hede die Eerste dag van Februari 1993.

H. McCARTHY,
Voorsitter.

E. R. KAPP,
Ondervoorsitter.

J. J. KITSHOFF,
Sekretaris.

No. R. 639 23 April 1993

WET OP ARBEIDSVERHOUINGE, 1956

LEERNYWERHEID, REPUBLIEK VAN SUID-AFRIKA: WYSIGING VAN ADMINISTRATIEFONDOORREKENKOMS

Ek, Leon Wessels, Minister van Mannekring, verklaar hierby—

(a) kragtans artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepaling van die Ooreenkomst (hierna die Wysigingsoor- enkoms genoem) wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie Kennisweging vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisweging en vir die tydperk wat op 30 April 1997 eindig, bindend is vir die werkgewersorganisasies en die vakverenigings wat die Wysigingsoorrekenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasies of verenigings is; en

(b) kragtans artikel 48 (1) (b) van genoemde Wet, dat die bepaling van die Wysigingsoorrekenkoms, uitgesonderd die vervat in klausule 1 (1) (a) met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisweging en vir die tydperk wat op 30 April 1997 eindig, bindend is vir alle ander werkgewers en werknemers as die genoem in paragraaf (a) van hierdie kennisweging wat betrokke is by of in diens is in genoemde Onderneming, Nywerheid, Bedryf of Beroep in die gebied in klausule 1 van die Wysigingsoorrekenkoms gespesifiseer.

L. WESSELS,
Minister van Mannekring.

BYLAE

NASIONALE NYWERHEIDSRAAD VIR DIE LEERNYWER- HEID VAN SUID-AFRIKA

OORENKKOMS

oorrekenkomstig die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tussen die

(a) Midland and Border Leader Industry Manufacturers’ Association;
(b) Western Cape Leather Industries Association;
(c) Transvaal Footwear, Tanning and Leather Trades Association;
(d) South African Tanning Employers' Organisation;
(e) Footwear Manufacturers' Federation of South Africa;
(f) Association of South African Manufacturers of Luggage, Handbags and General Goods
(hereinafter referred to as the "employers" or the "employers' organisations"), of the one part, and the
(g) National Union of Leather Workers;
(h) Transvaal Leather and Allied Trades Industrial Union;
and
(i) South African Clothing and Textile Workers Union
(hereinafter referred to as the "employees" or the "trade unions"), of the other part,
being the parties to the National Industrial Council of the
Leather Industry of South Africa,

1. SCOPE OF APPLICATION OF AGREEMENT

(1) The terms of this Agreement shall be observed in the
Leather Industry—

(a) by all employers who are members of the employers' organisations and by all employees who are members of the trade unions, who are engaged and employed in the Industry, respectively (other than persons engaged exclusively on repair work);

(b) in the Republic of South Africa, excluding the port and settlement of Walvis Bay: Provided that on the operations set forth in paragraph (6) of the definition of "Industry" or "Leather Industry" in clause 3 of the Agreement published under Government Notice No. R. 1789 of 3 September 1982 it shall be observed only in the Magisterial Districts of Bellville, including that portion of the Magisterial District of Bellville which, subsequent to the publication of Government Notice No. 1683 of 7 August 1987, falls within the Magisterial District of Kuils River, The Cape, Goodwood, Durban, including that portion of the Magisterial District of Chatsworth which, prior to the publication of Government Notice No. 501 of 8 March 1985, fell within the Magisterial District of Durban, but excluding those portions of the Magisterial District of Durban which, prior to the publication of Government Notices Nos. 1939 and 2067 of 10 September 1982 and 1 October 1982, respectively, fell within the Magisterial District of Inanda, and Johannesburg: Provided further that on the operations set forth in paragraph (7) of the definition of "industry" or "Leather industry" in clause 3 of the said Agreement it shall be observed only in the Magisterial Districts of Bellville, including that portion of the Magisterial District of Bellville which, subsequent to the publication of Government Notice 1683 of 7 August 1987, falls

1. TOEPASSINGSBESTEK VAN OOREENKOMS

(1) Hierdie Ooreenkoms moet in die Leermywerwdag nagekom word—

(a) deur alle werkgewers wat lede van die werkgewersorganisasies is en deur alle werknemers wat lede van die vakverenigings is, en wat onderskeidelik by die Leermywerwet en daarin werkzaam is (uitge- sonderde persone wat uitsluitlik herstelwerk doen);

(b) in die Republiek van Suid-Afrika, uitgesonderd die hawe en nederzetting van Walvisbaai: Met dien verstande dat in verband met die werksaamhede uitge- gesit in paragraaf (6) van die omkring van "Nywerheid" of "Leermywerwdag" in kloosule 3 van die Ooreenkoms gepubliseer deur Goewermentskennige No. R. 1789 van 3 September 1982, dit nagekom moet word net in die landdrosdistrik Bellville, met inbegrip van die gedeelte van die landdrosdistrik Bellville wat na die publikasie van Goewermentskennige No. 1683 van 7 Augustus 1987 binne die landdrosdistrik Kuilsrivier val, Die Kaap, Goodwood, Durban, met inbegrip van die gedeelte van die landdrosdistrik Chatsworth wat voor die publi- kasie van Goewermentskennige No. 501 van 8 Maart 1985 binne die landdrosdistrik Durban geval het, maar uitgesonderd die gedeelte van die landdrosdistrik Durban wat voor die publikasie van Goewermentskennige Nos. 1939 en 2067 van onderskeidelik 10 September 1982 en 1 Oktober 1982 binne die landdrosdistrik Inanda geval het, en Johannesburg: Voorts met dien verstande dat in ver- band met die werksaamhede uiteen gestel in paragraaf (7) van die omkring van "Nywerheid" of "Leermy- werwdag" in kloosule 3 van genoemde Ooreenkoms, dit nagekom moet worden net in die landdrosdistrik Bellville, met inbegrip van deel van die landdrosdistrik Bellville wat na die publikasie van Goewermentskennige No. 1683 van 7 Augustus 1987 binne die landdrosdistrik Kuilsrivier val, Goodwood en
within the Magisterial District of Kulls River, Goodwood and Durban, including that portion of the Magisterial District of Chatsworth which, prior to the publication of Government Notice No. 501 of 8 March 1985, fell within the Magisterial District of Durban, but excluding those portions of the Magisterial District of Durban which, prior to the publication of Government Notices Nos. 1399 and 2067 of 10 September 1982 and 1 October 1982, respectively, fell within the Magisterial District of Inanda: Provided further that on the operations set forth in paragraph (8) of the definition of "Industry" or "Leather Industry" in clause 3 of the said Agreement it shall be observed only in the Magisterial Districts of Bellville, including that portion of the Magisterial District of Bellville which, subsequent to the publication of Government Notice No. 1653 of 7 August 1987, falls within the Magisterial District of Kulls River, Germiston, Goodwood, Johannesberg, Middelburg (Transvaal), Pretoria, Roodepoort and The Cape.

(2) Notwithstanding the provisions of subclause (1), the terms of this Agreement shall, however, apply only to those employees for whom wages are prescribed in any of the Main Agreements of the Council.

2. CLAUSE 5: COUNCIL FUNDS

In subclause (1), substitute the expression "36c" for the expression "26c".

This Agreement is signed at Port Elizabeth, on behalf of the parties this 29th day of October 1992.

D. J. F. LINDE,
Member of the Council.

K. N. MOODLEY,
Member of the Council.

L. M. VAN LOGGERENBERG,
General Secretary of the Council.

No. R. 640 23 April 1993
LABOUR RELATIONS ACT, 1956
MILLINERY INDUSTRY (TRANSVAAL): RENEWAL OF AGREEMENT


L. WESSELS,
Minister of Manpower.

No. R. 641 23 April 1993
LABOUR RELATIONS ACT, 1956
MILLINERY INDUSTRY (TRANSVAAL): AMENDMENT OF AGREEMENT

I, Leon Wessels, Minister of Manpower, hereby—
(a) in terms of section 48 (1) (a) of the Labour Relations Act, 1955, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the

Durban, met inbegrip van die gedeelte van die landdrosdistrik Chatsworth wat voor die publikasie van Goewermentskennisgewing No. 501 van 8 Maart 1985 binne die landdrosdistrik Durban geval het, maar uitgesonderd die gedeeltes van die landdrosdistrik Durban wat voor die publikasie van Goewermentskennisgewings Nos. 1399 en 2067 van onderskeidelik 10 September 1982 en 1 Oktober 1982 binne die landdrosdistrik Inanda geval het: Voorts met dien verstande dat in verband met die werksaamhede uteengesit in parafragraaf (8) van die omskriving "Nywerheid" of "Leernywerheid" in klosule 3 van genoemde Ooreenkomst, dit nagekoms moet word net in die landdrosdistrikte Bellville, met inbegrip van die gedeelte van die landdrosdistrik Beilville wat na die publikasie van Goewermentskennisgewing No. 1653 van 7 Augustus 1987 binne die landdrosdistrik Kuilsrivier val, Die Kaap, Germiston, Goodwood, Johannesberg, Middelburg (Transvaal), Pretoria en Roodepoort.

