Manufacturing
Iron, Steel, Eng,
and
Metal
Steelmen bid for higher pay rates

Labour Reporter

Pay demands from workers in steel and engineering industries are in the offing today as many other industries receive wage hikes.

"I am under pressure from some members to call for revisions of pay under some two-year agreements which are only six months old," said Mr. Wessel Bornman, general secretary of the 37,000-strong S.A. Yster, Staal en Verwante Nywerhede Unie, and vice president of the 200,000-strong White Confederation of Labour.

Specific provisions for such revisions had been made under most recent agreements and he would see employers on this issue early this year, Mr. Bornman said.

He said he could not speak for the confederation, but the president of the confederation, Mr. A. I. Nheuwouit, stated recently that civil servants, municipal workers and railway workers had not succeeded in catching up with the rising cost of living.

"BANK-RISE"

Workers receiving pay increases effective from today or yesterday include:

- The 18,000 members of the South African Society of Bank Officials who got an across-the-board rise of 12.5 percent.
- The 20,000 members of the S.A. Typographical Union whose basic rate rises by 11 percent.
- Salaried Escom staff who get a 7.2 percent increase in return for working 30 minutes more a day.
- Explosives industry workers whose 9,000 Black workers receive a minimum starting wage of R110-a-month.
- East London sweet workers who get R20-a-week minimum.
Effect of increased steel price

Mr T ARONSON asked the Minister of Economic Affairs whether the Department of Industry has made any calculations in respect of the effect of the increased steel price on the price of (a) light, (b) medium and (c) large motor vehicles, if so, what will be the price increase calculated on a steel price increase of 9.8 per cent in respect of each type of vehicle and on what basis are the calculations made.

The MINISTER OF ECONOMIC AFFAIRS

The selling prices of motor-cars are not controlled and it is not possible to say whether, and if so, to what extent prices for motor-cars will be adjusted as a result of the increase in steel price. The following is, however, an indication of the additional cost of steel for three categories of cars:

<table>
<thead>
<tr>
<th>Category</th>
<th>Mass of car</th>
<th>Steel cost increase per car</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) light</td>
<td>585 kg</td>
<td>R9-37</td>
</tr>
<tr>
<td>(b) medium</td>
<td>885 kg</td>
<td>R14-18</td>
</tr>
<tr>
<td>(c) large</td>
<td>1195 kg</td>
<td>R19-14</td>
</tr>
</tbody>
</table>
High-grade coal used by Sasol

28. Mr. P. E. W. Godlonton asked the Minister of Economic Affairs:

(a) Whether there is an imminent shortage of high-grade coal used by Sasol; if so, what is the cause of the shortage;

(b) Whether it will be necessary to import high-grade coal; if so, (a) what quantity, (b) from which countries and (c) at what additional cost.

The Minister of Economic Affairs replied:

(a) Yes, the varying quality of high-grade South African coal necessitates that the coal mines concerned must

prepare at minimum

(b) Between 0.50 and 100 million tons per annum

(c) Offers on inquiries sent out recently have not yet been received and accordingly particulars cannot as yet be furnished.
ISCOR - 2

Bigger orders, please

ISCOR intends to increase minimum tonnages for orders which steel users place directly with the Corporation, particularly for flat products from the Vanderbulpark works.

Users and steel merchants will hear from ISCOR soon, but it's unlikely that the new tonnages will be brought into effect before July.

It's certainly not before time. By steel industry standards the minimum orders, both for production and for delivery, which ISCOR accepts are ridiculously small and are a contributing factor to the Corporation's lack of profitability.

Anybody can ring up and order the following minimum loads, for example:

- Beams, channels and angles — 3 tons per item,
- Flats and rounds — 10 tons per item,
- Reinforcing steel — 3 tons,
- Wire — 2 tons per item (but minimum order must be 10 tons of wire),
- Fencing posts — 2 tons (minimum load must be 10 tons),
- Heavy plate — 2 tons for normal commercial quality,
- Hot rolled sheet, cold rolled sheet and galvanised sheet — one ton per item for cut length, 5 tons per item for coil and strip,
- Corrugated sheet — 2 tons per item in lengths up to 3.3m and 5 tons for longer lengths.

The loads are either ruled or delivered by road (by Bagley & Stevenson) for ISCOR and must be collected from depots — not from ISCOR works.

It's painfully obvious that current minimum orders are small and uneconomical and the increase is long overdue.

Why, one wonders, does ISCOR bother to make small "special" orders at all? Private steel-makers won't...
Mr. R. J. LORIMIER asked the Minister of Bantu Administration and Development:

Whether representations have been made to him in regard to the difficulties experienced by the ship repair industry in Durban in finding Bantu labour; if so, what was (a) the nature of the representations and (b) his reply thereto.

†The DEPUTY MINISTER OF BANTU ADMINISTRATION AND EDUCATION:

No, but I am aware of certain problems which were presented to my Department of Bantu Administration and Development and which have since been solved.

(a) and (b) fall away.
Black labour turnover in engineering goes up

By JULIAN KRAFT
Labour Reporter

IN THE past five years the turnover of Black hourly paid workers employed in big engineering companies has been dropping steadily.

A slight upturn from this trend occurred last year. Whether this trend is continuing has not yet been established.

From the beginning of 1970 to early last year turnover of Black workers at a representative cross-section of about 25 companies dropped by 20 per cent from 33 per cent in 1970 to 36 per cent in April last year.

This figure was established in a survey on wages and working conditions done by Olof van Schalkwijk, director of the Institute of Personnel Management.

The earlier trend indicates the extent to which companies have improved the security of Black workers through better wages and working conditions.

Mr Van Schalkwijk said that from April to August last year there had been a reversal of the earlier trend.

In that period there had been a 7 per cent increase in the turnover of Blacks at the firms concerned from 33 to 40 per cent.

This represents only a slight upturn against the general downward trend of Black labour turnover of the last few years. The results of the next survey in May will show whether this is a temporary fluctuation.

In the case of salaried employees, Black and White, the decrease in labour turnover in the past five years has been more gradual than for Black hourly-paid employees, but consistent.

From 32 per cent in 1970 it dropped to 25 per cent last year.

The turnover of White artisans dropped steeply from 77 per cent in 1970 to a low of 45 per cent in 1972. Since then it has been rising steadily and reached 78 per cent last year.

whose survey is believed to be the first salary and wage survey in the country to include studies of employment conditions. This week he also released the results of surveys he has completed on wage and salary increases for the past six months.

The survey covers 20 big engineering manufacturing companies around the country, covering 38,000 employees, of whom 3,500 are salaried workers of all races. 39,000 Black hourly-paid workers and the rest White artisans.

It reveals that in the six months ending February wages of Black hourly-paid workers, on average, that of White artisans, by 8 per cent, salaried workers by 8 per cent.

Mr Van Schalkwijk began his survey in 1969 when he was Personnel Manager of a large manufacturer of earth-moving equipment.

He joined the Institute of Personnel Management in 1969 and will conduct national surveys twice a year as well as regular regional surveys.

Unlike the conventional surveys in which participants fill out a questionnaire, the IPM survey gives the participants' firms' personnel managers meet at a one-day conference.

They decide among themselves which jobs to cover, discuss what each of the jobs entails and discuss employment conditions. All the participating companies are "comparable", being of a similar size and performing similar functions.

The discussion overcomes any possible confusion over job descriptions.

Having set their terms of reference in discussion, participants then supply data on a confidential basis.

The information given is immediately averaged out by the survey's team and the survey results are given to participants at the end of the day.

A further indication of how employers have improved conditions for their Black workers is shown by the fact that 48 per cent of the employees covered in Mr. Van Schalkwijk's survey in August last year provide identical pension plans for Black and White employees, and that 56 per cent of them provide medical and cover for Blacks.

Mr Van Schalkwijk conducted the IPM's first national survey in August last year in which 90 salaried jobs, 1,000 key positions and 60 Black jobs ranging from labourers to supervisors, were covered.

He updated the salaries and wages of this survey by post up to February this year, and will do another national survey in May.

Olof van Schalkwijk of the Institute of Personnel Management ... Tracking employment trends.
Africans first for vacant ‘White’ jobs

Labour Correspondent

COLOUREDSD and Indians are being debarred from moving to vacant “White” jobs.

Instead, Africans who can be more easily replaced if ever a White wants the job back, are taken on.

Some of the Whites-only Rightwing trade unions are blocking Coloured advancement to make way for Africans to enter unfilled “White” jobs.

One of these is the Yster en Staal Union, 38,000-strong and represented in 16 industries.

DISCARDED

Yster en Staal’s general secretary, Mr. Wessel Bornmann, admitted yesterday his union was allowing Africans to take over jobs discarded by upward-moving Whites — in preference to Coloureds or Indians.

“This is not because we have anything against the Coloured, but because this way provides better protection for the White worker,” he said.

“Bantu are not recognised as employees under the Industrial Conciliation Act,” Mr. Bornmann said. “Many of our industrial agreements specifically require them to have an exemption to do certain jobs, which Coloureds and Indians don’t need.

“When my union must decide whether a Coloured, an Indian or a Bantu should take over a White job, we look at the facts of the case and if it is a low-status job we prefer to give it to a Bantu under temporary exemption until a White becomes available.”

Mr. Bornmann conceded that many of these jobs would never again be wanted by Whites, but said: “We are extremely cautious about our labour pattern. We don’t want Whites to be displaced if the economy goes into a decline.”

Mr. Bornmann said some White workers were suspicious of Coloureds in their industry. They felt they posed a threat to their jobs.

“Sometimes the White worker is more accustomed to working with the Bantu,” he said. “They did not actually work shoulder-to-shoulder, but the White would have a Bantu labourer with him, and never looked on the Bantu as a threat.”

Yster en Staal’s outlook contrasts with the Boilermakers’ Society, its Tucsa counterpart, which has Coloured as well as White members.

The Boilermakers’ aim is to secure jobs for Whites first, then for Coloureds and Indians, and Africans only if other race groups cannot fill them.

In some cases of African advancement job descriptions and titles are revised to avoid the appearance of Africans doing the same jobs as Whites.

Mr. Bornmann said that wherever a Black does the same job as a White he is paid at the same rate.

PROTECTS

“This protects the Black man, the job, and the White man, too. You can imagine what the employers would do if they could pay lower rates to Africans — they would not take on Whites.”

However, in most industries the rate for the job the White unions insist on is the minimum rate. In practice White workers are paid up to twice as much.

So when Blacks take over “White” jobs they are paid as little as half the actual White rate.
GEC plant in KwaZULU

GEC South Africa has concluded arrangements with the Bantu Investment Corporation, acting on behalf of the KwaZulu Government, to establish a factory at Stilbene in KwaZulu for the manufacture of small electric motors.

These motors are being made at the Pomona plant of GEC Machines (Pty) where the space is required for expansion of manufacturing facilities for larger motors.

It is expected that the factory will come into full production in about 12 months when it will employ 100 Blacks with an initial white supervisory staff of eight.
PRODUCTION of ferro-chrome in the Eastern Transvaal — the major source of this export alloy — is to be stepped up with the construction of another processing plant at a cost of around R33 million.

It will be the first to be sited directly on the mining area, which is marked by two tiny dots on the map named Steelpoort and Burgersfort, and is to be constructed by Fraser and Chalmers (South Africa) (Pty) Limited for Tubatse Ferrochrome (Pty) Limited.

The first phase of the 120,000 tonnes a year capacity plant is due to be brought to operation at the end of next year and full production should be reached by the end of 1977 — unless world demand indicates that additions to furnace capacity be made during the building period.

At present production of ferro-alloys — chiefly ferro-chrome and ferromanganese — is running at an average monthly rate of more than 55,000 tonnes, or close to 700,000 tonnes a year, and the bulk of output goes to the export market under long-term contracts with buyers in the US, Western Germany, France and Britain.

Haul

The major ferro-chrome plants now in full operation are at Middelburg and Witbank in the Eastern Transvaal — BRM Alloys in the Rand Mines Group and Transalloys, owned by Anglo American Corporation — which involves a long, slow rail haul from the mining areas.

By siting the new plant directly in the chrome mining area, Tubatse Ferrochrome should be able to save on transport costs since it will be railling a semi-finished product direct to the export market and eliminating the intermediate stage of raling and processing and then raling.

In addition to building the chrome ore processing plant, the Fraser and Chalmers contract covers the building of roads, rail links, water and slimes storage dams and a township to be sited about eight kilometres from...
Pay goes up for the steelmen

Staff Reporter

WAGE increases of up to 15 per cent for the 70,000 White and 230,000 Black employees in the iron, steel, engineering and metalurgical industry were agreed on in Johannesburg yesterday.

Although the wage gap between Blacks and Whites is substantially widened by the new increases, 15 per cent terms, Blacks, on average, have been awarded up to twice their White colleagues' rises.

A special meeting of the executive committee of the national industrial council for the industry agreed to amend the provisions of the existing industrial agreements yesterday.

Their agreement now needs the approval of the Minister of Labour, but industry sources said last night they hoped the new scales would be gazetted by June 2.

In cash terms, the increases range from 13c an hour for the most skilled artisans to 6c an hour for unskilled African workers.

Their increases represent a 15 per cent jump for Blacks, tapering down to an 8 per cent rise for the most skilled White workers.

It was impossible to get either official confirmation of, or comment on, these figures last night.

Sources close to the employers' side of the council pointed out that the White unions in the industry preferred that there be no comment on the wage gap.

Minimum pay scales in the industry now range from £1.90 per hour for highly skilled Whites, to 45c an hour for unskilled Blacks.

The majority of Blacks in the industry can now expect a top minimum level of 68c an hour.

According to a statement released by the council yesterday, all employees will receive at least the amount of the increases, except where increases have been granted since last September 29.

In that case, such increases will be set off against the new figures.

New employees taken on after September 29 will also not qualify for the new increases.

Apprentices in their first, second, third or fourth years will receive increases of 15 per cent, while fifth year apprentices have been awarded a rise of 45c an hour.

The metal industries group life and provident fund has also been converted into a pension fund, with employees contributing 5 per cent of their salaries and employers a similar amount.
R77,5-m more for 320,000 steel workers

Labour Reporter 31/4/16

Wages and additional benefits totaling R77.5 million a year have been negotiated for the 320,000 hourly-paid workers in the steel and engineering industry.

The increases, which are subject to ratification by the Minister of Labour, are effective from June 1. They range from an 8.3 percent (7.8 cents an hour) rise in basic pay for skilled artisans to 19.3 percent (6.5 cents an hour) for the lowest-skilled worker. They will raise the income of the unskilled worker to at least R16.80 an hour or R28.20 for a 45-hour week.

The industry's group life and provident fund will be converted into a pension fund, with increased pensions, life cover and widows' and orphaned benefits. Employers and employees will each contribute 5 percent of pensionable income.

The wage increases do not necessarily apply to employees who joined the industry after September or who received increases since the end of that month.

The purpose is to provide relief to meet the increases in the consumer price index, which has risen 10.2 percent since last June when the last agreement was settled," said Mr. H.F. Drummond, director of the Steel and Engineering Industries Federation.

Mr. Drummond disclosed that the new agreement was based on the first negotiations in which Black workers actively participated.

They were selected by the Central Bantu Labour Board, which also made representations on behalf of the industry's Black workers.
Prog demands rights for employees to bargain

CAPE TOWN — All workers should enjoy collective bargaining and negotiating rights, the Progressive Party spokesman on labour affairs, Dr A L Boraine MP, said yesterday.

He said he had consistently advocated this but the Government had as consistently refused to provide for it.

To move to this point, he suggested works committees should form the first step of employee representation.

Liaison committees should be reconstituted as company councils where house agreements could be negotiated between an equal number of employer and employee representatives.

These committees and councils should be made compulsory in all companies with a minimum number of blacks on their payrolls.

Legislation should provide for elected works committees to negotiate on an industry-wide basis either with industrial councils or employers' associations where there were no industrial councils, in which case agreements should have the same force of law as industrial council agreements.

Provision should be made for full-time officials to organise industry works committees, and the committees should be financed by a levy on employers on a capital basis.

Details of the conduct of these meetings should be included in the legislation and ins the event of a dispute the procedure set out in the Industrial Conciliation Act should apply.

Where Coloured and Asian workers were not organised they should have representations through this structure together with the black employees.

Meanwhile in Pretoria early rumbles of the wage demand explosion forecast during the past few months by leading trade unions were being heard.

Earlier this week 15 per cent increases were announced for workers in the iron, steel, engineering and metallurgical industry.

Yesterday the biggest of the seven major trade unions — the Iron, Steel and Allied Workers Union — had preliminary wage discussions with management. From May 1 the Transvaal's 70,000 building workers are to get increases.

Economists pointed out yesterday that the increases would be "nearly per cent inflationary" as they would be unaccompanied by increased output.