(2) Ondanks subklosule (1) is hierdie Ooreenkomst egter van toepassing eie op die werknemers vir wie lone in enige van die Hoofoorrekenkomste van die Raad voorgeskryf word.

2. KLOSULE 5: FONDSE VAN DIE RAAD

In subklosule (1), vervang die uitdrukking "26c" deur die uitdrukking "36c".

Hierdie Ooreenkomst is namens die partye op hede die 29ste dag van Oktober 1992 te Port Elizabeth onderteken.

D. J. F. LINDE,
Lid van die Raad.

K. N. MOODLEY,
Lid van die Raad.

L. M. VAN LOGGERENBERG,
Hoofsekretaris van die Raad.

No. R. 640 23 April 1993
WET OP ARBEIDSGERLINGE, 1956
HOEDENWERHERD (TRANSVAAL): HERUWING VAN OOREENKOMST


L. WESSELS,
Minister van Mannekrag.

No. R. 641 23 April 1993
WET OP ARBEIDSGERLINGE, 1956
HOEDENWERHERD (TRANSVAAL): WSIGING VAN OOREENKOMST

Ek, Leon Wessels, Minister van Mannekrag, verklaar hierby—
(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkomst (hierna die Wysigingsoorrekenkomst genoem) wat in die Bylde hiervan
Leather industry wage talks drag on

The SA Clothing, Textile and Allied Workers' Union (Sactwu) is locked in a series of wage negotiations in the leather sector, but seems far from settling any of them soon.

In all cases, wages are being negotiated at an industrial council level and involve more than one union, including the conservative National Union of Leather Workers. (File)

Sactwu negotiator Mark Bennett said that in response to the union's demand of a 15% wage increase, footwear manufacturers had conditionally offered 7%. The conditions were the union's acceptance of workers' wages being automatically paid into bank accounts; the removal of the annual renewal requirement of certain exemptions to the agreement; and flexibility of annual leave.

Bennett said Sactwu did not have major problems with these conditions, but the parties were still far apart on the wage issue.

The discovery that directors' fees increases were higher than inflation had hardened workers' attitudes and there was little hope of them accepting a below-inflation offer, he said.

An employer spokesman said the 7% increase was the federation's final offer.

The industry was in "deep trouble" because, despite tariffs and duties, oriental imports cost a quarter of the price of locally made goods.

Many factories were working short time and retrenchments and closures had become common. (File)

In the tanning sector, employers offered a 7.5% increase in contrast to the union's demand of 10%, but had conceded to two days' paid maternity leave and 72 hours' notice of short-time demands, Bennett said.

Sactwu was concerned with employers' apparent plan to break up the existing industrial council with a proposal that next year hours of work, annual leave arrangements and public holidays be negotiated at plant level and in 1986 wages be added to the list. This would leave the council with a purely administrative function, which was unacceptable, said Bennett.

In the general goods and bags negotiations, Bennett said employers had proposed a R10 across-the-board increase — on average a 5% increase — against the union's 11.5% demand. Employers had agreed to maternity pay equal to 20% of a worker's weekly basic wage for three months.

He said Sactwu was consulting members on the offers, but he doubted whether workers would accept a drop in living standards for the second consecutive year. (File)
UNIONS in the footwear, tanning and general goods sector will conduct national strike ballots this week over a wage dispute with employers.

National Union of Leather Workers' spokesman Kessie Moodley said about 30,000 workers were involved. There have been work stoppages in Maritzburg, Cape Town and Durban.

Moodley said sporadic strikes involving about 3,000 workers had occurred in Durban, but the union had resolved the dispute at individual factories by signing agreements granting wage increases above those on offer at the industrial council.

He said footwear and tanning employers had indicated their willingness to negotiate and a meeting had been scheduled for today with footwear manufacturers.

Footwear employers have offered a 7% conditional increase in response to the unions' 10% demand.
Leather trade debates strike

Labour Report

THOUSANDS of leather workers at footwear factories and tanneries nationwide are expected to go to the polls today to decide whether to strike because wage negotiations are deadlocked.

A strike ballot will be conducted in about 200 factories, said Mr Kessie Moodley, of the National Union of Leather-workers, the biggest union in the industry.

There have been stoppages at several factories and more than 8 000 workers downed tools at Western Cape and Natal factories.

Mr Moodley said there were between 26 000 and 28 000 workers in the tanning and footwear industries and all would be balloted.

The results would be known in about a fortnight.

The union was demanding a 10 percent unconditional pay increase from July 1.
Industrial council role under spotlight

The role of industrial councils has again come under the spotlight in the leather and footwear sectors with the National Union of Leather Workers, the majority union in these sectors, envisaging a different role for the councils.

Union spokesman Kessie Moodley yesterday said footwear employers had started concluding factory level wage settlements last week as unprocedural industrial action impacted on them. Deals ranged from 8.5% to 10%, more than the 7% industrial council offer, but below the union's 10% demand.

Moodley said the union envisaged the footwear industrial council to become the forum at which conditions of employment were set, whereas wages would be negotiated at plant level.

In the tanning sector, Moodley felt the opposite would be true with wages set nationally and conditions negotiated at plant level.

He said the Cossia group had been the first to approach the union to conclude a wage deal as the two-and-a-half week strike had had an adverse effect on the group. The deal was signed just before the group's industrial council's industrial council's industrial council's national strike ballot of all members, Moodley said.

If a majority yes vote was returned, Moodley said selective strikes and go-slow could be implemented in both sectors. He expected the ballot to be completed by the middle of next week, he said.
Leather strike ahead?

By Barbara Ann Boswell

LEATHER companies could be on the brink of a strike.

The National Council of the National Union of Leather Workers (NULW) is conducting a strike ballot in the footwear and tanning sections countrywide.

Mr Keesie Moodley, a spokesperson from the legal department of the NULW, said: "We are in the process of visiting over 300 factories and informing employers and employees about the strike."

Workers demand a 10 percent increase, but employers have offered only a seven percent hike, subject to three conditions.

The employers want the options to pay workers through banking accounts, cut and split employees' annual four-week leave, and the option to individually introduce Industrial Council Wage Incentive Schemes.

"Workers are paid weekly and are used to this. Electronic banking will cause workers immense problems," Moodley said.

Workers are also opposed to the introduction of individual Industrial Council Wage Incentive schemes. "We believe that whatever scheme to be devised should be national and uniform one," said Moodley.

Meanwhile, Cape Town leather workers who stopped work last week to protest against management proposals, have been persuaded to return to work by the NULW until the strike becomes legal.

Moodley said the workers would probably vote to strike: "The mood of the workers is such that they will reject the employers' offer."
Leatherworkers win case against employer

Supreme Court Reporter
A FAILURE by the Industrial Court to allow the National Union of Leatherworkers to lead oral evidence at a retrenchment dispute was contrary to the tenets of natural justice and was grossly unreasonable, the Supreme Court found yesterday.

This was said by the Judge-President, Mr Justice G Friedman in a review application the union had brought against Mr F P de Klerk and Olympic Flair.

Evidence claimed Olympic had retrenched 100 workers and refused to make its financial records available to the union.

The union then brought an application to the Industrial Court for the reinstatement of the workers until Olympic provided the statements. The Supreme Court set aside the refusal to allow the union to lead oral evidence and ordered the matter to return to the Industrial Court for judgment after that evidence has been led.

Olympic was ordered to pay the costs of the Supreme Court review and those of two counsel.
SA in the queue at Africa's bank

By Silla Fern

The queue is an everyday reality for many South Africans, especially in the financial sector. Banks, in particular, have seen a surge in demand due to the economic challenges faced by the country. The situation has led to longer waiting times, with some customers spending hours in queues to complete transactions.

The increase in queue times is largely due to the shortage of tellers and the high volume of transactions. To address this issue, some banks have implemented new strategies, such as automated teller machines and mobile banking services, to reduce the number of people who need to visit the physical branches. However, these solutions are not a panacea and have their own drawbacks.

The queue problem has also highlighted the need for better planning and resource allocation in the banking sector. The government and regulatory bodies are looking into ways to improve the situation, with a focus on increasing the number of tellers and improving the efficiency of banking operations.

In the meantime, customers are urged to plan their visits to the bank ahead of time and ensure they have all the necessary documents and information. This can help reduce the time spent in queues and make the banking experience more efficient.

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OPPORTUNITY

A WHOLE NEW WORLD OF

SEVEN

Tawian Companie
NEWS Inkatha chief criticises FW

Union goes to court

By Ike Motsapi

The National Union of Leather Workers is challenging the dismissal of 85 of its members by a Johannesburg company in the Industrial Court.

Mr Phillip Basson, organising secretary of the NULW's Johannesburg branch, said 85 workers at Transvaal Hide and Skin Producers, City Deep, were dismissed without valid reasons on August 13.

The matter is due to come before the court by the end of the month.

He said some of the dismissed workers were not "even at work when management took a decision to fire them".

Mr Urie Fourie, human resources manager of the company, confirmed that the matter had been referred to court by the union.