They would help spin faster the vicious cycle of wages chasing prices —
oudry is meeting today's challenge

Engineering draughtsmen today demand a foundry product reflecting the strictest attention to their designs and specifications. The rough and ready castings of earlier years, when the foundryman relied on the machinist to finish the job, are long past. Today the wooden patterns from which the castings are produced must be trimmed to the last scrupulous mathematical tolerances to ensure the highest possible accuracy. Here a moulder at Unifront Founders (Pty) Ltd, Germiston, checks the measurements of a pattern from which a high-grade steel casting will be produced. The bigger the casting, the higher the degree of accuracy demanded.

During the war, he was associated with Unifront for a number of years as a purchaser of their products for export, before joining the company at the beginning of February. Unifront Founders is South Africa's largest privately-owned foundry. It started from small beginnings and now occupies a 22-acre site at Wadewville, where 15 furnaces are in daily operation. The company is an amalgamation of Universal Iron and Steel Foundries (Pty) and Frontier Foundries (Pty).

Mr Fanie de Klerk founded Universal Iron and Steel Founders 25 years ago with Mr Cowland, Mr Sprong started Frontier Founders in 1947. The two companies merged in 1969.

The company remains a family concern. Six members of the De Klerk family, including Mr De Klerk's father, 70-year-old Mr Toi de Klerk, work at the foundry.

Three top-level appointments have been announced. Mr Arthur Matthee, a "man with 30 years' experience in South Africa," takes over as production supervisor and Mr Heinz Ackermann, a German expert with 27 years in the industry, is appointed technical supervisor. In addition, Mr Michael Mellin, a manganese steel expert from Britain, has been made chief metallurgist.

Mr Fanie de Klerk said this week: "With this reorganization we have greatly strengthened the administration and technical direction of the company." Mr Brasse is a specialist administrator and my other, he is an expert on "foundry technique.

"With the growth of the company in the past five years, we have concentrated attention on budgeting, mechanical equipment and marketing as essential, and this can be achieved.

Mr Brasse was at Oxford and Harvard universities and was a commando in Burma during the war.

Techniques in the sophisticated industrial world of today have entered every field of heavy engineering. At Unifront Founders (Pty) Jamaican changes have enabled the company to meet the challenge which the South African iron and steel industry have now completed.

Mr Fanie de Klerk who th Mr Basil Sprong found the company five years ago is still chairman but he is now two joint managing directors, Mr Michel Brasse and Mr Henne Klerk. Mr De Klerk's other Mr Jack Cowland, who was a pioneer of the business, has retired, but Mr de Klerk remains as sales manager.
BOHLER Bros & Co Ltd lead the way in Austrian high-grade steelmaking. Theirs being the most varied manufacturing programme in the world.

And, since 1961, Bohler Bros have been operating under their own name — Bohler Steel Africa (Pty) Ltd in South Africa out at Isando.

With a world-wide staff of about 18 500, Bohler Bros has its headquarters in Vienna. The company’s smelting shops and processing plants are located at Kapfenberg and Deuchendorf (Styria) and near Waidhofen in the Ybbs Valley (Lower Austria), where Bohlerwerke, the Gerstlwerk and the Bruckbacherlitte form another group of processing plants.

Steel has been made at Kapfenberg for more than 500 years, and the present Bohler Company was founded in 1870. Since then, generations of skilled men have carried out intense research work for the benefit of high-grade steelmaking and the development of new and better specialty steels.

A considerable part (about 60 per cent) of their production is shipped to practically all the countries of the world.

Bohler branches and representatives in the important markets provide direct user contact and serve as a channel permitting the works to benefit from current practical experience and also allows for customers to be given special expert advice.

Bohler Bros’ links with South Africa go back to 1932 when they were represented by an agency acting as a stocking and distributor for its special steel and steel products.

The parent company and is in the process of further expansion.

Since 1969 the company has been operating its own heat treatment plant in Isando. Last year it opened its own branch in Natal (it has agencies in Cape Town and Port Elizabeth) and recently began promoting the sales of drilling rigs, wagon drills and pneumatic hand tools.

After the recent merger of the Austrian steel industry, extensions in Isando are in progress to cater for even bigger and more diversified activities.

From the tremendous number of high-grade steels available from Bohler Steel Africa, are machine knives for all types of industries, precision forged turbine blades, tubes, stainless and heat resistant, in all commercial finishes and sizes, welding rods and electrodes pneumatic tools for both metal and stone working, equipment for chemical engineering in any size or design, high pressure valves and fittings and steel wires and wire ropes.

'The Specialist' takes on a modern look

IT TAKES a big company to cater for all the needs of "the smallest room" in the house.

Such a company as F & M (Krugersdorp) (Pty) Ltd — cast iron sanitaryware and pipe manufacturers. Today they are probably the only concern in South Africa doing porcelain enamelling on cast iron.

It began in 1946 as a one-man business manufacturing cast iron WC cisterns, high and low level, for the building industry. In 1970 the business was taken over by Amalgamated Industrial Investment Corporation, whose production also centred around the building service industry.

One item they manufacture now is heavy duty cast iron pressure pipe fittings, used mainly in sewage disposal works, which are all made to customer specifications and generally hand-moulded.

Their F & M high-level cisterns and their "Glen" low level cisterns, besides being used extensively all over the Republic, are also exported to neighbouring African countries.

Their high-level cisterns are installed in most African houses in South Africa. Their low-level cisterns are used extensively in public buildings.

And at Meyerton, is another subsidiary of AIIIC, Vaval Pottery, the largest ceramic sanitary manufacturers in South Africa.

Started in 1943, it manufactures basins, toilet bowls, wash tubs and other sanitary items.

At East London is another plant supplying Vitrose china sanitary ware.

And back at the grey iron foundry at Krugersdorp, 20 per cent of the output is still given to the production of components for outside companies to their specifications.
Giant turns out any to railway wheels

ATE in 1973, two of South Africa's largest and most e-l-known engineering groups, Dorman Long (France) Ltd, and Vanderbijl Engineering Corporation Ltd, named in a cokcition for a company named Dorman Long Engineering Corporation Ltd.

Known by its abbreviation Dorbyl — the amalgamation company has without a doubt the strongest and best engineering and factoring establishments in the southern hemisphere, the pump industry, the public and the public and then the end of the export market.

Among the industries Dorbyl serves are cable, iron, steel and allied industries, railways and harbours, power generation, shipbuilding, ship repair, mining, petro-chemicals, oil and gas, and road transport. Dorbyl has the manufacturing ability and know-how to make the wide and varying types of iron, steel, and allied industries.

The first plant items are Dorbyl's 1974-75 plants, and Dorbyl's iron plants and integrate steelworks in the past. Dorbyl's association with the design, fabrication and erection of major building steelworks and ancillary structures of all major Southern African power stations.

Equipment manufacturing in Dorbyl includes condensers, high and low pressure heaters, LP and boilers. In the boiler field Dorbyl manufactures drums, headers, tubes and pipework for furnaces and superheating.

The group is currently building equipment for South Africa's first six 500 megawatt sets due to be erected at Kriel. These will be built to the designs of Brown Boveri and Co. of Baden, Switzerland.

Dorbyl also manufactures auxiliary equipment, such as circulating water pumps, boiler feed pumps and pulverising fuel mills.

In the hydro-electric field, Dorbyl has supplied components used at the Hendrik Verwoerd Dam.

Many years of experience and licence agreements with well-known overseas principals, enable the group to supply up to date equipment for the sugar industries in South Africa.

Dorbyl has a network of structural workshops throughout the country with support from various factories. A central office advises structural designs to suit customer requirements.

Structural workshops are equipped with machinery to cope with every conceivable structural steel assignment. This includes design, fabrication, erectors and erectors. Dorbyl has handled contracts for every major industry in South Africa.

Dorbyl has the majority share interest in Body Building SA Ltd — the largest organisation of its kind in the southern hemisphere.

Strategic

This company, with its branches and subsidiaries situated at strategic centres throughout South Africa, manufactures a wide range of products in the passenger and commercial vehicle field.

It specialises in the manufacture of steel, aluminium, steel, aluminium, and refractories for the mining industry, the cement and lime industry.

Many years of experience and licence agreements with well-known overseas principals, enable the group to supply up to date equipment for the sugar industries in South Africa.

Dorbyl has a network of structural workshops throughout the country with support from various factories. A central office advises structural designs to suit customer requirements.

Structural workshops are equipped with machinery to cope with every conceivable structural steel assignment. This includes design, fabrication, erectors and erectors. Dorbyl has handled contracts for every major industry in South Africa.

Dorbyl has the majority share interest in Body Building SA Ltd — the largest organisation of its kind in the southern hemisphere.

Strategic

This company, with its branches and subsidiaries situated at strategic centres throughout South Africa, manufactures a wide range of products in the passenger and commercial vehicle field.

It specialises in the manufacture of steel, aluminium, steel, aluminium, and refractories for the mining industry, the cement and lime industry.

Many years of experience and licence agreements with well-known overseas principals, enable the group to supply up to date equipment for the sugar industries in South Africa.

Dorbyl has a network of structural workshops throughout the country with support from various factories. A central office advises structural designs to suit customer requirements.

Structural workshops are equipped with machinery to cope with every conceivable structural steel assignment. This includes design, fabrication, erectors and erectors. Dorbyl has handled contracts for every major industry in South Africa.

Dorbyl has the majority share interest in Body Building SA Ltd — the largest organisation of its kind in the southern hemisphere.

Strategic

This company, with its branches and subsidiaries situated at strategic centres throughout South Africa, manufactures a wide range of products in the passenger and commercial vehicle field.

It specialises in the manufacture of steel, aluminium, steel, aluminium, and refractories for the mining industry, the cement and lime industry.

Many years of experience and licence agreements with well-known overseas principals, enable the group to supply up to date equipment for the sugar industries in South Africa.

Dorbyl has a network of structural workshops throughout the country with support from various factories. A central office advises structural designs to suit customer requirements.

Structural workshops are equipped with machinery to cope with every conceivable structural steel assignment. This includes design, fabrication, erectors and erectors. Dorbyl has handled contracts for every major industry in South Africa.

Dorbyl has the majority share interest in Body Building SA Ltd — the largest organisation of its kind in the southern hemisphere.

Strategic

This company, with its branches and subsidiaries situated at strategic centres throughout South Africa, manufactures a wide range of products in the passenger and commercial vehicle field.

It specialises in the manufacture of steel, aluminium, steel, aluminium, and refractories for the mining industry, the cement and lime industry.

Many years of experience and licence agreements with well-known overseas principals, enable the group to supply up to date equipment for the sugar industries in South Africa.

Dorbyl has a network of structural workshops throughout the country with support from various factories. A central office advises structural designs to suit customer requirements.

Structural workshops are equipped with machinery to cope with every conceivable structural steel assignment. This includes design, fabrication, erectors and erectors. Dorbyl has handled contracts for every major industry in South Africa.

Dorbyl has the majority share interest in Body Building SA Ltd — the largest organisation of its kind in the southern hemisphere.

Strategic

This company, with its branches and subsidiaries situated at strategic centres throughout South Africa, manufactures a wide range of products in the passenger and commercial vehicle field.

It specialises in the manufacture of steel, aluminium, steel, aluminium, and refractories for the mining industry, the cement and lime industry.

Many years of experience and licence agreements with well-known overseas principals, enable the group to supply up to date equipment for the sugar industries in South Africa.

Dorbyl has a network of structural workshops throughout the country with support from various factories. A central office advises structural designs to suit customer requirements.

Structural workshops are equipped with machinery to cope with every conceivable structural steel assignment. This includes design, fabrication, erectors and erectors. Dorbyl has handled contracts for every major industry in South Africa.

Dorbyl has the majority share interest in Body Building SA Ltd — the largest organisation of its kind in the southern hemisphere.

Strategic

This company, with its branches and subsidiaries situated at strategic centres throughout South Africa, manufactures a wide range of products in the passenger and commercial vehicle field.

It specialises in the manufacture of steel, aluminium, steel, aluminium, and refractories for the mining industry, the cement and lime industry.

Many years of experience and licence agreements with well-known overseas principals, enable the group to supply up to date equipment for the sugar industries in South Africa.

Dorbyl has a network of structural workshops throughout the country with support from various factories. A central office advises structural designs to suit customer requirements.

Structural workshops are equipped with machinery to cope with every conceivable structural steel assignment. This includes design, fabrication, erectors and erectors. Dorbyl has handled contracts for every major industry in South Africa.

Dorbyl has the majority share interest in Body Building SA Ltd — the largest organisation of its kind in the southern hemisphere.

Strategic

This company, with its branches and subsidiaries situated at strategic centres throughout South Africa, manufactures a wide range of products in the passenger and commercial vehicle field.

It specialises in the manufacture of steel, aluminium, steel, aluminium, and refractories for the mining industry, the cement and lime industry.

Many years of experience and licence agreements with well-known overseas principals, enable the group to supply up to date equipment for the sugar industries in South Africa. Many years of experience and licence agreements with well-known overseas principals, enable the group to supply up to date equipment for the sugar industries in South Africa. Many years of experience and licence agreements with well-known overseas principals, enable the group to supply up to date equipment for the sugar industries in South Africa. Many years of experience and licence agreements with well-known overseas principals, enable the group to supply up to date equipment for the sugar industries in South Africa. Many years of experience and licence agreements with well-known overseas principals, enable the group to supply up to date equipment for the sugar industries in South Africa. Many years of experience and licence agreements with well-known overseas principals, enable the group to supply up to date equipment for the sugar industries in South Africa.
Iscor scout Europe for steel technicians

PRETORIA — Iscor is scouring Europe for technical personnel in a bid to solve the chronic and serious shortage of skilled steel workers.

A spokesman at Iscor headquarters in Pretoria said there was a shortage of several thousand technical workers at Iscor's three steel works and seven mines.

The need for skilled workers was continually increasing because of the dynamic expansion programmes throughout the Iscor empire.

Earlier this month an advertisement for workers inserted in a national British newspaper drew 3000 replies. A similar advertisement in a German daily resulted in 1300 inquiries.

These, the Iscor official said, would be processed at Iscor's permanent London recruiting headquarters.

Iscor's need for technical staff is symptomatic of the acute shortage of skilled white workers throughout the economy, trade union executives commented.

All skilled trades — electricians, plumbers, building trade artisans — were seriously undermanned.

Local recruits from the white section to these trades were totally inadequate to meet the need.

The only solution, they stated, was an acceleration of the training programme for blacks, and in the disappearance of work apartheid and the barriers which held blacks back from advancing to more highly skilled and better paid occupations.

Currently Iscor has 286 students at SA Universities on corporation bursaries, last year 2808 apprentices were in Iscor training schools; and 485 completed their courses.

Since the beginning of this year 363 skilled immigrant workers have joined Iscor's technical staff.

DDC
Industry is being subsidised by the steel producers especially Iscor.

It would be better if they were allowed to make reasonable profits.

The Loan Account in the 1975-76 Budget provided R70m for the purchase of "additional shares" in Iscor. It should have attracted more comment.

When government borrows money, pays the interest out of taxation, and re-lends it as equity, there's an element of subsidy unless revenue from dividends cover interest payments. In Iscor's case, there's no present intention they should.

In 1972-73 the government waived dividends totalling R7.5m. Last year the figure was R8.8m. The reason, as quoted in Iscor's 1974 report, was "to keep the domestic sales price of steel to a minimum."

So there's no question that the government has been subsidising Iscor for economic reasons. It will almost certainly have to do so again this year, despite two increases in steel prices since last June.

One reason for the general lack of criticism could be the halving of the R130m earmarked for government share purchases last year. This suggests that Iscor's need for support is declining. Although Finance Minister Owen Horwood did warn that "a further substantial amount" may be needed.

The R130m was itself a massive increase on the regular annual R20m promised up to 1980. It accounted for more than half the "very large" R251m increase in the 1974-75 Loan Account.

A more likely explanation for apathy is the growing impression that public corporations like Iscor cannot survive without massive assistance. That's just not so. Iscor could get along unaided, although probably not without its present price list.

Iscor incurred a loss of R37.6m in 1973-74, compared with a profit of R3.95m in the previous year. Result was no earnings on shareholders equity available for declaration.

Main reason: Iscor is unable to generate enough profit to finance its own capital needs at present control. Currently this is holding steel prices to nearly 50% below world levels.

Anglo's Highveld is doing better, but at well enough. Compared with Iscor's 974 output of 4m tons, Highveld's 400,000 tons is small stuff. So, for a start, the operations are not on a comparable scale.

Norman this would be a point in Iscor's favour. Unit costs in steel production tend to diminish directly with output.

In fact it probably signifies the opposite: owing to the wasteful practice, forced on Iscor, of having to supply any number of small orders. Concentrating output on a more limited range would yield much greater economies (FM, February 21).

Highveld enjoys three important advantages. First, it's a closely integrated operation with one manufacturing plant and a single source of raw material.

This facilitates tighter management. By contrast, Iscor has three mills and seven sources. It's not so easy to manage such a sprawling empire compared with a total turnover of R469m, ie 6%.

As Iscor's modernisation and expansion programme advances its expected exports can be increased. But these will, it seems, still be confined to products surplus to home market requirements.

Thirdly Highveld is the world's largest producer of vanadium, accounting for nearly half the total.

Exports provided over 40% of Highveld's 1974 turnover, although more than three-quarters of this was vanadium. It's produced both as a by-product of steel-making and directly from the Vantra roasting operation.

But even Highveld is not making satisfactory profits at current controlled prices. It's been reporting for five years.

The first year, which included the start-up period, showed a loss of R6.2m. A pre-tax profit of R2.12m in 1971 was followed by a loss of R1.63m.

Highveld . . . profits would suffer without vanadium.

Second, Highveld exports a higher proportion of its steel than Iscor, although this was down to 13% in 1974 from 29% the previous year. Iscor's exports earned only R28.2m in 1973/74 explained mainly by poor trading conditions.

Only since 1973 does steady profitability appear to have been achieved. A net surplus of R7.49m was followed by
Re 17m in 1974. This latter figure represents about 20% on capital employed.

"It's still not enough," says Highveld's GM, Leslie Boyd. "We need 25% before tax just to break even. To beat inflation it must go higher."

Steel makers have the same complaint as other industries (coal, cement) subject to price control — the formula used to determine controlled prices is based on historic costs, and does not allow sufficient for plant replacement.

So far Highveld has not faced any replacement problems. Expansion is currently the burden on profits.

Dunswart's chairman, Dr Fred Ziehl, in his 1974 report said his company had "been given to understand" that the Department of Industries had accepted the principle that assets be depreciated on a replacement cost basis.

In practice the basis used is historic cost plus an element of escalation linked to the consumer price index. This is still not satisfactory. In 1973-74 Iscor had to provide an extra R21.63m in addition to depreciation of R35.74m, to meet "increased replacement cost of fixed assets."

Dunswart's profit record is more sustained than Highveld's, and probably comes nearer to the desired level. As a proportion of share capital plus reserves it was around 30% in 1973 and 1974.

But with a 1974 output of only 294 782 tons, it's small even on Highveld's standards, and its circumstances are different.

It's only partly integrated, unlike either Highveld or Iscor. Raw material is still scrap, although the proportion of sponge iron is increasing, and would already have been higher but for plant breakdowns. Altogether it's cost structure is simpler.

So what alternatives could be applied to the steel industry in general, and to Iscor in particular? The easiest would probably be a higher controlled price. Already the government appears to have accepted the principle of two price increases a year.

The 25% across the board increase announced last June (an effective 21.6% after deducting an extra R5 for the import levy) came too late to help results for 1973-74. Both this increase and the further 9.8% on January 1 1975 should, however, help profitability in the current year.

Iscor's chairman, Dr Tom Muller, predicted last June that the 25% price increase would not get Iscor out of the red this year. It's possible the January increase might just do so. It has more than compensated for inflation over the six-month period.

Another possibility would be to allow Iscor to modify its public utility function. There's no good reason why it should be forced to supply such an uneconomic range of products in such small quantities, although it recently increased the minimum tonnage for orders.

There's more profit in supplying larger orders both at home and abroad. A larger export share of output would also probably result in more steel imports. But the higher foreign exchange earnings would help compensate and the improvement in Iscor's profitability would cut the need for subsidies and thus the tax burden.

Finally, the government could drop price control altogether. That would mean SA steel prices rising to world levels. This would certainly cause a painful increase in industrial costs and eventually retail prices.

But there's no obvious reason why steel users should be subsidised by steel producers. If a subsidy is politically unavoidable there are other methods which would produce less overall distortion.

Of course, it might well be in the economy's interest to allow complete freedom in steel no export restrictions, no import control, and no price control. But what would happen then is anybody's guess.
Steelimg profits

Industry is being subsidised by the steel producers especially Iscor.

It would be better if they were allowed to make reasonable profits.

The Loan Account in the 1975-76 Budget provided R70m for the purchase of "additional shares" in Iscor. It should have attracted more comment.

When government borrows money, pays the interest out of taxation, and re-lends it as equity, there's an element of subsidy unless revenue from dividends over interest payments in Iscor's case, there's no present intention they should.

In 1972-73 the government waived dividends totalling R7,5m. Last year the figure was R8,8m. The reason, as quoted in Iscor's 1974 report, was "to keep the domestic sales price of steel to a minimum."

So there's no question that the government has been subsidising Iscor for economic reasons. It will almost certainly have to do so again this year, despite two increases in steel prices since last June.

One reason for the general lack of criticism could be the halving of the R130m earmarked for government share purchases last year. This suggests that Iscor's need for support is declining, although Finance Minister Owen Horwood did warn that "a further substantial amount may be needed later."

The R130m was a massive increase on the regular annual R20m promised up to 1980. It accounted for more than half the "very large" R25m increase in the 1975-76 Loan Account.

A more likely explanation for apathy is the growing impression that public corporations like Iscor cannot survive without massive assistance. That's just not so. Iscor could get along unaided, although probably not with its present profit list.

Iscor incurred a loss of R37,60m in 1973-74, compared with a profit of R3,95m in the previous year. Result: "no earnings on shareholders' equity available for pipeline back."

Main reason: Iscor is unable to generate enough profit to finance its own capital needs in price control. Currently this is holding steel prices to nearly 50% below world levels.

Anglo's Highveld is doing better, but not well enough. Compared with Iscor's 1974 output of 4m tons, Highveld's 400,000 tons is small stuff. So, for a start, the operations are not on a comparable scale.

Normally this would be a point in Iscor's favour. Unit costs in steel production tend to diminish directly with output.

In fact it probably signifies the opposite owing to the wasteful practice, forced on Iscor, of having to supply any number of small orders. Concentrating output on a more limited range would yield much greater economies (FM Feb. 21).

Highveld enjoys three important advantages. First, it's a closely integrated operation with one manufacturing plant and a single source of raw material.

This facilitates tighter management. By contrast, Iscor has three mills and seven sources. It's not so easy to manage such a sprawling empire compared with a total turnover of R469m, ie 6%.

As Iscor's modernisation and expansion programme advances its expected exports can be increased. But these will, it seems, still be confined to products surplus to home market requirements.

Thirdly Highveld is the world's largest producer of vanadium, accounting for nearly half the total.

Exports provided over 40% of Highveld's 1974 turnover, although more than three-quarters of this was vanadium. It's produced both as a by-product of steel-making and directly from the Vantra roastleach operation.

But even Highveld is not making satisfactory profits at current controlled prices. It's been reporting for five years. The first year, which included the start-up period, showed a loss of R6,17m. A pre-tax profit of R2,12m in 1971 was followed by a loss of R1,63m,

Highveld... profits would suffer without vanadium.

Second, Highveld exports a higher proportion of its steel than Iscor, although this was down to 13% in 1974 from 29% the previous year. Iscor's exports earned only R28,2m in 1973/74 explained mainly by poor trading conditions.

Only since 1973 does steady profitability appear to have been achieved. A net surplus of R7,49m was followed by...
R11.17m in 1974. This latter figure represents about 20% on capital employed.

"It's still not enough," says Highveld's GM, Leslie Boyd "We need 25% before tax just to break even. To beat inflation it must go higher."

Steel makers have the same complaint as other industries (coal, cement) subject to price control — the formula used to determine controlled prices is based on historic costs, and does not allow sufficient for plant replacement.

So far Highveld has not faced any replacement problems. Expansion is currently the burden on profits.

Dunswart's chairman, Dr Fred Zoelner, in his 1974 report said his company had "been given to understand" that the Department of Industries had accepted the principle that assets be depreciated on a replacement cost basis.

In practice the basis used is historic cost plus an element of escalation linked to the consumer price index. This is still not satisfactory. In 1973-74 Iscor had to provide an extra R21.63m in addition to depreciation of R35.74m, to meet "increased replacement cost of fixed assets."

Dunswart's profit record is more susstained than Highveld's, and probably comes nearer to the desired level. As a proportion of share capital plus reserves it was around 30% in 1973 and 1974.

But with a 1974 output of only 294.782 tons, it's small even on Highveld's standards, and its circumstances are different.

It's only partly integrated, unlike either Highveld or Iscor. Main raw material is still scrap, although the proportion of sponge iron is increasing and would already have been higher but for plant breakdowns. Altogether it's cost structure is simpler.

So what alternatives could be applied to the steel industry in general, and to Iscor in particular? The easiest would probably be a higher controlled price. Already the government appears to have accepted the principle of two price increases a year.

The 25% across-the-board increase announced last June (an effective 21.6% after deducting an extra R5 for the import levy) came too late to help results for 1973-74. Both that increase and the further 9.8% on January 1 1975 should, however, help profitability in the current year.

Iscor's chairman, Dr Tom Muller, predicted last June that the 25% price increase would not get Iscor out of the red this year. It's possible the January increase might just do so. It has more than compensated for inflation over the six-month period.

Another possibility would be to allow Iscor to modify it's public utility function. There's no good reason why it should be forced to supply such an uneconomic range of products in such small quantities, although it recently increased the minimum tonnage for orders.

There's more profit in supplying larger orders both at home and abroad. A larger export share of output would also probably result in more steel imports. But the higher foreign exchange earnings would help compensate and the improvement in Iscor's profitability would cut the need for subsidies and thus the tax burden.

Finally, the government could drop price control altogether. That would mean SA steel prices rising to world levels. This would certainly cause a painful increase in industrial costs and eventually retail prices.

But there's no obvious reason why steel users should be subsidised by steel producers. If a subsidy is politically unavoidable there are other methods which would produce less overall distortion.

Of course, it might well be in the economy's interest to allow complete freedom in steel, no export restrictions, no import control, and no price control. But what would happen then is anybody's guess.
SA steel output well up

Industrial Editor

Though steel production in South Africa has shown a sharp upward move in recent months, raw steel output on a world scale remained in a steep slide.

Statistics just published by the International Iron and Steel Institute (IISI) show that in the first three months of this year production, in member countries, of 113 633m tons was 6.6 percent less than the 121 688m tons in the first three months of 1974.

The Iron Curtain countries and China are not included.

March production showed the biggest drop yet since the downward curve started and, at 28 360 000 tons, was 8.2 percent below the 22 006 000 tons in March 1974.

Significant is the 18.3 percent drop in production by the original Community of Six in March. Their production dropped by 12 percent in the first quarter of the year.

UK production is improving after previous setbacks and is now about 17 percent above that of last year. But Japanese output is falling faster, and production levels are now more than 10 percent below those of last year.

Production in West Germany has dropped by a quarter since last year in March. France by 17 percent and Belgium by 16.6 percent.

South African production however, according to the IISI figures, shows a healthy increase of 17.7 percent in March and 21.3 percent in the first three months of this year.

This reflects the commissioning of more production facilities, particularly by Icor at Vanderbijlpark and Newcastle.

In a review of total world steel production, including that of the USSR, the Iron Curtain countries and Red China, the IISI says there has been a 6.5 percent a year growth since 1961.

Western Europe just maintained first place in 1974 with 26.3 percent share in production, followed closely by Eastern Europe and the USSR with 26.1 percent. Asia, mainly Japan, took third place with a 23.3 percent share in production while North America produced 20.6 percent.
EAST LONDON — A double boost for East London — improved concessions for industrialists and the establishment of a steel distribution centre — were announced here on Saturday by the Prime Minister, Mr Vorster.

Unveiling the name plaque for the new John Vorster Bridge over the Buffalo River, the Prime Minister said details of the concessions for industrialists in the East London area would be announced shortly.

The Government was concerned about the city's industrial future, he said, and added: "The Government is very conscious of the need for a strong self-generating industrial cover here and to this end has already created a strong infrastructure of rail, harbour and communication links.

"Full statistics for the area are unfortunately not available. However, a survey carried out by the Decentralisation Board in 1973 showed there were 104 factories representing a capital investment of R13.6 million and employing 22,000 people in the city in 1971.

"In 1973 this had increased to 123 factories with an investment of R134 million and employing 27,000 people so it is obvious good progress is being made," Mr Vorster said.

This progress was made possible by the "liberal" concessions the Government had given to industry.

"We have decided again to improve these concessions" and he would announce further details shortly.

In addition, the department of Industry and the Decentralisation Board were actively bringing East London to the attention of industrialists.

Turning to Iron, the Prime Minister said the iron and steel corporation would start building a steel distribution centre in East London immediately.

Speaking to an audience which included many of the city's leading industrialists, he said the Government had attempted a "careful" investigation into the future of East London.

The steady availability of steel here at prices competitive with the Reef will be a strong stimulus to expansion.

After investigating the best way of integrating Iron's activities into the area, we have decided to ask Iron to start work immediately on establishing a steel distribution centre at East London.

"You will agree that this is something worthwhile for the city," Mr Vorster told his audience. "However, in the final analysis, the future of East London depends on the confidence that you as leaders of commerce and industry have in your city.

The announcement has been welcomed by commerce and industry in East London.

"At long last Iron are going to show their faces," Mr T. Peters, president of the Chamber of Commerce, said. "This will benefit the whole area by attracting ancillary industries to the area."

He described the announcement as "the first step on the ladder of the future development of East London."
Steel centre may be ready soon says Isern
Training centre opens for Coloureds

ABOUT 250 of the Rand's top industrialists will be among the guests at the opening of the technical training centre at St Anthony's in Steiger Park tomorrow afternoon.

The main speakers will be Mr Harry Oppenheimer, Mr Sonny Leon, chairman of the 'Coloured People's Representative Council, and Mr Peter Lomeday, managing director of Standard Telephones and Cables.

Although the centre will cater mainly for the training of Coloureds a small number of Africans will also be trained.

The three-storey building was erected and equipped at a cost of about R200,000 after a group of industrialists on the East Rand decided in July 1973 that there was a great need for industrial training, particularly amongst the Coloured population in the area.

A number of companies who had each donated more than R40,000 to the project were then set up as a board of trustees for the project known as EASTER (Education and Skills Training on the East Rand).

It is estimated that about 1,600 people will be trained in technical subjects at the centre each year.

Training will be given in pre-identified fields such as basic schools, material working and certain types of artisanship, as well as in the development of supervisory and management potential.

Among specific trades which will be taught are basic electronics, engineering and welding.

Kempton Park

THE TOWN COUNCIL of Kempton Park is apparently not happy about the way the Department of Transport refers to Jan Smuts Airport.

It has decided to write to the Minister of Transport requesting that where his department refers to the airport in publications, the Press and radio reports from South African Airways, the airport should be referred to as Jan Smuts Airport, Kempton Park, and not as Jan Smuts Airport, Johannesburg, as is at present the case.

The council has also decided to find out what the Department's views are on the holding of collections at the airport.

A recent decision taken by the council states in part, "that the council does not regard it as desirable for overseas visitors to be confronted with their arrival in South Africa by collection boxes."

It is decided to write to the Minister of Transport requesting that where his department refers to the airport in publications, the Press and radio reports from South African Airways, the airport should be referred to as Jan Smuts Airport, Kempton Park, and not as Jan Smuts Airport, Johannesburg, as is at present the case.

The council has also decided to find out what the Department's views are on the holding of collections at the airport.

A recent decision taken by the council states in part, "that the council does not regard it as desirable for overseas visitors to be confronted with their arrival in South Africa by collection boxes."
Keep Portuguese, urges Seifisa chief

He said that last week Seifisa and the Department of the Interior had "final discussions on clarifying the manner in which Portuguese labour may be employed in South Africa."

"Many of the people who took part in the exodus from Mozambique in the last seven months have taken up work with members of Seifisa. The matter has now been greatly clarified," he said.

He said he would soon be issuing a statement of Seifisa members on what the discussion achieved.

But the Secretary for the Interior, Mr J. L. S. Fourie, yesterday would not comment when asked for details of the discussions and of what was agreed.

Spokesmen for several industries affiliated to Seifisa yesterday confirmed they had written to Mr Drummond both on behalf of Portuguese employees on temporary residence permits and of those queuing up in Lourenço Marques for permission to cross the border.

One spokesman explained: "Since last year's rioting, the authorities have tightened up on the control of Mozambique artisans."

"The normal high education requirement, which had been waived prior to the riots, was re-imposed, disqualifying most of the workers."

"But industry needs these workers, and so does the country, if, for example, Sasol 2 is ever going to be built."

It has been estimated by one Portuguese labour expert that up to 40,000 Portuguese were living illegally in South Africa before last year's riots. Since then an estimated 50,000 had left Mozambique — most of them, for South Africa, he said."
113 sacked in pay row

DURBAN—More than 100 African and Indian workers at Defy Industry's Jacobs factory were yesterday dismissed after a row with management over a production bonus scheme. The 113 men stopped work on Saturday, after claiming that they had only received half their normal weekly production bonus last week. Management then gave them an ultimatum to return to work or be dismissed.
More jobs for Blacks.