Fourie said the workers were dismissed when they went on a wage strike while talks over the matter were still continuing.
FA, Gov't Poles Apart

Union goes to court

In related chief criticises Wy de Kerck • Dismissal of 85 workers challenged

By the Morning

Southern 15/11/93
SITE refunds 'may top R700m'  

SITE tax repayments could exceed R700m, Cosatu said at a news conference yesterday.  
Cosatu's negotiatory co-ordinator Jayendra Naidoo said an independent audit conducted by Cosatu found that an average of R850 in refunds was owed to each worker — regardless of whether any affiliations in the manufacturing, heavy industrial, textiles and catering sectors.  
According to the audit, one in every four workers had paid too much SITE tax, Naidoo said.  
Commissioner of Inland Revenue Stephen Pope could not confirm the R700m figure and reiterated previous statements that the department could not quantify figures until applications had been received.  
Sources said the department could pay out hundreds of millions of rands in refunds. Many non-Cosatu members, such as teachers and office workers, earned less than R50,000 and may have overpaid.  
Research showed workers with dependents and female breadwinners had made the most overpayments, said Cosatu information officer Sarah Cliffe.  
Under SITE tax new IRP2 forms had to be submitted every time an employee's personal circumstances changed.  
Naidoo said overpayments had occurred where many employers had not bothered to ascertain the personal circumstances of their employees and had classified their workforce for the highest rate of deductions.  
Claims that Cosatu had encouraged workers not to fill in IRP2 forms were incorrect. He said, however, the unilateral nature of the introduction of SITE had meant it had not received the co-operation of workers at the time.  
Cosatu vice-president Constance September said the refunding process should be speeded up so that employees could receive repayments as soon as possible. She said refunds should be granted before April 27 to ensure they came from current government coffers.  
Pope could not say whether refunds would be paid, but the department would process applications as swiftly as possible. This would depend on how quickly employees and employers were able to collect IRP2 forms and ID documents, he said.  
Cliffe said the tax was tricky and not understood by employers or employees.  
Cosatu would begin a campaign from November 17 to inform and educate its membership to assist fellow employees and non-union workers to make applications for refunds, said September. She said unemployed and retrenched workers would also be urged to make applications if they had paid too much SITE.  

Leather workers' strike called off  

CAPE TOWN — A national strike planned for today by the National Union of Leather Workers was called off yesterday after the union and the Footwear Manufacturers' Federation agreed to meet this morning and discuss wage issues.  
Unions spokesman Keesie Moodley said yesterday that although members at 80% of SA's footwear factories had "downed tools" as part of a one-day protest when the federation failed to respond to a 10am deadline yesterday, the union later called off the action after the federation agreed to talks, in Johannesburg this morning.  
Moodley said the 'vast majority' of footwear manufacturers had agreed to a 10% salary increase and urged the federation to sign an Industrial Council agreement granting a 10% increase to all footwear workers retroactively from July 1.  
"The Footwear Manufacturers' Federation has agreed to hold a meeting with the union this morning and also agreed to discuss the 10% wage increase and the signing of an Industrial council agreement. What is left is to agree to a 10% wage increase retrospective to July 1," Moodley said.  
The union would go ahead with a nationwide strike if the talks failed.  
Moodley said the largest footwear group, Cosaln, had signed a written undertaking to grant a 10% wage increase. However, the union's demand that the increase be made retrospective to July 1 had not been met.
Tightly stretched

Activities: Tanning of hides and skins for sale as finished leather in local and overseas shoe, clothing and upholstery markets.

Central: African Hide Holdings 62.7%.

Chairman: P G Knautmann; MD: O R Townsley.

Capital structure: 18.6m ord. Market capitalisation: R25m.

Share market: Price: 135c. Yields: 8.0% on dividends; 18.8% on earnings; p/e ratio, 5.3;

Trading volume last quarter: 264 200 shares.

Year to June 93 92 91 90
ST debt (Rm) 36.6 24.5 15.6 18.7
LT debt (Rm) 8.6 10.2 10.8 9.8
Debt/Equity ratio 1.08 0.82 0.47 0.26
Shareholders' interest 0.39 0.42 0.62 0.84
Int & leasing cover 1.19 1.70 2.51 2.26
Return on cap (%) 9.8 14.4 15.8 11.0
Turnover (Rm) 220 178 178 197
Pre-int profit (Rm) 9.3 14.6 16.8 11.9
Pre-int margin (%) 4.9 6.3 8.3 5.0
Earnings (c) nil 28.3 50.6 25.4
Dividends (c) 0.1 0.8 10.8 10.8
Tangible NAV (c) 269 220 237 251

Severe price competition took its toll on earnings in the year to June. Tight control of costs and working capital helped the leather tanner and manufacturer stem the decline but EPS still halved. Though 1993 turnover was up a tenth, operating income dropped 28% on squeezed margins. Fortunately, lower gearing of 26% and declining interest rates reduced finance costs to R4.1m (R5.7m).

MD Owen Townsley attributes the decline in operating income to poorer quality and lower quantities of raw materials caused by the drought, which created an unusually competitive demand and much higher prices. The deregulation of the meat industry has made hide values volatile, depressing margins in raw material and finished goods.

Management has focused on increasing exports and reducing dependence on local markets. Townsley says results have been encouraging, particularly exports of finished leather, and he is confident a trend has been established.

Weakening rand values

All divisions contributed to profit, the trading division producing results better than expected, helped by fluctuating raw material and weakening rand values. Order books have improved in the footwear and upholstery leather divisions. A joint venture with a French operation has trebled production in the garment leather division — 70% of which will be exported.

Capex in 1994 will be confined to necessities. The Port Elizabeth effluent plant is being upgraded at a cost of R2m because sheepskin production is expected to increase substantially.

Management is optimistic about overall performance prospects this year.

On a p/e of 5.3, the share prospects stand at a 46% discount to NAV. Though the share is reasonably cheap, a better track record and improved prospects are needed to make it an attractive investment. Maryline Greig
MANUF. - LEATHER PRODUCTS

1996
Kolosus in move to allay fears about beef

FEARS about "mad cow" disease struck the JSE this week as shares in beef producer Kolosus Holdings slumped. The stock was hit by fears that SA consumers would be scared away from its meat products by the future.

Management at Kolosus, a producer of livestock, processed foods and leather, moved to allay consumer and shareholder concerns yesterday following a 7% dive in its share price since Friday. The share was untraded yesterday, stuck at an all-time low of 50c.

The beef scare follows the UK government's admission last week that scientists had discovered a possible link between "mad cow disease", a lethal brain condition, and its fatal human equivalent, Creutzfeldt-Jakob disease.

"Although we are firmly entrenched in the meat industry ..., Kolosus is not a meat-only company," Kolosus said. It said 60% of attributable income came from its leather business. Although meat-related activities contributed the remaining 40% of income, only 20% was beef-related.

"About 20% of our meat business is food processing and distribution. Our processing is mainly pork-based, not beef, and distribution is a service industry," Kolosus financial director Ronnie van Rensburg said.

He said Kolosus did import beef from the UK for processed products, but group policy had always been to import from herds free of BSE (bovine spongiform encephalopathy), substantiated by veterinary certificates. "All fresh and frozen beef we sell to retailers comes from our local feedlots."

Last week an agriculture ministry spokesman said SA imported 3% of its beef from Britain. SA's Federation of Meat Traders said this equaled 27 000 tons in 1995.

Although in the past a significant quantity of Kolosus's imports stemmed from the UK, it was already sourcing supplies of beef from countries such as those in South America. — Reuters.
Vleissentraal revamps itself

Edward West

VLEISSENTRAAL Co-operative — holding company of listed meat and leather group Kolosus Holdings — has changed its corporate structure to simplify its operations.

The co-operative said the R3bn-a-year meat group had been restructured after deregulation of the meat industry had dramatically changed its operating environment.

Vleissentraal was one of the co-operatives to head for the JSE through the listing of Kolosus.

This followed changes to the Land Bank’s loan terms and an amendment in the Co-operatives Act in 1994 which prompted industrial co-operatives to restructure into companies.

Directors said yesterday Vleissentraal no longer enjoyed the full support of all primary co-operatives or fulfilled the role of agent and marketeer of livestock.

By ridding itself of its complex structure the group would be free to enter into alliances, issue shares to strategic partners and to make acquisitions, the company said.

“Vleissentraal Holdings will in future devote its full attention to its investments, particularly in the listed Kolosus Holdings, and arrange the mutual relationships of its members on a co-operative basis.”

Vleissentraal has been restructured into three operating divisions, mainly livestock, Agmex and agencies.

The shareholders in the new Vleissentraal would initially be unchanged to those of the old company, but would have different shareholdings.

However, as Vleissentraal’s shares were traded in due course, share registers would increasingly differ, the company said.

In the six months to November Kolosus posted a 9.7% decline in attributable profit before exceptional items to R23.9m after the take-over of Silveroak Industries pushed up the interest bill and cut the bottom line.

Kolosus’ sales increased 31.9% to R938.1m, but finance charges surged 136.5% to R19.8m.
Vorster also wants to reduce finance charges, which almost doubled to R41m, by R10m next year.