Financial Reporter

BASIC industries are to open more job opportunities to Black workers—chiefly in the metal and engineering trades—as a result of the week's agreement between employers and the trade unions that 'job reservation' is a thing of the past.

The agreement came in a meeting of the National Industrial Council for the Iron, Steel, Engineering, and Metallurgical Industries (Tribune Finance last week) when trade unions 'accepted' that the best solution to the labour shortage 'was to bring Black workers into the bottom of the scale and retrain Whites to higher skills.'

Draft proposals on job allocations, including the use of displaced Portuguese workers from Mozambique, are now being examined by the trade unions and employers and a final workable formula is scheduled to be completed within the next month or two.
Steel industry pours R2000-m into future

ABOUT R2 000-million is expected to be invested in the iron and steel industry between 1973-79, with Iscor — producer of 72 per cent of South Africa's steel — bearing the brunt.

The basic steel industry is capital-intensive and unlike the long-term demand for its products — which increases at a relatively even rate — production capacity increases in a series of steps.

Before each enlargement of productive capacity, local supply is often unable to meet local demand. This switches to over-capacity as expansions are made, resulting in a continuing yo-yo situation.

Since 1968 the local steel industry has had increasing difficulty in meeting the expanding local demand.

More steel has had to be imported — from a relatively low value of R38-million in 1968 to R118-million in 1973.

Indications are that steel imports last year and this will be even higher.

One of the problems is that steel mills of international standard take several years to come on-stream.

New schemes need careful planning and timing.

In the State's new Economic Development Programme, large expansion projects will gradually come on-stream and will enable the industry to cope with new demands.

EDP planners have projected an increase in production of 10.2 per cent a year until 1979.

The planners believe that imports will decline from the high level of R118-million in 1973 to only R51-million in 1979.

Exports of basic steel products increased rapidly by 12.1 per cent between 1963 and 1973. Apart from the large contribution that came from the export of basic steel, the growth in the export of ferro-alloys also played an important part in the industry's commendable export performance.

Taking into account the planned large expansions to local productive capacity of steel in particular, coupled with the strong possibility of an export-oriented steel mill to be located at Saldanha Bay, the export target growth rate of 12.2 per cent a year envisaged by the EDP seems to be within the industry's grasp over the next five-year period.

Domestic demand is expected to expand at a much slower rate than that of production and its growth has been set at only 7.1 per cent a year over the 1974-79 period.

This large growth differential is mainly attributed to the high rate of import replacement as well as the expected rapid growth in exports.

The main domestic industrial consumers of basic iron and steel products, in order of importance, are:
• Metal products;
• Machinery (other than electric);
• Electrical machinery and appliances;
• Transport equipment;
• Construction (especially civil engineering);
• Transport and communication.

Basic iron and steel products are pig iron; ferrous-alloys and steel products, such as billets, blooms, slabs or bars, hot and cold rolled and drawn products, such as sheets, tin-plated, terne-plated and black-plate, strips, rails, rods, wire rods and wires; castings and forgings.

To match the overall projected expansion in production, employment must grow at a rate of 6.7 per cent a year from last year to 1979.

However, thanks to automation, training and better use of its labour force, a relative improvement in the semi-skilled and skilled labour position could occur.

There is also the lure of recent wage rises in the iron, steel, engineering and metallurgical industries, which added up to 15 per cent to the wages of 70 000 Whites and 250 000 Black workers.

On the basis of a 46-hour week, the new increases mean the top minimum wage in the industry (for Whites) is now R67.40 a week.

Although the wage gap between Blacks and Whites substantially widened, in percentage terms the Blacks won rises almost twice those of White workers.
Steel planning is good — Flekser

TWO recent world tours by Mick Flekser, chairman of the Flekser Steel Group, and the managing director, Hyeme Flekser, have convinced them that South Africa is ahead of other countries in its planning of steel production to keep pace with industrial growth.

Flekser Steel is based at Wadewille, Germiston.

"Iscor has been far-sighted in the way it planned its new mills years ago," said Mick Flekser.

"As its new facilities come into production, Iscor is largely able to cope with increasing demand, creating a stability which would be impossible if there was a big fluctuation between supply and demand.

"In a number of countries we found industrial progress stunted because of steel shortages. There was also a tendency for steel prices to shoot up because demand could not be met," he said.

He added that South Africa could not escape the levelling off of industrial growth that has followed boom periods all over the world.

"With less industrial expansion, the next six months could see a drop in demand for steel. But there will undoubtedly be a resurgence during the middle or latter part of 1976," he said.
Alusaf warned: Your price is too high

The price of aluminium from Alusaf — sole supplier in South Africa — is causing concern in the extrusions industry.

For the past three years, extrusion firms have been prevented from importing aluminium and have had to buy through Alusaf.

During that time, Alusaf’s prices have leaped from £400 a metric ton to £700 and are about 12 per cent higher than overseas prices, according to John Mur, managing director of Aluminium Extrusions.

“Aluminium in South Africa is the most expensive in the world, and we are competing against the cheapest steel in the world.”

“Alusaf could price itself out of the market because of customer resistance. I saw an example of this in Durban recently where wooden shop fronts are being used instead of aluminium.

“Our volume has gone down 20-35 per cent this year because of the slump in the building industry. It can become uneconomic for a property developer to build with aluminium,” said Mr Mur.

Before Alusaf was formed, Hulett’s Aluminiun, which holds 80 per cent of the extrusion market, and Aluminium Extrusions imported from North America.

“We have contracts with South African Railways which were taken out five years ago when we were allowed to import cheaply,” said Mr Mur. “The rise in price is now more than the original price.

“People are price conscious. They are going to seek alternatives. They could even make window frames out of electric use to have a body to represent the extruders industry.”

“It is understood that such a body would discuss aluminium prices.

In an effort to counteract high raw material prices, Aluminium Extrusions has bought a 550,000 press from West Germany.

“It was installed last year and our productive capacity has already trebled. It extrudes sections better and faster than any other press in South Africa,” Mr Mur said.

“It has a number of built-in features which allows it to produce conductors for electric cables at an economic rate.

“We can produce quickly at low cost — about 20 per cent cheaper than what is being offered today.

Most electrical companies are turning to aluminium cable because of the price of copper. It is expected that the use of aluminium over copper in this field will increase by 500 to 400 per cent during the next two years,” said Mr Mur.

“One electrical cable company has said that by the end of next year its consumption of aluminium will be more than the total consumption today,” he said.

Mr Barnitt agrees: “Aluminium is taking over from copper in the long term. It has already done so in overhead lines and is doing so more and more underground.”

Hulett’s Aluminium is starting work on a R20-million plant extension in Maritzburg which, includes a second cold strip mill.

In Australia, New Zealand and the United States, 70 per cent of window frames are made from aluminium. In South Africa it is about 7 per cent — because of the low steel price here. We can never compete,” he said.

Aluminium Extrusions and Hulett’s Aluminium are hoping to form an “Extruders Council” as a bargaining force with Alusaf.

Peter Barnitt, marketing services manager of Hulett’s Aluminium, said: “We think it would be of

The new plant will enable the company to enlarge its range of sheet products. In particular, it will be possible to manufacture locally for the first time thin-gauge sheet for easy-open can tops and for complete aluminium cans.

“This expansion will give us sufficient additional manufacturing capacity until the early 1980s,” Norman Duncan, managing director, said.

“This is based on our belief that the demand for aluminium products will grow at between 10 and 11 per cent annually during the next 10 years.”
THE machinery industry in one of the few metal industries and in the automobile component is experiencing a strong growth. Despite the recent recession, the machinery and equipment industries are expected to grow at an annual rate of 6.3% per cent, a significant increase. The major sectors in the machinery and equipment industry are machinery, electrical machinery, and transportation equipment. The machinery sector is expected to grow at an annual rate of 7.2% per cent, while the electrical machinery sector is expected to grow at an annual rate of 6.5% per cent.

The machinery industry is highly competitive, with a large number of foreign and domestic companies. The industry is expected to make large investments in new plants and equipment, which will increase the output of machinery and equipment. The main reason for this is the strong demand for machinery and equipment in the industrial sector.

The machinery industry is expected to increase its exports by 10% per cent in the next year. The main reason for this is the strong demand for machinery and equipment in the industrial sector. The machinery industry is expected to increase its exports by 10% per cent in the next year. The main reason for this is the strong demand for machinery and equipment in the industrial sector.
SAR keeps the mills rolling

SOUTH AFRICAN RAILWAYS must invest R85-million in railroad equipment if the projected annual growth of 10.7 per cent for the transport equipment industry is to be realized.

The production of railroad equipment forms most of the industry's activities. The SAR buys about 80 per cent of its needs locally.

The industry covers the manufacture and repair of aircraft, railway transport, ships and bicycles.

Production of railroad equipment constitutes about 46 per cent of the total production, followed by ship and boatbuilding and repairs (23 per cent).

Imports show large fluctuations, because in some years passenger aircraft — such as jumbo jets — are bought whereas in other years there are no imports of such value.

Imports are expected to grow at the high rate of 14.7 per cent a year between 1978-79, assuming that the investment demand — which has a high import content — increases as predicted.

Most export earnings are from ship repair work to foreign vessels. Export of equipment and repairs are projected to increase slowly from R22-million to R28-million in 1979 — largely based on declining sea traffic caused by the reopening of the Suez Canal.

The planned establishment of a drydock and ancillary repair facilities at Saldanha Bay will, however, represent an important breakthrough in repair work on super carriers.

Investment demand for railroad equipment is projected to increase from R159-million to R233-million in 1979.

This is largely based on planned expansion programmes by SAR, but also considers the need for new rolling stock by Iscor for its Sishen-Saldanha rail link.

Capital required for the projected increase in production of transport equipmen..
EXPORTS of electrical machinery and appliances are expected to increase from R20-million to R37-million in the next four years.

The R750-million industry, the third largest consumer of basic iron and steel, has a somewhat limited export potential — largely because of its inability to produce at competitive prices for world markets.

Further, as far as the lighter side of the industry is concerned, many underdeveloped and developing countries have embarked on import substitution schemes of their own.

But as far as the heavier part of the electrical machinery and appliances industry is concerned, South Africa is well placed.

It is passed to secure a larger portion of the rapidly growing demand from the developing and underdeveloped countries, especially in Africa.

Solly Jackson, managing director of R. Jackson, the Johannesburg metal merchant, said: "The electrical sector is experiencing quite a solid demand. This is a steady sector of the industry, because as South Africa becomes more industrialised there is an increasing demand for electricity."

"The big consumers in this field are General Electric, Union Cables and the many manufacturers of switchgear. The metals used are basically copper, aluminium and mild steel," he said.

The industry comprises the production of electrical equipment for the generation, storage and distribution of electrical power — generator, transformers and switchgear; electric motors; electrical apparatus, including household appliances, electric light bulbs; communication equipment — radio and telephones; batteries; and electronic valves.

The production of electric motors and apparatus (excluding cable and wire) responsible, for about 28 per cent of the industry's production, shows a continual downward trend.

"This is due to a slow-down in domestic demand and fierce competition from imports."

"This is borne out by the fact that imports as a percentage of local production have increased from 50 per cent in 1967 to about 83 per cent in 1979."

Production of electrical machinery and cables at present stands at R142-million (projected at R268-million in 1979) and other electrical appliances and equipment at R205-million (R468-million in 1979).

Imports of machinery and cable are R148-million (R280-million projected for 1979) and other appliances and equipment come to R132-million (R228-million in 1979).

Most imported products consist of heavy capital goods, such as electric motors, generators, transformers, electric furnaces, transmission and reception apparatus, switches and circuit breakers.

In general, the industry has a low level of protection, which limits its ability to satisfy a larger part of the local need.

Total domestic demand is expected to rise from R327-million to R516-million in 1979 — a relatively rapid increase.

A substantial part of the industry's products — consisting largely of parts and components for maintenance and replacement purposes — is taken up by industrial users.

One notable exception is the construction industry, where products are used mainly for the construction of new buildings, or for the construction of overseas electricity transmission lines.
**Castings rank with world’s best**

SOUTH AFRICA'S foun-
dries have moved steadily up the export ladder in recent years. The castings renowned throughout the Western world for quality and competitive price levels.

**The oil crisis has played its part. South Africa uses coal almost exclusively for the generation of electrical power and, therefore, escapes the sharp production price rises in oil-dependent countries.**

In addition, almost all the raw materials used in foundry production are indigenous to South Africa. There is also an abundance of labour which, although not cheap, is suitably equipped for heavy industrial work.

Mr. Browdunn, who introduced the new scheme in 1957 when the scheme was introduced, said the rise in the price of gold, which has been used in the mining industry for many years, has increased the cost of production.

Mr. Browdunn, who grew up in the Warner Beach area of the Natal South Coast, was educated at Durban High School and the University of Natal where he obtained a bachelor's degree in commerce and economics.

The degree to be conferred on him by the University of Port Elizabeth is the highest award ever granted in the faculty of economic sciences.

**We know that the insurance companies will try to climb up the ladder before we can put into operation that devised by SEIFSA and the 10 trade unions.**

Mr. Browdunn claimed that the industrial insurance funds previously introduced through SEIFSA by pushing through schemes previously imported from Europe.

**But apart from the domestic demand, the world shortage of castings driven South Africa into sharp focus as a potential supplier.**

The joint managing director of Union Founders (Pty) and Maritzburg, J. C. Cullinan, is a member. GEHRMANIK, who recently joined the company after being associated with it for several years as a partner.

He said, "We are willing to supply any amount of member with details of the scheme, but not the insurance companies, Mr. Browdunn, is refraining from supplying insurance companies and brokers with information about their scheme because of the bitter past experience when, he claimed, the insurance industry tried to beat the SEIFSA's introduction of the managed schemes by selling their own schemes before SEIFSA's came into operation.

"We are not willing to supply any amount of member with details of the scheme, but not the insurance companies, Mr. Browdunn, is refraining from supplying insurance companies and brokers with information about their scheme because of the bitter past experience when, he claimed, the insurance industry tried to beat the introduction of the managed schemes by selling their own schemes before SEIFSA's came into operation."

The new schemes, which supplant the existing lump-sum contribution scheme of R1,20 and 55 cents payable by employer and employee respectively, comes into effect on June 2 — coinciding with general pay increases in the industry.

According to Mr. Browdunn, it will involve about 30,000 employers and bring an additional R11 million a year to the fund, which stood at R2 million at the end of last year. It requires 2.5 per cent contribution from employers and employees.

It was for this reason, he said, that detailed information about the scheme was being kept from the insurance companies, as also the reason why relatively short notices had been given to
Heavy going for Eveready

BY CHRISS CAIRNCROSS

EVEREADY South Africa, the Port Elizabeth-based battery, radio and electrical equipment manufacturer, had
heavy weather of inflation and increasing costs in the 12 months to February 28 last, reflected in the fact
that it was only able to push up taxed profits by 27 per cent on the previous year.

Taxed profit for the year rose to R2 293 601 from R2 228 975 in the previous 12 months.

The picture might have been worse but for the slight boost given by the sale of property which
netted R77 965.

The company is paying its final dividend at 35c a share, although as previously reported the interim yield fell from 3c to 2c
(2.5c). It is expected that the dividend payment will be made about August 20.

Eveready's shares ended last week at R2.50, to yield 20.8 per cent on earnings and 6.8 per cent on dividends.

On the basis of the comments by the chairman, Mr. W. S. Goss, at the company's annual
meeting, it is clear that the company's profit margins have been squeezed by increasing costs. The
downturn in the motor industry last year has also played its part in giving this company an uncom
fortable 12 months.

The big increases in raw material prices are one of the factors which had an adverse effect on the
company, which is a subsidiary of Eveready of Britain.

The director's report will be issued on June 27. Because of prevailing economic conditions and the prediction that the next
12 months are not likely to show much of an improvement, it is almost certain the directors will not give shareholders any good
news to cheer over.

DUGSON

DUGSON HOLDINGS increased its taxed profits for the year to December 31 last to R295 000, compared
with R217 050 in the previous year.

The dividend has been increased at 6c.

The chairman, Mr. H. S. Klein, says in his annual report he is confident that his group will experience a
favourable 1975.
Berlin preferred as site for Iscor

EAST LONDON — It would be "extremely dangerous" if the East London City Council allowed Iscor to open their distribution centre on the land they own on the West Bank.

So said Councillor J. Opperman at last night’s meeting of the city council.

Mr. Opperman said although the city council could not "hold a gun at the head of Iscor," he felt it would be wise to tell Iscor now that they could only be accommodated at Berlin.