Vorster says six months down the line, the Silveroak purchase is proving of great benefit. "I ask myself whether the

<table>
<thead>
<tr>
<th>Year to May 31</th>
<th>1995</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (Rm)</td>
<td>625</td>
<td>1,108</td>
</tr>
<tr>
<td>Operating income (Rm)</td>
<td>47.9</td>
<td>57.5</td>
</tr>
<tr>
<td>Operating profit (Rm)</td>
<td>46.3</td>
<td>50.9</td>
</tr>
<tr>
<td>Gross debt (Rm)</td>
<td>112</td>
<td>133</td>
</tr>
<tr>
<td>Shareholding (%)</td>
<td>13</td>
<td>22</td>
</tr>
</tbody>
</table>

funding mechanism was correct, and the answer is yes. It was cheaper to incur the debt rather than dilute the shareholding at the time. When the share appreciates, we might look at a rights issue."

Benefits accruing from the merger include the elimination of duplicated hide procurement and marketing structures, and the sale of the ostrich abattoir in Outshoorn.

Vorster observes that no production was lost and increased capacity utilisation should deliver annual savings of more than R30m.

The final quarter of 1996 was strong, says Vorster. If the group can continue in this vein, he expects a good year in 1997.

The share is trading at 495c, on a p/e of 21.5. If the restructuring charge is excluded, the p/e is 7, a wide discount to the food sector. The market may continue holding off until gearing reaches more comfortable levels.

Margaret-Anne Halse

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**LESSE BEEFY**

**GRAPPLING WITH DEBT**

The process of transformation is not without its costs, as Kolosus has found. Its acquisition of Silveroak last year left it with a weighty burden of debt and a one-time restructuring charge that chopped R28m off income.

Turnover rose 27% and operating income grew 33% as the group shifted its focus from fresh meat wholesaler to diversified industrial group.

Group MD Tito Vorster says it has divested its fresh carcass business and expects to earn 60% of income from its leather business next year.

The quality of its car seat leather has been greatly enhanced, and the group expects to produce about 1.2m m² in the next year.

Borrowings dropped by R90m in the last five months of the year, helped by better cash flow management and a dramatic reduction in working capital, says Vorster. "It was a collective effort to cut throughput time and increase productivity, and we plan to cut another R80m next year," he remarks. "It will be more difficult, but we can do it."

Despite the progress during the second half, at last balance sheet gearing was clearly excessive at about 84%, with total borrowings of about R290m. (The group inherited about R185m of Silveroak's debt, including the purchase price.)
Board launches a new probe of Kolosus deal

Jacqueline Zaina

THE Competition Board has launched a formal investigation of food and tun-
ing group Kolosus Holdings’ takeover of Silvertrack Industries — almost nine
months after approving the deal.

Group MD Tito Vorster said yester-
day it was disconcerting that the board
had not requested his response before
launching the investigation, particu-
larly as it had approved the deal in
January, after a four-month probe.

He said that the takeover was now
“irreversible” with businesses merged,
plants closed, and almost 600 employ-
ees retrenched.

“The board’s decision is surprising
considering its initial judgment that
the deal did not unduly impede com-
petition,” he said.

The regulator had given Vorster 30
days to respond, but had failed to for-
ward a copy of the complaint, which
had come from a player in the auto-
motive leather industry.

The board said it would look into
whether Kolosus constituted a monop-
opoly and whether any act or omis-
sion on the part of the group subse-
quently to the takeover — involving ac-
tual or potential competitors — could
be regarded as restrictive practice in
terms of the Competition Act.

It invited the public to submit writ-
ten representation on the matter with-
in 30 days.

Vorster said he failed to see how the
situation could be remedied if the
board now reached a different finding.

He said it was odd that the com-
plaint should have emanated from the
automotive leather industry, which
was one sector to have remained un-
affected by the takeover.

Vorster suspected, however, that
the complaint had been lodged by an
gruntled business partner within the
industry.

The group was one of six players in
the sector, and although it had recently
decided to increase its production of car
seat leather, could not be said to enjoy
an unfair competitive advantage in this
area, said Vorster.

It expected to earn 60% of revenue
from its leather business in the current
financial year, after having diversi-
sed itself of its fresh carcass business.

Kolosus’s attributable earnings
slipped to R14m (R46.3m) for the year
to May, on sales of R1.8bn (R1.4bn).
Kolosus strips and sells Silveroak

Adrienne Gilmore

FOOD group Kolosus has quietly stripped Silveroak Industries of assets and sold it after the subsidiary was landed with a $100m damages claim from its former US partner.

MD Tito Vorster said yesterday that the R1.8bn-a-year group, currently facing a Competition Board probe of its takeover of Silveroak, had taken most of the leather-making subsidiary's assets and sold what remained to a consortium led by his brother Henry, who chairs Mercantile Bank.

The move — which Vorster dubbed "strategic" — followed the lodging of a claim against Silveroak by US automotive leather group Seton four months ago in the International Court of Arbitration in Paris. Seton claimed that its joint venture with Silveroak's Ladiesmith Leathers in 1994 faced competition from Kolosus subsidiary King Tanning.

The two groups had agreed, when Silveroak was owned by German investor Claas Daun, not to compete. However, Kolosus bought 89.9% of Silveroak from Daun last August.

The US group, which supplied leather to Chrysler, Mercedes-Benz and General Motors, complained to the Competition Board, prompting the new probe. It also lodged a civil suit against Vorster as director of Ladiesmith Leathers and MD of Kolosus.

Vorster said stripping Silveroak was not linked to the damages claim. "Silveroak and Kolosus were mirror images of one another. We had to close some plants and move business to others. In most instances the technology was more advanced at Kolosus and this made the move to incorporate the assets with Kolosus an obvious one."

The remnants of Silveroak were thought to be worth about $12.5m. Seton still had an option to buy.

Nine months after clearing the Silveroak takeover, the Competition Board said last week that it would investigate the deal. "It is not so much the acquisition of Silveroak that is of major concern but certain of the downstream activities affected by it," board chairman Pierre Brooks said.

Vorster said Seton had not yet submitted documentation to back its $100m claim. Silveroak had met its contractual agreements. "Ladiesmith had not made a profit before our involvement but moved into the black when we became involved," he said. "It would be unfair of Seton to argue that we inflicted any damage on Ladiesmith's performance."

Kolosus had proposed merging the joint venture into Kolosus, but Seton had blocked this.
US partner Seelen investigates probe into Kolosus
US company accused of trying to stifle international competition

Kolosus-Seton war hots up

By Stuart Rutherford

Durban — Kolosus Holdings, the South African food group, yesterday claimed that the international row between it and the US automotive leather company Seton was the result of Seton’s attempts to keep it out of the international market.

Tito Vorster, the managing director of Kolosus, said Seton was not aiming to protect its local business, but to stop Kolosus from competing against it internationally.

That claim is the latest blow in an international battle between the two. The clash stems from Seton’s allegations that Kolosus-owned King Tanning is deliberately destroying co-owned Ladismith Leathers in order to take its share of the automotive leather industry.

Last year, Kolosus took over Silveroak, the company that jointly owned Ladismith Leathers together with Seton, for R106 million.

“South Africa’s competitive advantage as a result of the weakening rand and the influx of new car manufacturers has made the country a threat to Seton’s international trade,” said Vorster.

Robert DeMajistre, the vice-president of Seton, yesterday dismissed these claims as nonsense. He said Seton was one of the two largest automotive leather suppliers in the world and did not consider Kolosus a threat.

He said their primary concern was to protect their state-of-the-art technology from Kolosus because it was substantially better than that used by the local group.

Vorster based his claim on Seton’s alleged proposal that Kolosus should “donate” a 70 percent interest in Ladismith Leathers and a 50 percent interest in King Tanning to Seton without compensation and on the understanding that the local company should not compete with Seton internationally.

In turn, Seton would withdraw its fierce assault upon Kolosus, according to the alleged proposal.

“Seton’s attempt is clearly aimed at preventing Kolosus from competing against it internationally and its main aim is not to further its local business, but to protect its American business.”

DeMajistre said the proposed settlement was for a 50 percent stake in both Ladismith Leathers and King Tanning, after which the plan was for two companies to be merged.

He said the only reason for this proposal, which was subsequently rejected by Kolosus, was that it made “economic sense”.

Seton is one of the two biggest suppliers in the world of automotive leather and its projected turnover for this financial year is $450 million.

Concerning Kolosus’ claims that it was not aware of the agreement between Silveroak and Seton in terms of which Silveroak would not compete with Ladismith Leathers at the time of the takeover, DeMajistre said it was incumbent on Kolosus to have found out what agreements existed before they took over Silveroak.
Skinned Alive?

PM 23/8/96 (310)

Silveroak, the company acquired last year by meat and leather group Kolosus, faces a US$100m-plus claim for breach of contract in a bitter row for dominance in SA’s R900m/year automotive leather industry.

The action is being brought by US automotive leather giant Seton at the International Court of Arbitration in Paris. The major portion of Seton’s annual revenue (projected $450m in financial 1996) comes from the sale of automotive leather. One of the two biggest players in the world, the company supplies all global leather requirements for Chrysler. Other customers include General Motors, Mercedes-Benz, BMW and Nissan.

Pennsylvania-based Seton bought into a 50-50 joint venture in SA in 1994 but found itself in a nightmare situation when the joint venture’s parent, Silveroak, was sold to JSE-listed Kolosus last September. Kolosus owns 100% of one of Seton’s main SA competitors, King Tanning.

Seton is also preparing an action against Kolosus in the US courts.

Seton came to SA in September 1994. Four months earlier, the company entered the European automotive upholstery business with the acquisition of Lindgens, a German company which is one of the largest upholstery suppliers to Mercedes-Benz. Mercedes, hit by 61% duty on vehicles it imports into SA, wanted to reduce this by building up export credits from components made in SA. In the 50-50 joint venture, Seton bought into Silveroak’s upholstery facility, Ladysmith Leathers, spending $5m in its purchase and upgrading.

When the venture was formed, Silveroak and Seton signed reciprocal covenants restraining them from competing with each other.

However, in a bombshell development in late August 1995, German investor Claas Daun sold his 89.9% stake in Silveroak to Kolosus for R94.6m.

Kolosus Group MD Tito Vorster and King Tanning MD Pieter Brand were appointed to the Ladysmith board. Both are also on the board of Ladysmith’s rival, King Tanning.

At the time, the Competition Board approved the takeover. But last week the board announced it was launching a new investigation to establish whether the Kolosus acquisition of Silveroak had created a monopoly.

In a separate action, Seton has filed affidavits in the Transvaal Supreme Court, charging Vorster and Brand with being in breach of their fiduciary duties, by sitting on the boards of competing companies.

Seton is applying to the court for an order to prevent Kolosus from:

- Passing on confidential Ladysmith pricing and cost structure information to King Tanning;
- Operating a secret two-tier price structure whereby hides supplied by a Silveroak subsidiary were sold to King Tanning cheaper than to Ladysmith.

Seton vice-president and Ladysmith director Robert DeMajistre says: “Despite assurances by Vorster that he would never compete with the joint venture, King Tanning started engaging in various restrictive practices which amount to unlawful competition. These intensified, involving the main customers and prospective customers of Ladysmith such as Mercedes-Benz, BMW, Opel and Rover.”

Papers filed by Seton with the Supreme Court recount how Ladysmith’s marketing director was instructed by Vorster to share confidential price information relating to its major customer, Mercedes-Benz, with King Tanning. This, claims Seton, enabled King Tanning to put in a lower quote for Mercedes business.

In Germany, Claas Daun, who chairs furniture group Morkels, reveals that he has had a “bit of a struggle” getting the R94.6m payment for his Silveroak shares from Kolosus. “We tried to settle the whole thing outside the courts and only a small amount is still outstanding.”

In a final twist, it appears that Kolosus has quietly disposed of Silveroak. When they met in Paris at the start of the arbitration case on July 30, Vorster told DeMajistre that Silveroak, whose only asset is the Ladysmith joint venture, had been sold to an unidentified group of investors that includes Tito Vorster’s brother, Henry, who apart from chairing Mercantile Bank, is attorney to Kolosus.

Though much was made of the Silveroak takeover by Kolosus when it announced disappointing results on August 5, news of its apparent disposal was not imparted to shareholders.

As the FM went to press, Tito Vorster maintained that Kolosus sold Silveroak to an investment group in May. “Silveroak is not a subsidiary company of Kolosus and Kolosus is not affected by this $100m claim,” he says.

Why was the sale not disclosed to shareholders or mentioned in the Kolosus results? “It was a small transaction. We had stripped all the businesses out of Silveroak, apart from the joint venture, and incorporated them into our own businesses.”

Vorster declares that Seton’s allegations filed in the Supreme Court are “patently untrue” and of “no substance.” He adds: “They want to take a controlling interest in our business in the automotive industry in SA and they’re trying to prevent the joint venture from competing against them worldwide. I’m not going to be bullied by these people.”

Seton responds: “As far as we are concerned, Silveroak was and remains a subsidiary of Kolosus.” Jack Lundin
Board alters the focus of Kolosus study

By Stuart Rutherford

Durban — The Competition Board announced this week that it would not formally investigate Kolosus Holding’s recent R106 million purchase of Silveroak Industries, but would rather look at the implications of the deal.

Pierre Brooks, the chairman of the Competition Board, said the issues relating to possible anti-competitive practices in the supply of products to Lindgens Ladysmith Trimming and Ladysmith Lindgens Leather by other companies within the Kolosus group would be considered.

The investigation stemmed from Seton’s allegations that Kolosus-owned King Tanning was deliberately destroying Lindgens Ladysmith Trimming and Ladysmith Lindgens Leather to take its share of the automotive leather industry.

Seton, a US-based producer of automotive leather, and Kolosus, co-own Lindgens Ladysmith Trimming and Ladysmith Lindgens Leather.

Brooks said the Board had cleared the acquisition of Silveroak and its subsidiaries. The deal did not warrant a formal re-evaluation, although it was a “causal factor” in the present investigation.

Thio Vorster, the managing director of Kolosus, said he was satisfied that the purchase of Silveroak had been put to bed, though he was not happy with the board’s decision to investigate the deal’s implications. He said he had seen Seton’s complaint. Its claim that Kolosus controlled 90 percent of the raw material in South Africa suitable for automotive leather was incorrect. He said Kolosus controlled only 50 percent. Vorster said they did not prejudice Lindgens Ladysmith Trimming and Ladysmith Lindgens Leather in product supply. “I have no doubt that once the Competition Board receives my reply it will just die away.”

Robert Appelbaum, Seton’s local attorney, said the company wanted equal attention paid to the Silveroak take-over, the possible monopolistic situation and any restrictive practices. The Southern African Clothing and Textile Workers Union, which represents most of the affected workers, complained that Kolosus did not consult it before the acquisition.
Customs and excise reverses decision after pleas from shoe producers

Customs backs off skins duty

By Stuart Rutherford

Durban — The customs and excise department has backed down and decided not to charge duty on whole bovine-skin leather of less than 2.15m² provided importers have only trimmed off unusable areas, customs and excise commissioner Cecil Gaze confirmed yesterday.

This decision follows appeals from the Footwear Manufacturer’s Federation and the Footwear Institute of South Africa to remove the 16 percent duty on whole bovine leather of less than 2.15 m², which was introduced two months ago.

The Footwear Institute said the duty was crippling imports of buffalo leather, which was used in between 60 and 65 percent of all local shoes, and would have cost footwear manufacturers R100 million a year.

The imposition of the duty was the result of certain importers deliberately trimming leather to make it look like whole skins to avoid paying duty.

David Berry, the president of the institute, said while there had been someone who had trimmed skins in this way, the rest of the industry was acting with integrity. He appealed to manufacturers to make sure their sources were bona fide and principled, to ensure that this type of thing did not happen again.

Gaze said customs was prepared to accept as duty-free whole skins from which unusable areas had been trimmed.

“This office appreciates that importers pay for leather on the basis of the square footage supplied and are loath to pay for leather which, for the purposes of producing footwear, is not usable.”

He said in cases where duty or a deposit had been charged incorrectly on leather, it would be paid back, but the onus would be on the importer to satisfy controllers of customs and excise that goods declared were in fact whole.

“In this regard, the testimony of impartial technical experts, such as may be found at tanneries, for example, would hopefully assist. This, however, is a matter to be taken up and negotiated, in the first instance, with the controllers concerned,” he said.
Seton wants delay for Silveroak claim fee

STUART RUTHERFORD

Durban — Kolosus, the South African food group, said yesterday that Seton, the US motor leather company, had asked for an extension of the deadline to pay US$615,000 to the International Chamber of Commerce for the arbitration action against Silveroak Industries.

Tito Vorster, the managing director of Kolosus, said he believed the extension would not be granted since Seton had only paid US$237,500 by the October 31 deadline, and the claim would be struck out.

Seton refused to comment on these claims yesterday, other than to voice "general disagreement" with the statements made by Kolosus.

Vorster said Kolosus had refused to pay half the costs of the action and had been under no obligation to do so, thus leaving Seton with the total bill.

Seton had initiated the proceedings earlier this year, claiming Silveroak had breached a competition agreement with it, because its majority shareholder had sold its shares to competitor Kolosus. The sale effectively gave Kolosus and Seton joint control of Ladysmith Leathers, a leather tanner and manufacturer in competition with Kolosus-owned King Tanning.

Seton was then requested to submit briefs on this alleged breach and damages incurred thereby and to pay the necessary advance on costs.

A spokesman for the Secretariat of the International Court of Arbitration refused to comment on the state of the action yesterday, saying this was a confidential matter.

A recent letter addressed to Seton from Fernando Mantilla-Serrano, counsel for the Secretariat of the International Court of Arbitration, said that if Seton did not pay the remaining portion of the advance on costs it should withdraw the claims.

Vorster said he was confident that if the action did go ahead and Kolosus was given an opportunity to respond, then the dispute would be dismissed.

He maintained the action was part of Seton's game plan to force Kolosus into accepting an unfavourable compromise and sign an international non-competing agreement with Seton.

"Since we took over Silveroak, our throughput at the two automotive tanneries (King Tanning and Ladysmith Leathers) has grown by 40 percent. And it is all exported so we are directly competing with one of Kolosus's subsidiaries in Germany," said Vorster.