The Iscor question, which was not on the agenda, was raised by the Deputy Mayor, Councillor J. Yazbek, when he said he felt council should consider making a request to Iscor that the new plant be sited at Berlin "for obvious reasons." After the meeting Mr. Yazbek said the "obvious reasons" referred to all the necessary facilities already having been established at Berlin.

During the meeting, Mr. Yazbek said "The making of Berlin is all that counts at this moment."

The Mayor, Councillor R. de Lange, interrupted and said if Iscor officials felt they must go to the West Bank, "then that's where they will go."

Councillor H.G. Kipling said the siting of Iscor at Berlin would be advantageous as all the facilities were already available at Berlin.

If they decided to go to the West Bank, it would take 18 months to two years to get all the facilities ready.

This was obviously referring to the Prime Minister's assurance that the plant would become operational "immediately."

Mr. De Lange said Iscor had a man overseas getting professional advice on what sort of plant they would have at East London.

At that point Mr. Opperman said that while the council did not want to hold a gun at the head of Iscor, he felt the council should try to persuade Iscor to open their plant at Berlin. "Could we possibly say we can only accommodate them at Berlin," Mr. Opperman asked.

There were loud murmurs from many of the councillors present, obviously expressing their disapproval.

The question of road traffic through the centre of East London was raised and when it was mentioned that the increase in traffic could cause "chaos," the Mayor interrupted and asked that councillors refrain from using the word "chaos."

Mr. Opperman then tried to continue but was interrupted by Councillor F. Stakemire on a point of order: Mr. Stakemire said the matter had not appeared on the agenda and should be handled at a later date.

The Mayor ended the discussion with "Whether they go to West Bank or Berlin we will provide the services."

Mr. De Lange said the Prime Minister, Mr. Vorster, had given Iscor to East London "and we will accommodate them."

Mr. De Lange appealed to the press not to blow up the story and said that what Mr. Opperman said was in all good faith — DDR.
Uranium has R400-m boost for industry

By ADAM PAYNE

A BOOST of about R400-million will be given to the South African engineering and construction industries when the Uranium Enrichment Corporation builds its commercial plant in the Transvaal.

Dr A. J. A. (Ampie) Roux, president of the Atomic Energy Board and chairman of the Uranium Enrichment Corporation, said this in a special interview on the construction and staffing aspects of the planned plant.

His replies to questions were based on the results of feasibility studies and he said they should not be interpreted as implying that a decision to construct a commercial uranium enrichment plant had been taken.

However, plans for the plant are going ahead and because of the success of the pilot plant in producing enriched uranium by a South African process, a decision to go ahead with the commercial plant is expected, although Dr Roux did not say so.

Points made in the interview were:

- As the plant will be dependent on low-cost electricity its siting would be in the vicinity of a pithead coal-fired power station.
- Only a small proportion of the materials needed for manufacture of the equipment here is not locally available.

Dr Ampie Roux . . . There's gold in uranium.

- About R400-million — at 1974 money values — will be spent directly on plant and equipment in South Africa over 10 years.
- Questions and replies in the interview were:
  - Q: How much of the uranium enrichment plant do you expect will be locally made?
  - A: It is difficult to give an accurate percentage because tenders will be invited both locally and overseas, but it is estimated that at least 60 per cent will go to local industry.
  - Q: What is the importance of local participation?
  - A: The important thing is to get the best possible equipment here.
  - Q: How much of the plant will be locally built?
  - A: The plant will be divided into sections that can be built locally and those that must be imported.
  - Q: Will the plant be built in stages?
  - A: Yes, initially a small pilot plant will be built and this will be followed by the larger commercial plant.

This experience has been gained over 14 years starting with the building of Safari 1, the Atomic Energy Board's experimental nuclear reactor, and subsequently by involvement in the construction of the pilot uranium enrichment plant at Valhalla, next to Pelindaba, near Pretoria.

A commercial uranium enrichment plant will create an opportunity to follow up this experience on an even larger scale.

Q: Assuming that it is nearly all locally made, what sort of capital expenditure do you expect to incur locally — in very approximate figures?

A: Assuming the 60 per cent figure given in the reply to your first question, an amount of about R400-million will be spent directly on plant and equipment in South Africa over about 10 years. This sum does not take into account the effects of inflation and is expressed in October 1974 money values.

Although heavy engineering and construction will benefit most, other sectors of the engineering industry such as the electrical industry will also benefit directly or indirectly.

Q: I presume construction contracts will be placed with various firms after tenders have been called for. When do you expect the first orders to be placed for plant and equipment?

A: Your assumption is correct. Some orders for equipment needed for the development phase of the commercial plant have already been placed. The first orders for the commercial plant itself will, however, only be placed in 1978.
Q: Will this large undertaking slow industry down or will the orders be mainly in fields that can cope without difficulty?
A: Experience gained during the construction of the pilot enrichment plant leads us to think that South African industry is fully capable of coping with the project and that it will have a stimulating effect on industry.

Q: Will the materials from which equipment is locally fabricated be imported or are they available locally? Presumably instrumentation will form a large part of the equipment. Will this equipment have to be imported?
A: Only a small proportion of the materials needed for the local manufacture of equipment is not locally available. Instrumentation is technically important but only makes up a minor part of the costs.

It is envisaged that, depending on price, just over half of the instrumentation will be imported.

Q: What sort of employment will the plant provide? Presumably there will be a fair number of highly-qualified scientists, will they have to be imported? What about the skilled workers such as welding employer in building the plant?
A: The plant will be characterised by low labour-intensity. As the plant will not be research-oriented but will be a commercial plant, it will have the normal balance of engineers, scientists and technicians one finds in any modern technically-advanced industry.

The pilot plant project was undertaken and executed exclusively by South Africans and while it is not mandatory that the commercial plant should also be manned exclusively by South Africans, it is believed that the necessary qualified manpower will be available in South Africa.

The skills required for the local fabrication of plant and equipment already exist in the country.

During the construction...
Metbox raises payout

Deputy Financial Editor
METAL BOX lifted attributable profits by 21 per cent to R7 147 000 in the year to March 31 last.

The payment of a 13c final dividend takes the year's payout to 26c, compared with 13c last year.

The pedestrian results were given a neutral welcome in Holland Street, where the share price remained unchanged at 320c.

The pre-tax profit was R1 670 000, which rose from R1 211 000 — a 38 per cent improvement.

Turnover increased from R11 485 000 to R13 889 000, and pretax profits by 29 per cent to R1 375 000. A 38 per cent increase in interest paid: — which rose from R1 070 000 to R1 311 000 — diluted the pre-tax improvement to 27 per cent.

Pre-tax profits rose from R5 983 000 to R1 145 000, and attributable profits from R5 787 000 to R7 147 000.

In earnings a share, this translated into an 18 per cent improvement from 33.1c to 39.2c a share.

The absence of any comment from the directors makes it difficult to pin-point the company's prospects.

At face value, the slowdown, after years of encouraging growth, means that the shares look fully priced at 250c.

A dividend yield of 8.7 per cent on a stock whose profitability seems to have been eroded by squeezed margins looks right, unless the directors can assure investors that the problems which bothered the company in the review period are being solved.

Unidev

UNISEC Developers & Contractors taxed profits for 1976 should improve on those of the current year, assuming reasonably steady business conditions at an even out in the rate of inflation, says the chairman, Mr D. Morgan, in the annual report.

In the present inflationary climate, the group's investment in property is irreplaceable at historic cost.

These investments, Mr Morgan says, are acting as a hedge and protection against the erosion in the buying power of money as inflation is likely to persist.

Volkstrust

BETTER results for Volkstakas Property Trust can be looked forward to next year because of the improvement in expected general economic conditions, says the chairman, Dr J. A. Hurter, in the annual report.

With an occupancy factor of 99 per cent, Volkstrust is in a favourable position.

There is still an oversupply of office space in most urban areas.

Building activity has declined. The over supply of available space is shrinking, and in the housing sector a backlog is developing, says Dr Hurter.

Renter
Bigger rise for Blacks

Pretoria Bureau
Black steel workers at Iscor's Pretoria, Vanderbijlpark and Newcastle plants will score considerably more than their white counterparts. The new wage increases will be paid immediately and will cost the corporation about R14 million.

Negotiations for higher pay for Iscor workers were started six weeks ago between representatives of the corporation and the Steelworkers Union.

The corporation offered steelmen slightly more than what they asked for in an effort to halt the spate of resignations at the three plants.

The resignations have risen to serious proportions and have led to an intensive recruitment campaign overseas.
ISCOR’S STRIP-TEASE

The State steel giant has far more pressing problems than divesting itself of Metkor to appease the anti-encroachment lobby

One wonders what the permanent committee appointed by Economic Affairs Minister Chris Heunis to study interference and competition from State-owned corporations makes of Dr Tommy Muller’s suggestion that Iscor might sell off Metkor.

That the committee exists at all is the result of the tremendous agitation against the State industry encroachment on private enterprise. Dr Albert Wessels calls it "creeping socialism"; making it sound like a leathery disease (which is a good capitalist’s probably is).

Muller’s statement at the AHCI Congress in Windhoek recently could have been only motivated by his desire to placate, or at least answer, critics who claim that Iscor has wandered too far into its own marketplace, particularly with Metkor.

Muller agrees that he doesn’t like the criticism "Frankly I’m all for the capitalist system," but, he stresses, the idea of losing off Metkor isn’t new. "We in Iscor have been thinking about it for a very long time."

And why not? After all, Metkor is hardly a strong factor in the economics of the Iscor group — though it does make a contribution to earnings (after tax profit for the six months ended December is up to almost R1,4m).

Muller’s problem is that he would like to sell Iscor’s controlling interest in Metkor as a one-off package. "It wouldn’t be in the interests of public shareholders to start breaking it up," he says. But the current share price of 48c reflects less than half break-up value. Selling is hardly an attractive proposition to Iscor.

"We’ll have to wait for the market to pick up," Muller says wistfully.

In fact, the suggestion that Metkor is for sale is little more than an effort to appease the anti-State interference lobby. Iscor has far more pressing problems to worry about.

For a start, the Corporation is still in the red. It lost R37m in the last financial year and, in spite of steel price increases in June last year and at the beginning of this year, is still not showing a profit. Its financial year ends on June 30 and no turnaround is expected.

Another steel price increase has been applied for, confirms Muller. But this again may be a further instance of too little too late.

What Iscor must hope for is that government will alter its pricing policy (as the FM has constantly suggested), allowing regular price reviews (one suggestion is that steel should be linked to the wholesale price index).

At the moment, Iscor finds itself in the position where the benefits of one hefty price increase are simultaneously eaten away by rising costs.

A steel price high enough to enable the Corporation to make a profit would, many argue, do away with the need for government to pour more money into Iscor as it does each year (by increasing its equity holding).

Muller, however, disagrees. "I feel we must have both More investment by the government, since our gearing is all wrong — our loans are too high compared with equity — and higher prices for our steel, since Iscor must build up its capital reserves."

Is the capital expenditure programme to June 1984 is estimated in the last annual report at R3,240m. And many estimates, notably the Sishen-Saldanha scheme, have gone sky-high. Finding money is another major headache.

The fact that the Corporation is running at a loss apparently has not adversely affected its position in overseas capital markets (its borrowings are guaranteed by government), but Muller admits, "It certainly is an embarrassment."

Lack of capital is the major stumbling block to the proposed semi plant at Saldanha, in a partnership with Austria’s Voest-Alpine (25,6%), West Germany’s Klockner (7,5%), the Dutch and German Estelle group (6,3%) and Italy’s Fuser (5%). Muller’s MD Hans Coetzee told the FM recently, “Long-term finance is just unobtainable."

Major partner Voest-Alpine has voted to invest some R1,240m for its share but so far hasn’t raised the money. It won’t have to, of course, if Austria’s Chancellor Bruno Kreisky succeeds in vetting the State steel producer’s plans Muller, however, insists that Voest officials visited Iscor in March and assured him that they would not pull out.

"The semis plant," says Muller, "will go ahead regardless — in due course."

As for the Sishen-Saldanha scheme itself, Iscor’s critics should get a lot more ammunition for their guns within the next week or so, when Chris Heunis presents the revised estimates to Parliament. They are considerably up on the original R460m.

It’s to be expected, with costs rising as fast as they are. But what the anti-Saldanha soldiers will question is the viability of the scheme at the new (and as yet incomplete) price.

Iscor has, admittedly, hedged its bets by opening markets in the Zambian line and the harbour to private enterprise and will doubt attempt to argue that additional berths and storage facilities at the harbour and additional loops on the rail line (all for private enterprise) are reflected in the increased costs.

Iscor will also argue that while costs have risen so too has the export price of iron ore. But to what extent is this increase in export earnings will offset the rising capital costs of the operation is still anyone’s guess.

On the brighter side, Iscor’s trading...
position should improve this year as production steps up at Newcastle and Vanderbijlpark. Subsequently, expensive (and port-congesting) imports of steel will diminish rapidly.

But on the whole the Corporation is in for another hard year.

There's its loss position and the vexed question of the steel price, the capital-drawnng Sishen-Saldanha scheme the time question over the semi plant, Iscor's capital programme as a whole, and last, but by no means least, its never-ending struggle to get enough good quality coking coal for its blast furnaces which, an Iscor man revealed recently, "are in danger of choking in their own dust".

Besides these imponderables, the question of how Metkor should be sold off appears an exercise in semantics.
Steel may go up 10pc

The Argus Correspondent
SOUTH AFRICA faces another steel price increase estimated at more than 10 percent, after an announcement of a R14-m a year wage increase for 1,700 workers.

The corporation has already applied to the Government for an increase following on the heels of the 9.8 percent general price increase announced by the then Minister of Economic Affairs at the end of December.

A 10 percent general increase in basic steel will cost the economy about R80-m a year and increase the prices of all products with steel ingredients, from stoves to refrigerators to motorcars and washing machines.

Because, however, steel is only one production ingredient, it does not mean that the prices of these products will go up by anything like price increases of steel itself.
450 sacked in city ship-repair yard

Financial Staff

FOUR HUNDRED AND FIFTY men have lost their jobs at Globe Engineering, Cape Town's leading ship repairer, because of the downturn in the tanker repair market. About 300 are skilled workers and 150 are semi-skilled labourers.

Mr H S Smith, managing director, said today that the company regretted having to lay off skilled men who would be difficult to find once business picked up again.

"Instead of overloading yourself with low-return contracts, it is better to conserve your resources and be ready for an improvement," he said.

Ship repairers for sometime had looked towards the re-opening of the Suez Canal for slacker trade. But a new condition—a tremendous oil glut—had built up since January, reducing the demand for shipping and causing large numbers of tankers to be laid up.

Many new ships were going straight from delivery to lay-up berth. It might take three years before over-capacity and demand for oil adjusted themselves.
Manufacture of steel trunks in prisons

The MINISTER OF PRISONS replied to Question *23, by Mr G W Mills

Question:

Whether the manufacture of steel trunks is undertaken in South African prisons, if so, (a) in which prisons, (b) from what sources are the materials obtained, (c) what was the cost of the materials in each financial year from 1972-73 to 1974-75 and (d) (i) what income was derived from the disposal of the trunks and (ii) how many trunks were manufactured in these years.

†Reply (laid upon Table with leave of House)

The manufacture of steel trunks is undertaken for Government departments, session officers Members of Parliament and for Departmental needs.

(a) Pretoria Central Prison
Zonderwater Prison
Kroonstad Prison
Victor Verster Prison

(b) Supplied by private enterprises by acquisition of tenders by the Director for State purchases.

(c) 1972-73 - R4 115-00
1973-74 - R3 514-50
1974-75 - R17 737-50

(d) (i) 1972-73 - R5 135-52
1973-74 - R4 485-78
1974-75 - R22 639-50

This gross income is calculated at cost of the material plus 5%, plus, where applicable, labour at the current tariffs.

(d) (ii) 1972-73 - 823
1973-74 - 639
1974-75 - 3 225

The upward tendency in respect of the 1974-75 financial year was caused by a large order placed by the South African Police.
Iscor raises R33m

PARIS — South Africa's Iron and Steel Industrial Corporation (Iscor) raised 50m dollars (R33m) through a private placement of floating rate notes. Credit Commercial de France has announced as co-manager.

The notes carry a margin of 1½ percent above the six months London Eurodollar rate.

Repayment can be called for at the option of participating banks after three years. The notes can be held to a maximum of 15 years.

Issued at 98.5 percent, the notes will be reimbursed at 98.6 percent on the third year, rising by annual stages to par if held up to or beyond the 10th year.—Reuter.
e steps

to scor stake

By CHRIS CAIRNCROSS
Industrial Editor

THE Government will provide a further R100-million from the loan account in the current financial year to buy more shares in Iscor. This is in addition to the R70-million provided for by the Minister of Finance, Senator Horwood, in his first Budget in March.