Seton is one of the two biggest suppliers in the world of car leather. Its projected turnover for this financial year is $450 million.
Group MD Tito Vorster describes financial 1996 as a watershed for Kolosus as it completed its transformation from a co-op into what he calls "a leading divers-

ACTIVITIES: Processes, markets and distributes meat products, produces leather and hides products.

CONTROL: Weissenbrat Holdings 39.3%.


CAPITAL STRUCTURE: 60m ords. Market capitalisation: R219.9m.

SHARE MARKET: Price: 365c. Yields: 6.3% on dividend; 6.4% on earnings; p/e ratio, 15.6; cover, 1.0; 12-month high, 670c; low, 360c. Trading volume last quarter, 856 949 shares.

Management are obviously confident the initial costs of acquiring Silveroak had largely been absorbed by year-end, and that from now on the benefits should flow as duplication of management and marketing structures are eliminated and production facilities rationalised. This view presumably influenced the decision to pay out almost all 1996's net earnings (after exceptional items) in dividends.

It is as well that Vorster and Van Rensburg have gone to considerable lengths to fill shareholders in on the effects of the Silveroak deal as the financial statements without this background are, at best, a mixed bag.

Turnover and operating profit were up 27% and 33% respectively, but the benefits here were largely absorbed by higher interest charges which left pre-tax profit only R1m higher than in 1995. Headline earnings, as indicated earlier, reflected an improvement of only 3%.

Profitability ratios were up across the board. Apart from the improvement in trading margin, gross returns on total assets and capital employed were both higher though, at 10.7% and 14.1%, still leave something to be desired. The same applies to ROE of 14.2% based on headline earnings from 13.8% previously.

Negatives mostly relate to the balance sheet. The unsatisfactory gearing position is acknowledged by Van Rensburg who notes that a rights issue is being considered — "but only at a stage when the share price of the group justifies it."

The need is underscored by an interest cover which has dipped to a precarious two times, as well as the narrow debt cover (the ratio of cashflow to borrowings) of only 0.2.

In both cases these ratios are well down on 1995 levels though, if the benefits of Silveroak flow through as expected, the next financial statements could look better even without a capital injection.

Kолосus may well have found itself in a Catch 22 situation. The financial position has clearly reinforced the downturn in the share price which started around the beginning of this calendar year. At 365c, the price is only 5c off its 12-month low which, in turn, reflected a 46% slump from the year's high. It is also 26% below net worth which, by itself, makes a rights issue unviable unless one is desperate.

The best action would probably be for the group to concentrate on consolidating its position to maximise performance of its existing assets — with luck it could find that in a year's time the need for fresh capital will largely have fallen away. It could then look at fresh expansion opportunities free of the present financial constraints. — Brian Thompson

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**Financial Mail - November 1 - 1996**

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MANUF. - LEATHER PRODUCTS
1997.
Tanning industry is saved by volume exports to carmakers

Stuart Rutherford

Durban — The South African tanning industry, which had a crisis following the decline of the local shoe industry, is fast becoming one of the big suppliers of automotive leather in the world.

Anthony Black, an adviser to the government on the Motor Industry Development Programme (MIDP), said exports of automotive leather had grown from R464 million in 1994 to R1,019 billion in 1995, and were estimated at R1.5 billion for last year.

Two of South Africa’s largest customers are BMW and Mercedes. Black said local producers had a comparative advantage in that area thanks to the MIDP, which enabled them to get rebates on duties paid for imports, and the declining value of the rand.

Dave Sweetnam, the general manager of the Skin, Hide and Leather Council, said that during the early 1990s, about 30 percent of South Africa’s tanning production went to the footwear industry.

Today, between 70 percent and 75 percent of production goes to the automotive industry. Fortunately for us, the MIDP kicked in at the same time as there was the dramatic decline in the local manufacture of shoes,” he said.

Black said while the quality of the local leather was highly regarded, the industry was dependent on a lot of imports to get sufficient quality hide.
Court reinstates fired W Cape leather workers

Cape Town – The Labour Appeal Court has reinstated all 37 members of the National Union of Leather Workers who were dismissed after they went on strike in Wellington in 1995.

The court found that the strike on September 6, 1996 was legal and that workers had lost their jobs through an unfair labour practice.

It reinstated all the union members retrospectively to November 27, 1995, with 18 months' backpay and allowed 14 days for employees to report for duty.

In a statement yesterday, the union said the judgment was a victory for the members and their representatives.

"The LAC confirmed the protection of workers against unfair dismissal during a legal strike," the union said.

According to the union, the dispute began in June 1995 after wage negotiations between the union and the SA Tanning Employers' Organisation deadlocked over annual wage increases. – Sapa
Rag trade in union merger talks

Durban — Cosatu said yesterday it would support the amalgamation of the South African Clothing and Textile Workers' Union (Sactwu) and the National Union of Leatherworkers (NULW), the two largest labour voices in the footwear and leather industries.

John Zikhali, the KwaZulu Natal chairman of Cosatu, said the federation was "waiting patiently" for a single voice to represent the clothing, textile, leather and footwear sectors which, he said, were "inextricably linked".

He said an amalgamation of the unions would give labour a powerful voice in lobbying the government in the tanning, footwear and general leather goods manufacturing sectors.

Zikhali was reacting to moves by Sactwu — the majority voice in the tanning sector which has a 40 percent voice in the footwear sector — to join the NULW to create a single voice in the troubled leather and footwear industry, which is facing a surge in imports.

But the NULW yesterday questioned Sactwu's motives behind the amalgamation, saying its independence as the majority voice in the general goods, handbags and footwear sectors would be "threatened".

However, Kevin Perumal, the national leather co-ordinator at Sactwu, said the idea behind the proposed amalgamation was to remove the "fragmented voice" in an industry which, he said, was rapidly declining.

Perumal said poor management, unskilled labour, the lack of training facilities and the "constant bickering" between unions were "dragging the industry down".

Andrew van Rooyen, the NULW general secretary, said it would only consider an amalgamation if its membership was returned to the NULW.

He said Sactwu could keep members in the clothing and textile sectors, but should return NULW's leather and footwear membership.

Van Rooyen said it was not just a matter of combining strengths, but maintaining its independence as a force in the leather and footwear sectors was also important.
Setback for
proposed
union merger

THABO MABU
BUSINESS REPORTER

Moves to set up a united trade union in the clothing, textile and leather industries suffered a set-back yesterday when the National Union of Leather Workers (NULW) said its independence would be undermined if it merged with another union.

The NULW’s Cape Town branch co-ordinator, Ashraf Ryklief, told Business Argus that the South African Clothing and Textile Workers’ Union’s (Sactwu) open relationship with the African National Congress (ANC) would not appeal to his union’s membership.

“We are an independent union and we represent a broad spectrum of people who have very different views on many political issues,” Mr Ryklief said.

Sactwu is affiliated to the Congress of South African Trade Unions, which has an alliance with the ANC.

Sactwu’s secretary general, Jabu Ngcobo, said the union had requested a meeting with the NULW for sometime in July to discuss the possibility of the two merging.
Net income at Kolosus Falls 46% in 12-month period.

(1997: 68)
Durban — Cosatu said yesterday it would continue its attempts to persuade the leadership of the South African Clothing and Textile Workers' Union (Sactwu) and the National Leather and Allied Workers' Union (Nulaw) to amalgamate and create one voice in the troubled footwear, leather, clothing and textile industries.

John Zikhali, Cosatu's KwaZulu Natal chairman, said the federation was "waiting patiently" for a single voice to lobby the government and save the industries, all of which were facing a surge in imports, factory closures and increasing unemployment.

Industry sources said in Pietermaritzburg alone, employment in the footwear manufacturing sector had dropped from 7,700 to 4,800, production had declined by 40 percent and 19 factories had shut down.

Zikhali said the issue of amalgamation was a priority for Cosatu. Sactwu, he said, had indicated the matter would be debated at its forthcoming annual congress.

Zikhali was reacting to last month's moves by Sactwu — the tanning sector's majority voice and which has a 40 percent voice in the footwear sector — to join Nulaw to create a single power in the leather and footwear industry.

But Andrew van Rooyen, the general secretary at Nulaw, said the union "would not entertain" any amalgamation talks — as it had indicated last month — unless its footwear membership was returned.

He said Nulaw's status as an independent union — which was the majority voice in the general goods, handbags and footwear sectors — was under threat.

Van Rooyen said the amalgamation of independent unions under a separate federation not affiliated to Cosatu was likely to create a "more balanced labour voice in South Africa".

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RAVIN MAHARAJ

Sactwu and Nulaw merger talks stalled.
Huge revamp ahead for footwear, leather sector

RAVIN MAHARAJ

Durban — The ailing footwear and leather industry would undergo massive restructuring to ensure it created more jobs and became globally competitive, industry leaders said yesterday.

They said the Footwear and Leather Industry Accord, which was signed last week by industry partners, organised labour, the department of trade and industry, the KwaZulu Natal department of economic affairs and tourism and the Pietermaritzburg-Manzini transitional local council, was geared to "save and strengthen" the sectors in Pietermaritzburg and the rest of KwaZulu Natal.