This is shown in the supplementary estimates of expenditure from the loan account for the year to March 31, 1976, which have just been published. It means that the Government will effectively be subsidising Iscor by R70-million in the current financial year, taking up in return a total of 82-million B shares in the corporation.

To this must be added the value of dividends which should be coming the Government's way this year. It is almost certain the Government will continue the practice adopted in the previous two years of waiving payment.

In Iscor's financial year to June 30, 1974, the figure was R8 800 000. Taking into account the further share acquisitions made by the Government this year, the dividend total is bound to be significantly higher.

LOSS

The picture does not look bright for Iscor, for the obvious interpretation is that the public corporation cannot survive without massive and continued support from the Government.

The corporation's year-end is only 16 days away and the probability is that results are going to be as red as in the previous financial year when a loss of more than R27-million was recorded.

The two steel price rises over the past year have not done much to help Iscor's position at a time when costs have been rising, and high levels of inflation have been sending estimates of its capital expenditure programme sky-high.

Iscor and the other steel producers are campaigning for the Government to agree to further substantial increases in the steel price. Talk is that this increase is not far off, but whatever happens, it is not going to be of much help to Iscor in its current financial year.

PUZZLING

This further provision from the loan account is not entirely unexpected. Senator Horwood gave notice in his Budget speech that a further substantial amount would be needed later.

The figure of R170-million is not new either.

Dr Teimmy Muller, chairman of Iscor, said in his statement for the year to June 30, 1974, that the corporation would receive R170-million contribution from the Government over the financial years 1974-75 and 1975-76. Of this amount R130-million was to be made available in Iscor's current financial year, which ends on June 30.

What is a bit puzzling is why Senator Horwood did not include the total figure of R170-million in the 1975-76 Budget, preferring instead to include only the R70-million.

The quiet way in which the supplementary amount of R100-million, has been slipped in, only a little over two months after the Budget, suggests that the authorities are hoping by this strategy to diffuse any criticism which might have been coming their way on this issue.
Cabinet agrees to increase in price of steel

Staff Reporter

THE CABINET has agreed to raise the price of Iscor steel — probably by 15 per cent from the beginning of July.

Escalating costs, including expansion costs — Iscor is committed to a $3200-million expansion programme — have driven deeply into Iscor’s trading revenue, and it is expected that a substantial loss will be announced on June 30, the end of the financial year.

Last year, too, the corporation was deep in the red, with an overall loss of nearly $838-million. This was in spite of a steel price hike of 9.8 per cent from January this year.

SLACK

The financial tightrope the corporation has been walking for the past few years is illustrated by the fact that, for 1973 and 1974, the Government waived its Iscor dividends.

Dr M. D. Marais, a director of Iscor and chairman of Union Steel Corporation (Uscor) said it was unavoidable that an increase in the price of steel would affect the prices of a large number of products, including, to some extent cars and household appliances. Already considerable slack had developed in the construction industry. A rise in the price of steel would push up building costs, already rising at an estimated one per cent a month, and this would tend to intensify the current situation.

Because of inflation, incomes were being strained to the limit in most families, and further price increases would meet with severe resistance.

SURPLUS

"We may find soon that products with a high steel content may have to raise their prices to a point where sales curves will start moving downwards."

This could lead to a situation where South Africa would have a steel surplus — something which the country had not had for many years.

Dr Marais, who has just returned from a business visit to Europe, said there were signs of recession in most industries.

Production in plastics industries was down by 18.5 per cent, the motor industry was producing 25 per cent fewer vehicles and most steel companies were faced with heavy losses this year.

There was even talk of the possibility of Japan dumping steel on world markets.

Already considerable
A confrontation between Sefusa and the insurance industry has been precipitated by the introduction this month of a new pension scheme for the iron, steel, engineering and metallurgical industries.

The scheme — which involved the conversion of the Metal Industries Group Life and Provident Fund into a contributory pension fund — was introduced in terms of an agreement under the Industrial Conciliation Act. It is binding on the 100,000 odd workers whose trade union leaders and employers’ associations are signatories to the agreement.

About 6,000 companies are involved, and an unascertainable number have up to now supplemented the now-superseded low-benefit metal industry pension scheme with domestic schemes. Should an employer wish to maintain a domestic scheme, exemption must be applied for to the Industrial Council. And here friction has occurred.

Sefusa director Errol Drummond has notified Registrar of Financial Institutions Wynand Louw that consistent attempts have been made by the insurance industry to derogate the new pension scheme, and that clients affected by the scheme have been advised to apply for exemption.

He tells the FM that some 350 applications for exemption have been received, but that a “negligible proportion” of requests have been granted, since “an examination reveals that in most of the domestic schemes, for which application for exemption has been made, the benefits, per se, would not measure up to those which the industry fund would be able to provide.”

He believes opposition to the industry scheme arises from the cupidity of insurers, insurance brokers and others involved in managing pension funds, pointing out that an additional R1m a year will be paid into the fund — which stood at over R80m before conversion — by contributors.

Drummond has made (among others) the following allegations to the Registrar:

- That commissions payable to insurance brokers and insurance and pension consultants by insurance companies are up to and in excess of 50% of the annual premium paid by the individual pension fund up to periods of five years (and longer in some instances) and thereafter a 3% commission in perpetuity.
- That “kick-backs” occur in brokerage deals.

Drummond wants the Registrar to investigate all aspects of pension fund administration with a view to introducing minimum and standard commissions.

The insurance industry rebuts these accusations forcefully. “Drummond,” says Paul Clipsham, director of Hail Samuel’s wholly-owned subsidiary African Pension Trustees, “is setting up a smokescreen.” The new scheme, he argues, is a bad one “due to its outdated benefit structure which makes minimal provision for service prior to 1975.”

The metale industry scheme benefits are based on a 2.042% calculation of the member’s total pensionable remuneration from the inception of the scheme (June 2 this year) to the termination of employment by retirement or otherwise. This, says Clipsham, “takes no account of the effects of inflation. A modern scheme bases benefits on about 2% of final salary, not 2% of average salary over the years”.

As for allegations of abnormally high commission rates, they “reflect Drummond’s lack of knowledge of the pension movement”.

Commission for large funds, Clipsham says, is on average 4% for the first year and 2% of the premium per year thereafter. Clipsham also claims that while “some of the rates are high” of the insurance industry may indulge in kick-backs, the practice is scarcely the norm.

Other brokers and insurers endorse these statements. Clients have, indeed, been advised to apply for exemption, but the reason is that until very recently details of the scheme were deliberately kept unavailable.

Drummond has said that this was to prevent independent insurers moving in with their own schemes. Insurers retort that competition would be no bad thing, since the independents are highly geared to manage these funds. One leading broker questioned whether the managers of the new fund could match the financial expertise of the insurers, who, he claimed, have an outstanding track record.

Meanwhile, there have been rumblings from the shop floor about the scheme. Union leaders, however, claim these have been stilled following explanation of the benefits — which include full transferability of pension entitlements and rights to benefits (including employers’ contributions) after 10 years continuous service.

“It’s a very good scheme,” avers Tusea president Tom Murray, who is chairman of the Industrial Council which set up the scheme. “The thing is, we can guarantee a square deal. The workers at first knew little about it, but now, after a good think, they’ve accepted it.”

Wynand Louw has said that pension business is a “non-problematical” area. (FM, June 6) Drummond’s approach is designed to throw the cat among the pigeons and an early and public response by the Registrar — who will not comment “at this stage” — would be in everyone’s interest.
Steel price will set off fresh shocks

Staff Reporter

A fresh round of price increases in articles made of steel, ranging from tin cans to cars, was not far behind yesterday's 15 per cent rise in prices of steel. A spokesman for the Rand Steelwelds complex, which supplies about 70 per cent of the steel used in South Africa said yesterday that the increase had been inevitable.

He said steel consumption in Southern Africa was increasing rapidly. The per capita consumption of steel in the country was 13 times higher than in the rest of Africa. Last year, 225 kg of steel was used per head of population, compared with about 23 kg for the rest of Africa.

Although the South African figure was about 60 per cent of that for the United Kingdom, it was more or less on a par with the average for Western Europe.

An official announcement by the Department of Industries yesterday said short-term steel production had some time meant increased price imports. At times they were near 80 per cent of the total.

The Government had to consider whether the industry could not be made to recover 40 per cent from its 10 per cent reduction in profit margins for the sale of all products.

The report claimed that the import levy by itself was not enough to recoup the necessary real increase in profit margins. It would also help to attract capital required for expansion.

Besides the increase in the import levy, it was thought that the levy was a contribution towards the industry's capital requirements for expansion.

The increase was spread at different rates over different products, such as tinplate, reinforcing steel and other products, to make the cost of production up to 10 per cent higher in each case.

Full calculations were not available, but it was expected to cost 1.8 per cent of exports and other products, including tinplate, reinforcing steel and other products, to make the cost of production up to 10 per cent higher in each case.

Industrialists agreed that it was a 'slap in the face' for the industry, but the increase was necessary to recoup the necessary real increase in profit margins. It would also help to attract capital required for expansion.

The maximum price for yellow margarine was set at 90 cents for 200 g, and the maximum price for other, such as 280 cents, for 250 g. The weighted average for 30 items was 93.6 cents, and 133.5 cents.

The weighted average for all items was 93.6 cents.
NOW SA AIMS TO BE STEEL EXPORTER

Poule Kruger, Industrial Editor

Increases in the price of steel, varying between 13 percent and 17 percent, averaging 16 percent, were announced today by the Secretary for Industries, Mr P F Theron.

At the same time, the levy on imported steel was increased by R2.50 a ton.

Mr Theron says the South African steel industry has had to import steel at prices as much as 50 percent higher than the locally produced steel.

The average 16 percent rise is understood to be what the industry sought from the Government.

OUTPUT-COSTS

One of the main reasons for the increase is that the Government wants to make South Africa not only self-sufficient, but also to become an exporter of steel when there is an upswing in the economies of the country’s trading partners and the present stagnant international steel market revives.

At the same time the production costs of steel producers, the main one being Iscor, have soared.

Wage increases have raised Iscor’s wage bill by about R14m while coal prices have put about R8m a year on the full bill.

The financing of the cost of each ton of steel sold has increased by 50 percent to R27 in the past year alone.

A heavy increase in the steel price became inevitable when Iscor dropped heavily into the red in the year ended June 1974 and showed a loss of R37 609 000, compared with a profit of R3.5m in the previous year.

Despite an increase of about 25 percent in the steel price from June last year, Iscor will again suffer substantial losses in the year ending on June 30.

Iscor is busy with multi-million rand expansion schemes, including the Siyaphela and Saldanha ore export project, the new works at Newcastle, big expansion at Vanderbijl and Pretoria.

The corporation is planning even further expansion in the Pretoria area, to keep pace with expected future demand after catching up with the present backlog.

During the past financial year, R504 496 000 was spent on expansions.

The increase in the levy of imported steel by R2.50 a ton is less serious. Imports totalled 531 000 tons in the last financial year.

This was expected to drop to about 106 000 tons in the first half of this year and to 85 000 tons during the second half.

After this South Africa should slowly switch to the position of an exporter of raw steel and semi-processed steel on an expected rising international market.
By Desmond Healey

It is a drop in the ocean compared with what the steel industry needs to keep out of financial hot water and not impose a further burden on the taxpayer through the Government.

That is the immediate reaction from metal industry economists and steel dealers to the announcement that the price of steel has been raised by an average 15 percent with immediate effect — from an average R200 a tonne to an average R234,60 a tonne.

Insignificant

Neither do the experts expect that the small increase in price will have any significant inflationary repercussions, because it is thinly spread right through the economy and should not lead to dramatic rises in prices of products containing steel.

Included in the price rise, announced by the Secretary for Industries, Mr. Philip Theron, in a Government Gazette notice on Friday, is an increase in the steel imports levy from R7,35 a tonne to R10,25 a tonne.

The levy is designed to equalise the price of imported steel with that of locally made steel — many imports cost 50 percent more than the equivalent local product — and it is costing the country a packet.

At the end of the last financial year — to June, 1974 — the deficit on the levy fund reflected in Iscor amounted to R35,7 million.

Deficit

The deficit, in the make of 700 000 tonnes of steel imports in the calendar year, now stands at a huge R260 million, which is being financed by the Government, because Iscor just does not have the financial resources to sustain such a debt.

This year Iscor expects to have to import 500 000 tonnes of steel products which at a levy of R10,25 a tonne will contribute just more than R5,1 million to the fund.

That means it will take more than 40 years to wipe out the deficit.

Behind the average 15 percent increase in the price of steel is a huge tide of mounting costs for the steel makers, a tide which in the last financial year put Iscor more than R37 million in the red.

Iscor's current financial year ends on June 30 and the Government postponement of early requests for a steel price increase mean that an even bigger loss will be recorded. It could go up to more than R50 million, despite the additional R37 million which the Government is pumping in through the purchase of shares which do not qualify for dividends at any time.

Wages

High on the list of steel maker cost increases is wages which at the top end of the scale have been raised by 8,6 percent and at the bottom, covering Black's labour, by 15,4 percent.

At the same time the prices of coal, electric power, transport and mining equipment have all risen dramatically to put the Iscor balance sheet in what an economist called an impossible situation.

In boosting the steel price, the Government has varied the percentage increases according to the various different products turned out by the steel mills in an effort to minimise the impact on manufacturing industry, commerce and the consumer.

For that reason the price of tinplate, the main material of food cans and allied food packaging, has gone up by no more than 16 percent while the biggest rise is just more than 16 percent on heavy steel plate, used in the shipbuilding and repair and civil engineering and heavy engineering construction and manufacturing industries.

Impact

That means the impact on the ordinary consumer can probably be absorbed by manufacturers of such products as tin cans, but the costs of major Government infrastructure developments, such as harbours and power stations, will rise fairly sharply.

Although Iscor began invoicing steel deliveries at the new prices as from Friday it is expected to be several weeks before the first effect is reflected in the market and in the meantime the Government is urging restraint in price rises upon manufacturers, including the car builders who have already raised prices by as much as 20 percent this year and warned that further rises are in the offing.

Added together the facts clearly reflect that Iscor no longer could continue to carry the burden of rising costs and the lowest steel price in the world without abandoning its expansion programme designed to make the country self-sufficient in steel products and eventually leave a small surplus for export.

Such expansion is regarded by the Government as being vital to the economic future of the country.
Metal Box backs multi-race unions

Financial Reporter

SUPPORT for a national multiracial trade union has come from the chairman of Metal Box South Africa, Mr B. C. Smither, in the company's annual report.

Mr Smither says Metal Box is not in favour of recognising a multiplicity of labour organisations based on "constraining ethnic or geographical groupings".

It is not the company's policy to place obstacles in the way of the development and effective recognition of responsible, national non-racial negotiating machinery, in which our total labour force can participate or be properly represented.

Metal Box is negotiating with a "large, mixed trade union" to establish a national organisation for its total work force, including Blacks.

The company has gone even further to ensure the full and equal representation of its workers by testing the acceptability of the trade union's proposals in a referendum.

Mr Smither says Metal Box will carry on with its R55-million capital expansion programme over the next few years in spite of the unstable international economic scene.

Inflation is affecting the real buying power of returned earnings to the point where some industries are supporting dividend payments through a reduction in their true capital positions.

Thus, he says, is an unsustainable situation.

Iscor has improved its deliveries and the need to import tinplate will reduce this year. However, the longer-term problem of supply will remain until domestic production is increased.

In addition to an increase in the cost of supplies, the cost of money has risen to intolerable levels while the real rate of return on capital has fallen.

He says it is impossible to determine when the next upsurge in the South African economy will occur.

However, he believes the downturn will be short term.

Metal Box increased its attributable profit for the year to March 31 last from Rs 787 000 in the previous year to Rs 147 000.

Boumat

The outlook for Boumat, linked to that of the building industry, is bright in the long term but hedged with some qualifications in the shorter term.

This is the forecast of the chairman, Mr Iraan Brittan, in the annual report.

Sales were 22% per cent up in the year, assisted by the acquisition of National Industries and the Mason Harwood Company. Pre-tax profits rose 36 per cent to Rs 850 000.

Apart from a good contribution from these acquisitions, Boumat again achieved growth over the record profits of the previous year.

A factor inhibiting profitability was the increase in bad debts as "a number of our customers were unable to survive the impact of the tight financial situation."

Target areas for increased efficiency in the current year include a reduction in inventories in line with shortened delivery time from suppliers, a tight rein on expense rates and a watch on credit "without unduly inhibiting turnover."

Stuttaford

Mr Stuttaford says that as a result of economic conditions, the company has raised its dividend cover and intends to maintain it at between 2.3 and 2.5.

He told the annual meeting in Cape Town that the company expected the next few months would be a testing time for the stores division. Sales followed a satisfactory growth pattern in March and April, but May was poor at all centres.