The aim was to "secure the survival of enterprises, jobs of workers and the future of the industry".

The accord came from the findings of the Industrial Development Corporation's footwear cluster study, which envisaged the industry projected total exports increasing from 3 million pairs last year to 70 million in 2005. It suggested the industry targets niche markets, South Africa's brand image be built internationally and an additional 100,000 jobs be created by 2005.

In addition, the study said indirect employment for about 25,000 people would be created in the farming, tanning, chemical, component and general leather industries.

It said local companies were better placed to develop a competitive position in men's leather footwear for the medium and high-priced markets.

Kevin Perumal, a leather co-ordinator for the South African Clothing and Textile Workers' Union, said a local footwear and leather steering committee had been established to "find the way forward" after the signing of the accord.

The committee would meet soon to focus on industry challenges - including labour and management restructuring, developing union leadership and improving industrial relations, he said.

Commenting on government support, Perumal said efforts to stop illegal imports of footwear and leather goods had to be given priority. In addition, efforts had to be made to raise the awareness of footwear manufacturers regarding supply-side measures.

Andrew van Rooyen, a spokesman for the National Leather and Allied Workers' Union, said "massive employment" had to be the aim, if the accord was to be meaningful. He said government incentives, contractual labour and productivity also had to be addressed.
Teacher and footware sector pressures rise to get serious.
Africa supplies 35% of world’s leather

Patrick Wadula

AFRICA supplied only 35% of the global leather industry’s needs although the continent accounted for 57% of world livestock, Eastern and Southern African Leather Industries Association head of secretariat Samuel Kiruthu said yesterday.

Addressing the opening of Africa’s first international leather show, Africa Leather ’97, in Midrand, Kiruthu said Africa had 15%, 15% and 30% of the total world cattle, sheep and goat populations.

"Yet it only supplies 5%, 10% and 20% of the world’s hides and skins.” He said the low performance in Africa was as a result of noncollection of raw hides and skins and the sector’s poor image on the international market.

"The African leather sector must strive for quality, reliability and high value in order to be fully integrated in the global leather business.” Trade and Industry Minister Alec Erwin urged African countries to work together in developing their own industrial potential in the leather industry and other sectors.

He said with the leather industry the process had to start in the agricultural sector where the quality of hides and the care of cattle had to be improved. The government would embark on projects to educate cattle owners to take the necessary steps in ensuring the quality of the hide was more "usable".
Italian leather maker to assist African industry

Patrick Wadula

ITALY'S largest manufacturer and exporter of leather products, Areapelle, will enter into agreement with African countries in the leather industry.

Areapelle director Salvatore Mercogetti said at the Africa Leather '97 show in Midrand, which ended on Friday, that the time had come to offer its help to Africa operators. It could introduce them to the international markets, both for their competitiveness and to enlarge Areapelle's activities.

Areapelle was an organisation made up of industrial associations of which Unic, the tanners' association, was most important.

"We shall offer finished leather and services that will allow African manufacturers from SA and surrounding countries to give added value and quality to their products, in order to face foreign competitors head on," he said.

Mercogetti said the Italian group would like to buy raw materials, including hides and chemical products to be processed, from African companies.

"We shall propose a co-operation to transfer know-how and establish joint ventures aiming at the export of semi-processed with local economical benefit, and respect for the environment," he said.

Mercogetti said the group's commitment in consolidating trade with Africa would be through co-operation with the Eastern and Southern African Leather Industries Association which represented Ethiopia, Kenya, Malawi, Namibia, Sudan, Tanzania, Uganda, Zambia and Zimbabwe.

It was aimed at creating a structure capable of certifying quality and the specifications of African semi-processed and semi-finished products.

United Nation Industrial Development Organisation (Unido) industrial development officer Aurelia Calabro said its leather unit provided technical assistance to the entire sector in a number of African countries.

Unido was instrumental in the rehabilitation of 20 tanneries, the establishment of 17 effluent treatment plants and the rehabilitation of 10 footwear manufacturing plants in member east African countries.

However, as the industry progressed it needed foreign investment for further development in both southern and east Africa, he said.

Kevin Davidow of Kakanra Namibia shows a selection of skins to Trade and Industry Minister Alec Erwin at the Africa Leather exhibition last week. Picture ROBERT BOTHA.
Kolosus issue 'ambitious'Permanent
Nicola Jenvey

DURBAN — Integrated leather and food group Kolosus was likely to struggle to raise R200m in a rights issue, since the group was technically insolvent and the share price was trading at a significant discount to net asset value, analysts said yesterday.

Kolosus reported a R132.3m accumulated loss for the 16 months to September (1996: R8.2m accumulated loss for the year to May), attributed to poor trading conditions in African Hide Trading and Supreme Foods and to the growth in interest-bearing debt to R106.1m (R40.7m).

The group aims to finalise a R200m rights issue in March to reduce its 33.4% gearing.

BP Bernstein analyst Stefan Coetsee said technically the "disastrous" results released at the weekend declared Kolosus insolvent, as the group's liabilities were nearly six times its assets. Any company in this position "deserves a share price of 90c" despite its net asset value being nearer 266c, he said. He believed the rights issue would not be well received by investors given the dramatic share dilution.

Kolosus finance manager Anton Bischof acknowledged the losses were dramatic, but said significant steps had been taken to counteract the problems.
Kolosus not technically insolvent

YESTERDAY Business Day quoted Durban stockbrokerage BP Bernstein's investment analyst, Stefan Coetsee, as saying that Kolosus was technically insolvent. Coetsee was wrong and clearly, Business Day should not have paid attention to him. In fact, Kolosus's assets exceed its liabilities by R159m and the group is not technically insolvent. Business Day regrets its error.

REPORTS: Business Day Reporters and EPA.
KOLOSUS

Case of the missing rands

When MD Tito Vorster and FD Ronnie van Rensburg suddenly quit in late August, the FM (Fox September 19) suggested there was more to the move than stated "differences in strategy." Sure enough, four months later, Kolosus has admitted that unaudited year-end figures to May "were not correct."

The extent of these inaccuracies is colossal, and points to some creative bookkeeping by the departed leaders of this disaster-prone group. Results for the 16 months to September show operating profit down to R64.8m, from R101.2m for the 12 months to May, while attributable profit of R7.6m to May has become a R96.6m loss.

New group financial manager Anton Bischof is reluctant to identify the nature of adjustments to the results, but says the board is satisfied that all inaccuracies have been identified. It will fall to KPMG, which is involved in a forensic audit, to sniff out the guilty ones.

Management has decided to empty its closet of skeletons. In the income statement it has written off R14.1m pension fund costs and also included closure costs of R14.6m to September 1997 and R28.2m to May 1996. On the balance sheet it has written off R29.9m goodwill on the 1995 acquisition of Silveroak and brought off-balance sheet "financial arrangements," totalling R14.6m, back into the books.

As a result, shareholders' interest now stands at R159.9m (1996: R256.1m), interest-bearing debt at R53.3m and gearing at 334%. Bischof says the company would be in "serious trouble" if it were not for the support of its bankers.

To address the heavy debt, Kolosus will go ahead with a R200m rights offer in the next few weeks, and try to reduce working capital by a mammoth R100m this year. Bischof admits these cash targets are "very ambitious," but must be accomplished.

The company says it will secure an underwriter, and that this may be Sentralwes (Senwes), until recently SA's largest cooperative. Kolosus' major shareholders will meet on Friday (December 12) to consider an offer by Senwes to purchase 34.9% of Kolosus from Vleisentraal. This is believed to be the only offer on the table and will expire that day.

Senwes CE Henrie Devel says he is confident of picking up the stake, and describes the offer price as "fair." He says Senwes does have a master plan for Kolosus, but that it will only consider options, like reversing assets into Kolosus, if it can gain a controlling stake of 50.1% or more.

If Senwes underwrites the rights offer it should be assured of getting control. At 78c a share, Kolosus would have to issue 256m shares to raise the required capital. There are now just 60m in issue.

In recent months Kolosus has made several important internal changes: a new financial manager and MD have been appointed, stricter reporting controls implemented and problematic operational areas addressed. Bischof says Supreme Foods is budgeted to break even by the end of the new financial year and African Hide Trading is already making profits.

All this is good news for shareholders. Kolosus is, however, still awaiting a judgment from the International Chamber of Commerce regarding a claim by US-based Sebon against Silveroak, a company once owned by Kolosus. The outcome should be announced in February and is for an amount of between US$19m and $30m, which may come out of Kolosus' pocket.

The key issue in an investment decision is whether Senwes's takeover bid succeeds. Senwes will undoubtedly bring financial strength, new assets and synergistic ben-
Indonesian trade with SA soars

Patrick Wadula

INDONESIA's economic and trade relations with SA increased in value by more than R300m last year, with the trade balance being in favour of SA, said Indonesian ambassador Rachali Iskandar.

Total trade in 1995 was worth R910m, with R650m of it applying to SA exports.

Iskandar said since SA had emerged from the "scourge of apartheid", both countries could make great strides forward.

SA and Indonesia belonged to the nonaligned movement and, in this context, could play significant roles in encouraging "south-south co-operation".