Everglow

INDICATIONS are that Everglow Holdings will earn at least 17c in the first half of the year and the group aims to achieve minimum earnings of at least 15c for 1976-76 compared with 17c in 1974-75, says the chairman, Mr Andy Behr.

Repcor

THERE ARE good prospects of exceeding the 1975-76 prospects of earnings a share of 13.5c and dividend of 7.5c, says the Repcor chairman, Mr Behr, in his annual review.
as! month’s steel price increase announced on June 20 could prove important for the industry’s future as it appeared to reveal the full extent of the steel industry’s problems.

For the private producers - notably Highveld and Saw Metals - the increase is significant because Iscor manufactures mainly the entire list of products used in the schedule of increases for the first time. However, the increase on the list of products used for structural and reinforcing bars to a maximum of 20% for galvanized sheet and output of private producers is contracted in the categories of structural reinforcing bars. Thus, whereas Iscor fits from the full average increase, others get only a 12% improvement. There is no reason to suspect that this increase in favour of Iscor is not justified. Nor that it is necessarily unfair. The increase is based on a comparison of competitive costs, and the increase is not intended to compensate for Iscor’s products - cold rolled strip, for example - already in line with, or perhaps even above, current world levels.

Yet such restraint could be short-lived. There are many good reasons why the price control system should not be used to solve the problems of a particular manufacturer. Yet, it must be noted that the policy of discriminating in favour of Iscor has been implemented by the government policy of operating economically. These are best tackled by other means.

Price differentials in SA steel products arise mainly from historic reasons based on relative production costs and on general market considerations. They also have direct relevance to differentials on the world steel market. Thus, any policy of discriminating in favour of Iscor should be reviewed through the system of controlled prices; they could seriously interfere with established price relationships domestically - and, with those abroad.

SA steel products have in many cases already lost a substantial proportion of their price advantage over foreign steel owing to the falls caused by world recession. Thanks to the selective nature of this latest review, it now seems possible that the prices of some Iscor products - cold rolled strip, for example - are already in line with, or perhaps even above, current world levels.

What will happen at the next review? Or is this one intended as a one-off exercise designed to help Iscor over its current period of rapid expansion? It is also intended to offer an unconditionally wide range of products.

Failing to condemn... as helps explain why such a radical step in pricing practice from the customary across-the-board to more selective increases has attracted so little comment within the industry. The private sector, without exception, appears willing to condemn what they see as unprincipled action, but which, to some, is expedient, which will not set a new...
mager reliance on scrap, its situation is probably comfortable enough to account for Ziegler's silence about the review. But the varying extent to which the private steel producers are affected by this discrimination is not the main point at issue. The argument is quite simply whether
Scrap metal workers strike over pay rises

MORE THAN 150 scrap metal workers in Jules Street, Jeppe, Johannesburg, downed tools yesterday over pay rises.

The workers at the Transvaal Metal Merchants scrap yard complained they were "overworked and underpaid". Police were called, but there were no incidents.

The director of the company, Mr S. Osin, said the workers were already getting more than the stipulated government weekly wage of R15."

The workers claim that they were offered more money but when they looked at their pay packets on Thursday, they found that some had been given R1 rises from the former R19 while others got more and some nothing.

A group stood outside the gates from morning till noon when they were told that there were no increments coming.

They were demanding a raise of R5 to bring their pay to not less than R20 a week.
Radio men meet to form protective group

Cape Times Correspondent

JOHANNESBURG. — About 50 radio and TV dealers and enthusiasts met here at the weekend to form a new radio and television dealers' and technicians' union.

Mr. John De Klerk, a radio and TV technician and leading member of the Union of Electronic Organizations, was elected chairman of the new organization, provisionally called the Radio and TV Technicians' Association.

Mr. Thompson, who was elected secretary and at present union status is

A committee of five, headed by Mr. Barry, was elected to "study the situation for television" and to help the technicians in the country.

He hoped that "the manufacturers realize the binding force of the union" should be in the "interests of both parties."
I've proof of staff poaching, says Rive

By KEITH ABENDROTH

THE POSTMASTER-General, Mr Louis Rive, said in Pretoria yesterday he had "irrefutable proof" that at least four of the country's six television manufacturers had "poached" technicians and electronics experts from his department.

Mr Rive told me in an interview: "I have hit back at one of the firms, through the Department of Commerce, and have received an apology from the firm's managing director.

"But it is not so much the six manufacturers themselves who concern me. It is their outlets and all the ramifications of television marketing throughout the country which is worrying me.

"If the present pattern of poaching of trained Post Office telecommunications staff continues, we shall find ourselves in very serious troubles indeed.

"In fact, if the trend continues, there is a strong possibility of a complete telephone breakdown in some areas at least."

Mr Rive was asked to comment on a statement last week by Mr B. A. Smith, secretary of the TV Rental Association.

Mr Smith demanded an apology from Mr Rive for accusing the TV industry of poaching trained Post Office technicians.

Mr Rive said: "I have never met nor spoken to this Mr Smith in my life before. I don't know what he looks like and wouldn't recognise him if he were pointed out to me in the street.

"I don't know his organisation either. If he was looking for cheap publicity he has certainly found it — and in the process has harmed my good name."

Mr Rive said 997 technicians left the Post Offices last year. Resignations in the first five months of this year alone totalled 702.

"But even though we could take reprisals against the makers for poaching our staff — strategic staff are protected by legislation — I don't want to start a war with them.

"What I am worried about is the distribution, servicing, repairing, installation and other organisations concerned.

"If each of the makers feeds a sales organisation in every town, you have to contend with six sources of possible drain of our staff in each town.

"The drain is going on. Name the towns and it is there. Malmesbury, Kropstadt, Elliot, Knysna, Bloemfontein, East London, to name a few.

"It is even worse on the Witwatersrand. It is not only the ordinary electricians and technicians who are being wooed away. Our senior staff are going as well," Mr Rive said.
PO loses men in spite of new deal.

Labour Correspondent

THE Postmaster General, Sir Louis Armitage, yesterday disclosed that the Post Office is losing skilled and semi-skilled technicians and electricians at an alarming rate, in spite of an increase in the numbers employed. The Post Office, he said, was trying to attract these losses with large training programmes.

There are 2,500 men in training as technicians, including 600 Black, and an annual recruitment of 400-500 trainee electricians and 300-400 electricians. Last week, the service decided to set up a national training centre for those who are being trained in the private sector, and the Post Office has agreed to contribute to the training of those who have been trained in the Post Office.

The Post Office has been able to attract these losses with large training programmes. It has an annual recruitment of 400-500 trainee electricians and 300-400 electricians. The Post Office is also in the process of establishing a national training centre for those who are being trained in the private sector, and the Post Office has agreed to contribute to the training of those who have been trained in the Post Office.

Labour Correspondent

THE Postmaster General, Sir Louis Armitage, yesterday disclosed that the Post Office is losing skilled and semi-skilled technicians and electricians at an alarming rate, in spite of an increase in the numbers employed. The Post Office, he said, was trying to attract these losses with large training programmes. There are 2,500 men in training as technicians, including 600 Black, and an annual recruitment of 400-500 trainee electricians and 300-400 electricians. Last week, the service decided to set up a national training centre for those who are being trained in the private sector, and the Post Office has agreed to contribute to the training of those who have been trained in the Post Office.
SA EXPECTED TO CHALLENGE U.S. ON CHROME
18/11/75
The Argus Correspondent

JOHANNESBURG. — The South African Government is expected to challenge the tentative ruling of the U.S. Treasury to the effect that SA ferrochrome exports are "subsidised."

Diplomatic sources say that a reply has already been sent to the US Government.

A spokesman for the US Consulate in Johannesburg agreed that the ruling had potentially wide ramifications — particularly as it is now revealed that about 30 products from several other countries in the EEC and South America are likely to be affected.

The US move results from the passing of a new Trade Reform Act last year which was intended to clarify the US position on an international basis in readiness for the multilateral trade negotiations now taking place in Geneva.

It is also learned that many Americans are concerned that damage inflicted on the SA trade in ferrochrome could drive the US into greater reliance on supplies from the Soviet Union which, besides South Africa and Rhodesia, is the only other major supplier of chrome.

Questioned on whether the US Government had been able to establish if supplies from the Soviet Union were also "subsidised", the US Consulate spokesman pointed out that in terms of the new Act the US Treasury only made determinations when complaints were laid.

He agreed that if a complaint were laid in respect of the Russian supplies action would have to be taken. Nobody, to his knowledge, had laid such a complaint, yet.

Meanwhile, Dr H J J. Reynolds, who led a commission that recommended special incentives to promote the beneficiation of South African ores, said yesterday that he believed all the recommendations were within the provisions of the General Agreement on Tariffs and Trade.

He pointed out that the United States had its own problems with GATT over the export of agricultural products.

He believed that South Africa should continue with its policy of encouraging beneficiation — and added that he would make exactly the same recommendations even now.
Steel giants in secret summit

Ivan Phillip

In what amounts to a secret summit meeting of some of the world’s steel giants held at Pretoria this week, problems connected with the building of a R1 350m steel semi-plant at Saldanha Bay were swept away in a mood of optimism.

The talks were held between Iscor, which holds 51 percent of the shares in the venture, the Austrian state-owned steel-makers, Vereinigte Oesterreichische Eisen und Stahlarbeiten (Voest) and unnamed West German and Japanese steel companies.

Overseas participants in the talks have already left for home.

Iscor comments “Everybody is very optimistic that finance will be found and the scheme will go ahead soon.”

The project was originally expected to cost R600m but, by March this year, the cost had escalated to R1 060m and is now quoted at R1 350m.

A great part of this increase has been due to rising costs, but it is not known if the most recent estimate includes any expansion of the project itself.

But by April, the tide had turned, partly because the Voest trade union in Austria gave powerful support to the project.

The project resulted in an official go-ahead from the Austrian Government.

In May, the Austrian Trade Commissioner in South Africa, Mr. Lothar Puskandl, said that there was “no possibility” that Voest would pull out.

Their 26 percent stake was held, he added, regarded as an absolute minimum.

“It will be one of Austria’s biggest undertakings anywhere in the world,” he added.
LOCAL BUSINESS

DURBAN — New fixed capital investment in the basic metal and engineering industries this year is set to reach R996m, for an increase of R229m above actual spending of R767m on capital projects — buildings, plant and machinery — last year.

This high level of projected investment emerges from a survey of public corporations and private enterprise firms made by the Steel and Engineering Industries Federation of South Africa (Seisfa), and only one thing can stop plans being fulfilled — money problems resulting from the rate of inflation.

This is a sharp reversal of the situation in the second half of 1973 and the first half of last year when foreign loans could be obtained at competitive rates of interest but the world shortage of steel and long delivery times for vital equipment put the brake on expansion.

Of the R996m projected investment for this year, R768m is earmarked for the basic metal industries — production of iron and steel, non-ferrous metals such as copper and aluminium and for the ferrous and non-ferrous casting foundries.

This compares with actual spending of R584m by this group last year when the projection was R733m.

The R227m balance of investment will be made by the metal fabricating industries, including engineering, mechanical and electrical machinery manufacture and production of transport equipment and components for the motor manufacturing industry.

This is a R54m jump on the R173m actually invested by this sector last year, when the projected target was attained.
Iscor blast-off early next year

EAST LONDON—Iscor will start building its new steel works at Berlin, early next year. Initially a warehouse will be built.

This was the message conveyed by the managing director of Iscor, Mr. B. H. K. Bezuidenhout, at a dinner here last night. He said that the building of the new works development will be guided by the installation of the machines at the East London works, and that the work would start in early 1972.

Mr. Coetzee, the chief engineer of Iscor, said that the new works would be located in an area that was being considered for the purpose. The area was near the railway line and was considered to be the most suitable site for the Iscor steel distribution centre.

They were Mr. Coetzee, the managing director of Iscor, Mr. P. J. Olivier, the general manager of Iscor, Mr. K. H. Mills, the financial manager, and Mr. J. H. van der Merwe, the legal advisor to Iscor.

The officials said that Iscor would not provide steel at the subsidised rate and was negotiating with the Transvaal government to ensure that the steel would be supplied.

They said that the project would be financed by loans from the government and that the construction would be completed within two years.

"We would prefer to have a site on the outskirts of the city, which is flat and suitable for our factory," Mr. Coetzee said. "We can always expand to other sites within a kilometre or two when we need to."

Mr. Coetzee said he did not know what the site would be like, but he would be happy to work with the government on the project.

"But, we have a look at the site and we will shortly be sending our engineers to see what we can do to make the site suitable," Mr. Coetzee said.

The officials said that the project would create jobs for the local community and that Iscor would be a major employer in the area.

"Our proposed warehouse will be designed to serve the immediate needs of the area in industries such as agriculture and housing," Mr. Olivier said.

"As our objective is to attract secondary industries to the area because you have a large export potential, not only abroad, but also to other African countries,"

Mr. Olivier said that the steel used in the project would be sourced from the newly opened steelworks at Berlin.

"Our immediate aim is to build the warehouse, probably in 1972, and then continue to build the steelworks," Mr. Olivier said.

"Our long-term aim is to build a steelworks, probably in 1973, which would be 10-20 years away," Mr. Olivier said.

"It is important that the project would create jobs for the local community and that Iscor would be a major employer in the area."
Blacks are to service equipment

Much of the sophisticated equipment for the growing South African business equipment industry is to be serviced and maintained by Black technicians qualifying under a new government approved training scheme. The scheme is being undertaken by the Business Equipment Association of South Africa which represents an industry employing more than 15,000 people engaged in the manufacture, marketing and maintenance of equipment ranging from adding machines and typewriters to computers.

Mr Val Andries, president of the Business Equipment Association said: "The pilot scheme is designed to provide Black employees with the basic skills and knowledge which will enable them, after further in-company training, to service the sophisticated equipment marketed by our members. We are dedicated to the programme not only because we think it worthwhile to provide meaningful training and career opportunities for Blacks, but also because we know they can become a pool from which we, as an industry, can satisfy our ever growing needs for trained manpower." Mr Andries said the recent initiatives of the Government through the Department of Bantu Education to promote Black training had encouraged the Association to start the scheme.

The training programme was aimed at those candidates who had the necessary education and aptitude and the Association’s director of training, Mr R I Marsden, is presently evaluating current selection and aptitude testing methods with a view to establishing a composite battery of modern tests.

Mr Andries pointed out that industry's technical staff operated in customer's premises where good service and sound customer relations were vital and therefore it was necessary to have sound selection.

Initial training in the scheme offers courses in basic machines and electronics, technical drawing and the development of manual skills. The duration of the course will be 15 weeks.

Permanent training premises are under construction at Chamdor, Krugendorp, where the first government sponsored training centre for Johannesburg and the West Rand is to be established. To speed up its plans the Association obtained special approval from the Department of Bantu Education and the West Rand Bantu Administration Board to move temporarily into one of two training centres built and equipped in Soweto for industrial training of Black schoolchildren.

Since the training scheme falls under the Government's provision for private industrial training, approved training costs such as the trainee's pay, will entitle employers sponsoring students to special tax con-
Costs up 25pc
— Seifsa report

Financial Staff.

FALLING orders and sharply rising costs of labour and materials hit metal and engineering businesses in June, says the monthly report of the Steel and Engineering Industries Federation.

Only 40 percent of plants reported favourably on their intake of orders compared with 44 percent in May and 75 percent in June last year.

The 'second steel price rise this year' moved some costs up as much as 25 percent in June. Steel scrap went up in sympathy.

This followed a general pay rise and higher payments by employers to the industry's pension scheme.

CONCENTRATION

Inflation pressures were aggravated with the concentration in a single month of major cost increases, says Seifsa. 'Business confidence must weaken unless costs can be stemmed.'

The future competitive standing of manufactured products in South African and overseas markets will be under pressure.

The vulnerability of firms to risks and under-recovery on forward commitments steadily increases with estimated and actual costs diverging widely.

The hardest-hit sectors of the industry are builders' suppliers, non-ferrous metals and domestic appliances.
TV set sales at 24,000 so far

The Argus TV Reporter 5/8/75

THE latest market research figures show that by mid-May only 24,000 television sets had been sold in South Africa.

This was the figure quoted yesterday by Mr. Oliver Corder, managing director of a market research company, at the weekly television symposium in the city.

It confirms earlier sales reports that TV set sales had got off to a disappointingly sluggish start and that sales projections for the first year before the full service starts in January were highly optimistic.

It is hoped that, up to 300,000 sets would be sold this year, but considerable consumer resistance, mainly because of the high price per set, has kept sales down.

Another reason is that people are waiting for the full five hours a day service to begin before acquiring sets.

Mr. Corder said it was now estimated that about 70,000 sets would have been sold by the end of the year.

The survey also showed that among Whites interviewed, 62 percent said they would have a TV set, 48 percent would not and 29 percent were undecided.

He said the survey was carried out seven months ago and was based on 600 White homes, 2,400 African homes, 600 Asian homes and 800 Coloured homes.