During a business forum in Durban, Iskandar said the door was wide open for trade opportunities in KwaZulu-Natal in the clothing and industrial-products sector.

He said a treaty signed earlier in the year with SA on the avoidance of double taxation of companies trading between the two countries would increase bilateral trade.

Indonesian Chamber of Commerce representative Rosita Verdoren said the Indonesian government's development strategy was focused on reforming trade, deregulating industries, strengthening the financial sector, investing in infrastructure and increasing the technical skills and capacity of the labour force.

"SA investors could benefit from these moves as both countries face similar challenges," she said.

Patrick Wadula

THE National African Federated Chamber of Commerce (Nafco) has called on black South Africans to get involved in the commercial and industrial sectors to play an active role in developing SA's leather industry.

Speaking at the Africa Leather '97 exhibition in Midrand last week, Nafco member and African Leather Manufacturing Association in SA chairman Jutas Mukwvho said that for blacks to succeed they had to make a meaningful contribution to the local leather industry. "The leather industry is good but the source of skins is a problem because it is expensive," he said. There was a need to source machines and raw materials from other countries at competitive prices.

Africa Leather '97 organisers Ernest Arepelpe and Miller Freeman said they had achieved their objective in bringing together African countries with the rest of the world. The show was also seen as a platform to build new contacts and enhance technological knowledge.

Mukwvho said there were about 30 black-owned leather businesses in Johannesburg, but not all were successful. They lacked knowledge on buying leather at cheaper prices, and this meant they were at a disadvantage against foreign competition in Africa.

Leather goods producer Jabu Simelela said there was a need to identify raw material suppliers, both locally and overseas, and link up with them.
SENWES, the Klerksdorp group which converted from a farmers' co-operative into a company in April this year, has bought 34.9% of the loss-making leather and food company Kolosus from Vleissentraal Holdings for an undisclosed amount.

Kolosus has suffered management upheaval, poor trading conditions and growing debt. It lost R132-million in the 16 months to September on top of a smaller loss in the previous reporting period.

The share price has dived from a high of 705c in February 1995 to 60c earlier this month, and is now 73c.

The price paid by Senwes has not been disclosed and, because it is a rescue attempt, no offer need be extended to the minority. Senwes and Absa are now the major shareholders in Kolosus, whose current board of directors will remain unchanged until the annual shareholders meeting in February.

Senwes will underwrite a R250-million rights issue in Kolosus intended to reduce debt. Pieter Meyer, chairman of Senwes, said he is confident Kolosus can — with the right management, financial recapitalisation and favourable market conditions — realise good profits.

Hennie Davel, chief executive of Senwes, said Kolosus's established national food brands, such as Bull Brand, Gants, Supreme, Sam's and Spekenam, fit in well with Senwes, as Kolosus has a strong value-added focus.

Davel said Kolosus would also strengthen Senwes' hand in export trading.

Senwes recently bought the Vaalharts Co-operative, and has been active in Mozambique.

Following the Kolosus transaction, Senwes will consolidate its business interests and restructure its finances ahead of a listing.

It is already negotiating with a large local food group with a view to further rationalisation in the processing of primary agricultural products.
Manufacturing - Leather Products
1998 - 1999
Wage strike continues as talks end in deadlock

The national strike by thousands of leather and clothing workers entered its fifth day today.

About 5 000 National Union of Leather Workers and South African Clothing and Textile Workers Union members are demanding a 12% wage increase and have rejected the 8.5% offered by the South African Footwear Leather Industry Association.

This week, about 350 Western Cape workers gathered at the union's headquarters in Salt River to hear the outcome of a meeting between the National Union of Leather Workers and the employers only to be told it had ended in deadlock.

Ashraf Ryklied, NULW Cape regional co-ordinator, said the union was sticking to its initial demand of 12%.

It was also demanding the inclusion of spouses and children as beneficiaries of sick fund schemes.

Mr Ryklied said that if employers were not willing to offer "an acceptable wage", and the inclusion of dependents in their packages, the strike would continue.

Negotiations between employers and unions were expected to continue today.
Sactwvu challenges Nulaw to create unity in leather industry

RAVIN MAHARAJ

Durban - The South African Clothing and Textile Workers' Union (Sactwvu) yesterday challenged the leadership of the National Union of Leather and Allied Workers (Nulaw) to meet it in the next two weeks to map out a joint programme of action to unite leather workers.

Andre Kriel, Sactwvu's national education officer, said it was better for workers to be united, rather than to perpetuate divisions. Combined, both unions represent more than 35 000 workers in the troubled leather and footwear industries.

Kriel was reacting to reports that Sactwvu had "missed the boat" with regard to creating a single voice in the footwear and leather industries. Both parties were in talks early last year, but an agreement was not reached.

Kriel said Nulaw had created the impression that Sactwvu was not actively pursuing worker unity in the sector.

"On the contrary, we have always stood for, and promoted, unity of leather workers. Our actions at factory, branch and national level offer concrete proof," he said.

At factory level, Sactwvu had encouraged members and shop stewards to work jointly with Nulaw members and shop stewards. At branch level, Sactwvu had invited Nulaw branch leadership to participate in joint campaigns, Kriel said.

He said Nulaw leadership had not shown the same commitment to the unity of leather workers.

"They have never taken up any of our offers to concretely promote unity. Instead, like their recent signing of a divisive collective agreement which smashed emerging unity among footwear workers, they have snubbed our genuine attempts to unite leather workers," said Kriel.

Nulaw said it would respond to Sactwvu's unity challenge in due course.
Shoe and Leather Industry on Its Upers

REVIEW 98: China Imports Continue to Batter Glitter Footwear Sector

Robert Franklin, the president of the Southern Arizona National Labor Union of Leather and Textile Workers, Union and the International Ladies' Garment Workers' Union, and the South Africa Clothing Labour Council, said that the leather and footwear sector is under threat from China's imports. He said, "China has been a major player in the global market and has acquired a significant portion of the market share in the past decade." He added, "The import of leather and footwear products from China has significantly affected the local leather and footwear industries in the country." He highlighted the need to strengthen the local industries by promoting innovation and development. He also emphasized the importance of protecting the local workers from exploitation and ensuring fair wages and working conditions.

The Chinese government has been promoting the leather and footwear industry as a key sector for job creation and economic growth. However, the sector faces challenges from the increasing import of leather and footwear products from China. According to the National Labour Federation, the import of leather and footwear products from China has increased by 30% in the past year alone. The federation has called for the government to take action to protect the local industry and its workers.

In light of these challenges, the Southern Arizona National Labor Union of Leather and Textile Workers, Union has launched a campaign to raise awareness about the impact of Chinese imports on the local industry. The campaign aims to educate local workers about their rights and to encourage them to join the union to protect their interests. The union has also called on the government to impose tariffs on Chinese imports to level the playing field for local producers.

Several local businesses have also expressed concern about the impact of Chinese imports on their operations. Some have reported a decline in sales and a decrease in profit margins. However, others have adapted to the changing market conditions by diversifying their product lines and seeking new markets.

The Southern Arizona National Labor Union of Leather and Textile Workers, Union is calling for the government to take bold actions to protect the local industry and its workers. They argue that the government must work closely with the industry to ensure its long-term sustainability.

In conclusion, the leather and footwear sector in the United States faces significant challenges from Chinese imports. The Southern Arizona National Labor Union of Leather and Textile Workers, Union and the International Ladies' Garment Workers' Union are working together to raise awareness about the issue and to protect the local industry and its workers.

Robert Franklin, the president of the Southern Arizona National Labor Union of Leather and Textile Workers, Union
Kolosus's cuts reduce bottom line deficit

Ravin Maharaj

Durban - Kolosus Holdings, the leather tanning and foot group which has shed non-core interests, yesterday turned in a R6.9 million loss for the year to April, against a R4 million loss in the previous year.

Pieter Meyer, the chairman, blamed the delay in anticipated recovery on the Asian financial crisis and the depressed local economy during the reporting period.

Operating profit, however, was up to R51.1 million, against R32.2 million during the seven months to April 1998.

Senwes became the controlling shareholder of Kolosus in 1997. Kolosus, which previously had a September year-end, thereafter changed to April. Meyer said the shortened financial year did not allow the effects of remedial action to be felt, and limited the ability of the business to recover from external setbacks.

The position of Kolosus in relation to the arbitration award against Silversonic, in favour of Seton, remained as previously stated in the financial statements. Meyer said the claim remained unresolved.

Seton, however, had made application for confirmation of the arbitration award in South Africa. Silversonic was opposing the application. Meyer said.

Turnover came in at R1.37 billion, against R1.11 billion in the previous year. A dividend was not declared.

Meyer said the group was satisfied the results reflected a turnaround in unfavourable market conditions, and after R14.5 million was written off during the first six months following the collapse of the Russian economy.

Kolosus said earlier it should show a profit by the end of the 2000 financial year. This would be achieved by steps taken to reduce costs and working capital and implementation of already developed strategies for the fresh meat and leather businesses.

Meyer said the markets for fresh meat and processed food remained under pressure.

Kolosus closed 1c down at 29c on the JSE yesterday.