Four percent of Colour home people said they had decided to have TV sets, 9 percent of Asians also said "yes" to sets, but only 1 percent of the Africans in the survey intended to get sets.

Among the Whites, 11 percent of those who had decided to get sets said they would buy them before the full service started.

Twenty-seven percent of this group would rent.

The survey showed that the main preference was for the big, 68cm colour set (46 percent), followed by 16 percent for the smaller colour set and 11 percent for black and white.

Mr. Corder said that younger age groups and higher income brackets showed the greatest bias towards acquiring TV sets.
Crisis hits ship repair industry

Cape Times Correspondent

A CRISIS grips the ship repair companies in Cape Town and most of them have been forced to lay off staff. At least one company is working only eight and a half hours a day, compared with a 24-hour working day in normal years.

The general feeling was that things could be worse. We are as busy as we have ever been, but we are likely to work 24-hour shifts.

We have been hit from the side of the reprofiling.

The situation is as bad as it could be. We are as busy as we have ever been, but we are likely to work 24-hour shifts.

Another company said that although there was a lot of repair work, the situation looked bleak for the immediate future. Things were bound to improve.

All ship-repair companies 'know' have been forced to lay off workers. Some are even looking at senior staff members, but we are keeping a nucleus of workmen.

We are convinced the slack will be seasonal, but the general feeling is that it will never again be as good as it was.

The 'reason' for the slack is multi-fold. General reprofiling, shipping and the reopening of the agreement.

'Of course, it must be remembered that oil companies in Europe have cut down considerably on their production, some as much as 50 percent."

'But it is not only the ship-repair industry that has been hit by the slack in shipping. Shipping agents are also having their problems. There seem to be a general drop in shipping."

Goff in their latest estimate said that about 309 tanks, representing more than 30 million tons of shipping, had been laid off.
Heunis offers State aid to ore processors

BY CHRIS CAINROSS
Industrial Editor

PORT ELIZABETH — The Government has devised a new export incentive scheme designed to stimulate increased activity in the processing of the country's large storehouse of minerals and ores for export.

This was announced by the Minister of Economic Affairs, Mr Chris Heunis, in his speech at the annual dinner given by the Federation of Industries at a banquet last night marking the close of the Federation of Industries' annual executive council meeting.

Mr Heunis, who is ill, said the scheme is the result of recommendations of a committee appointed recently by the Economic Advisory Council.

The export scheme goes into immediate effect and will last for five years.

Mr Heunis said that whilst it is clear little or no help is required from those corporations already processing minerals, for export, there are other industries which, being only marginally profitable, may need help to develop their productivity for the great advantage of the economy.

He said prospective processors of local minerals for export may now apply to the Department of Industries and other authorities for assistance.

Mr Heunis outlined the following forms of assistance:

- The rebate of 25 per cent on the prime bank lending rate applicable under the export promotion scheme may be extended to exports classified under the processed minerals category.
- At the present prime rate, this concession amounts to a non-taxable subsidy equal to in the range of the annual export of processed minerals.
- Loans by the Industrial Development Corporation for part of the capital requirements of a processor at attractive rates, with a minimum of 6 per cent against a normal rate of 12 per cent.
- The highest portion of the product exported the lower will be the rate of interest.
- Beneficiation allowance in terms of the Income Tax Act to a maximum of 20 per cent of the cost of equipment, and a maximum of 15 per cent of beneficiation plants.
- Mr Heunis said that one general criterion will be the availability of raw materials, of about not less than 30 per cent.

“Processing should also be real — say an added value of at least 100 per cent.”

“Assistance in terms of the processing scheme will, therefore, not be available to undertakings based on production principally for the domestic market.”

Mr Heunis said that those companies producing mainly for the domestic market but having surpluses which they wish to export could qualify for assistance in terms of the existing export promotion scheme.
60 fired in hours dispute

PIETERMARITZBURG — At 5 p.m. yesterday out of a total workforce of 80, 54 were dismissed yesterday after talks on a new contract.

Members of the works committee said the workers had been working ten and three-quarter hours a day for six days a week and some time seven days a week.

The men were not paid overtime, he said.

Yet the factory was still in full production, the manager of Conel Engineering, Mr. E. van der Westhuizen, said yesterday.

Because of the overtime issue, the works committee had made representations to the management but these were dismissed, a committee member said. The men had then said they would not be working on Saturday, October 11.

When they arrived at work yesterday they were given the choice of work on the usual terms or they could resign.

The works committee went to the Department of Labour and asked them to intervene.

When being given the opportunity to speak, the labor inspector told the men: 'I don't have time to talk,' a committee member said.

The inspector then drove away and talked to the local worker
AGITATORS GET BLAME

Mercury Reporter

PIETERMARITZBURG — The dispute at Conac Engineering continued yesterday with a statement by management that the refusal to work overtime by 64 men had been caused by "agitators."

The 64 men arrived at 9 a.m. yesterday and sat peacefully for several hours outside the factory gates. They moved off to a meeting in town when police and Special Branch men with cameras arrived during the morning.

The managing director, Mr. E Ege, said that it was not true that the men had not been paid for overtime.

The men involved in the dispute had been paid overtime rates and had worked ten hours a day with a knock-off time of 4 p.m. on Fridays.

The plant was also closed on one Saturday in the month to allow time off.

"The entire incident has been caused by agitators," he said.

"On Tuesday I addressed the entire African labour force of 147 and explained to them that the company had worked overtime for the past eight years. Everyone had been paid for this extra work."

Mr. Ege said he had a number of meetings with the workers' liaison committee to explain the position and to ask them to be reasonable but without success.

"The men presented us with an ultimatum. They decided they no longer wanted to do overtime and refused to arrive last Saturday, said Mr. Ege. "I have always been fair. Workers who could not do an overtime shift for some good reason were excused. On top of that we pay the men 10 percent more than is laid down by the industrial council."

Yesterday the liaison committee claimed that the men were not given the opportunity to remain on at Conac if they did not want to work overtime. A number of the committee said they intended taking their case to the Department of Labour for arbitration."
ENGINEERING FIRM DISPUTE PROBED

PIETERMARITZBURG — An urgent special meeting of the executive committee of Pietermaritzburg's Chamber of Industries was held here on Wednesday to investigate the situation at Conac Engineering which resulted in 64 of the firm's Black workers being fired.

The meeting was attended by Mr. E. Ege, Conac's managing director, who is a member of the executive committee, and an unnamed invited representative of a Bishopstowe engineering firm "who was also expecting some trouble," according to a spokesman for the chamber.

In a statement, issued yesterday, members of the executive said they had been "disturbed" by Press reports of unrest at Conac and "had investigated the facts of the situation."

Mr. Ege told the meeting the worker representatives of the liaison committee brought up the question last week of overtime working and they expressed the fear that workers believed that they could be dismissed for failing to work overtime.

They suggested the practice of regular overtime should be abandoned.

It has been the regular practice at Conac's to work Saturday morning and an hour overtime every normal day, according to the statement.

Mr. Ege said that on Tuesday he addressed the men outside the works and explained the company policy on overtime — particularly in relation to the custom of regular overtime working and payment of enhanced rates.

He told the meeting that 64 men had chosen not to continue in employment under these conditions.
Iscor needs 1155 apprentices

There are training schemes at all Iscor centres, the largest being at Pretoria and Vanderbijlpark, where 20 apprenticeships are being offered for millwrights and instrument mechanics, and four-year training schemes for electronics mechanics and for fitters and turners. Five-year apprenticeships are being offered for millwrights and instrument mechanics, and four-year training schemes for electronics mechanics and for fitters and turners.

There are vacancies for 230 apprentices at Newcastle 90 at Sishen and 10 at Thabazimbi.

In his second year, a man with standard 10 qualifications will earn R169 a month with a leave bonus of R97. In his third year the figures will be R211 a month with a leave bonus of R113. In his fourth year R248 with R130 bonus and in his fifth year R367 with a bonus of R175.

For people with technical training qualifications, payments are increased.

Second progressing to R169 and then R236. Leave bonuses are on the same scale as above.
ADDRESS BY SENATOR THE HONOURABLE JOHN HOFMANN, MINISTER OF FINANCE, AT THE OFFICIAL OPENING OF THE FACTORY OF THE SOUTH AFRICAN TELEVISION MANUFACTURING COMPANY (PTY) LIMITED AT WILSONIA, EAST LONDON ON 29 OCTOBER 1975

For Release: 12h00 on 29 October 1975

Mr. Chairman, distinguished guests, ladies and gentlemen:

There are three main reasons why I am very pleased to be present here today.

First, because it is good to see the visible signs of progress as represented by the imposing new factory which is to be officially opened today. Here we see

confidence ........ 2/.

- 2 -

confidence in South Africa and its economy translated into mortar, bricks, steel, glass, plant and equipment from the vague hopes, ideas and plans of a few years ago.

Second, because it affords me an opportunity to acquaint myself with the intricate workings of the advanced technology at first hand used in the manufacture of television receivers and witness the first steps of an important infant industry - a strong infant, nevertheless, that will soon overcome what teething troubles there are and grow rapidly into a healthy and virile adult industry which will do its share in diversifying further the already advanced manufacturing sector of the Republic.

Third, because as Minister of Finance I am in an indirect sense very much involved in the welfare of the television ........ 3/.
television industry, not only because we are partners in profit, but because the State is also an investor in your company through the decentralisation assistance which it makes available. I am grateful for the opportunity to be in East London today and more particularly in Wiltonia, to be able to note the great strides that this decentralised area has already made and the general development which is taking place. It is my pleasant duty publicly to congratulate your company on its far-reaching decision to decentralise its activities, one of only two TV manufacturers which have had the courage and initiative to do so.

Within fifteen months of its inception in a decentralised area

area

area, S.A.T.V. is already producing approximately 500 television receivers per day of a standard and quality which is recognised throughout the Republic. What makes this achievement the more notable is the fact that during this period the 500 Bantu workers employed were trained by a technical staff of 120 Whites, many of whom had immigrated from Germany. This is indeed a valuable contribution towards the achievement of the Government's objectives within the policy of industrial decentralisation. We do not think only of the extent of the employment provided, but set particular store on the training facilities that have been created and the number of trained workers who are thus made available.

Through the importation of technical know-how, the influx of qualified technicians and the training of an expanding
expanding number of South Africans to increasingly higher levels of skill the television industry has already developed into an important asset for our economy. Clearly, the television industry is helping to promote productivity by creating a better qualified, more efficient and healthier work force. It is creating a more efficient and healthier work force in the sense that the formal and technical education and in-job training will tend to create job satisfaction, increase earnings and living standards and so broaden the horizons of all those employed in the industry.

Ek wil vandag waar ek tussen ny-wer aars verkeer graag van die geleenthed gebruik maak om 'n beroep op u te doen ............... 5/.

doen om u steun toe te sê aan die Regering se ny-wer heidsdesentralisasing poging. Nywheidsdesentralisasing, soos u dit hier sien, is nie alleen daarop gerig om werkgeleenthede vir ons anderkleurige bevolkingsgroep te skop nie, maar ook om opleiding aan hulle te verskaf. Hierdeur kan ons dan ook die ophef van die lewensstandaarde van alle sektore van die bevolking in die ekonomie - veral dié in die laer inkomstegroepes - bewerkstellig. Ek glo dat u, die gedesentraliseerde televisie vervaardigers, op hierdie wyse besig is om saam met die ander gedesentraliseerde ny-weraars die hoeksteen te 16 waarder die Suid-Afrikaanse mark vir duursame goedere uitgebrei kan word. U is egter ook nie net besig om die mark vir u produk vir u eie ontwil onder die laer inkomstegroepes uit te brei nie maar sal, omdat hierdie produk 'n massa kommunikasie-medium is wat tot
groot ............... 7/.
groot voordeel in die geweldige opvoeding- en onderwys-
taak wat op ons skouers rus, aangewend kan word, ook 'n
baie belangrike bydrae lewer tot die verdere opheffing
van alle inwoners van die Republiek.

Voorts sou ek ook graag u aanbied daarop vertig dat die
konsessies wat aan nyweraars toegestaan word, indien
hulle desentraliseer, 'n paar maande gelede deur die
Overheid in oorlog met die georganiseerde nywerheid en
selfs in enkele gevalle in oorlog met individuele
nyweraars, verhoog is. Die verdere toegewings het nie
alleen die verneming van die konsessieperk behels nie,
maar ook die verlenging van die tydperk waarvoor
konsessies toegestaan word, om sodoende te verseker dat
die ........................ 8 ./

..............

8

die gedesentraliseerde nyweraar ten volle en stuwig
gevestig raak. Daar is ook 'n wye reeks aanbevelings
aanvaar om al die ander aspekte, soos probleme met
vervoer en voral met pedvervoer en gebreke in die
infrastruktuur en kommunikasie, wat knelpunte by
desentralisering veroorsaak het, uit te stryk.

There is as you may know a school of thought which holds
that decentralisation is in itself a cost-increasing
factor and that it therefore helps fuel the flames of
inflation. This is not a conclusion that I can sub-
scribe to, especially on a longer run view of the
possibilities. It is a fact that the cost of creating
jobs in a particular decentralised area tends to fall
as the number of firms in the area increases. This
happens because the relative development costs of the
infrastructure diminish once the area passes its initial
development ....... 9 ./
development phase. Conversely, it is common cause that the cost of supplying services to an already "overdeveloped" or heavily developed area such as for instance Johannesburg and surroundings is relatively high, and this circumstance must be borne in mind in assessing the true cost of any decentralised activity.

The so-called "external diseconomies" which arise in the big cities by reason of an undue congestion of traffic (the higher cost of moving people and goods from one point to another), or the sheer inability on the part of the relevant authority to provide, beyond a certain limit, more housing, sanitation or education facilities ...... 10/.

facilities (and the effect this has on worker efficiency) are other important and well-known costs of centralised economic activity which can in appropriate cases be transformed into corresponding benefits by decentralising.

Industry knows that the Government does not stand indifferent to the genuine problems of the new-found television industry. This is evidenced, for example, by the fact that the Government decided some time ago to make available a maximum amount of R210 million to finance the sale and rental of TV sets to cushion the impact of TV sales on the market for other consumer durables such as motor-cars, furniture and various household appliances. I am glad to learn that sales of television sets have recently, after a period of steady though somewhat slow sales, picked up and that

the .......... 11/.
the prospects are at present better than estimated a month or two ago. Not only will increasing sales improve the position of the manufacturers of this new product but this fact, together with the substantial liquidity prevailing in the economy, is likely to ease whatever financing implications the television service might entail for the State.

What a soundly developing country like South Africa needs is a steady increase in capital investment, both in the physical sense of buildings and machinery and equipment to create more and more jobs for a growing population, and in the shape of human capital to promote technology and productivity and thus raise living standards ....... 12/.

standards for all. To this end the Government will do its utmost to create and maintain a climate that can sustain economic growth on a sound long-term basis. And it is in the context of this great national development need that I see the versatile television industry's biggest contribution in the challenging years ahead.

I now have much pleasure in declaring this new undertaking of the South African Television Manufacturing Company duly open.

Merklik geluk, en mag dit goed gaan met u almal.

RELEASED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF THE MINISTRY OF FINANCE.

PRETORIA . 29 OCTOBER 1975.

VERKREK OP DIE DEPARTMENT VAN INLICHTING
OP VERSEK VAN DIE MINISTERIE VAN FINANSIES.

PRETORIA . 29 OKTOBER 1975.
Second TV factory passes 100 000 mark

Financial Staff

THE South African Television Manufacturing Company of East London had manufactured and sold 100 000 TV sets since it began operations just over a year ago, the chairman, Mr Fred Street, said today.

Coupled with Monday's announcement by Tedex that it too had manufactured 100 000 receivers, this means that the industry in South Africa is manufacturing TV sets at a far better rate than was previously thought possible.

Mr Street made his announcement at the official opening of the SATV factory by Senator O. P. F. Horwood, Minister of Finance.

Mr Street said: 'I am absolutely delighted the industry, having been attacked as it has in the past, has performed miracles, and this shows just what can be done in South Africa.

'GOING PLACES'

'This is a great new industry in which I have absolute faith, and which is really going places in spite of all the misleading reports and figures which have been circulated.'

SATV produces several brands of television receivers all of which are marketed by its three shareholders.

Electro Television & Appliances, which owns 49 percent of SATV markets the Telefunken receiver; Salto with its 19.66 percent in SATV, markets the JVC receiver; and Phil Morrel, which has a 34.34 percent stake in SATV does markets of the Pioneer and Videoscope brands.

FRANCHISE

SATV has the franchise, under a technical know-how agreement, from AEG Telefunken of Germany, inventor of the colour system which the SABC is using, and among those at the opening ceremony were Mr D. S. C. Schmidt, chairman of Telefunken Germany, and two of his co-directors.

Also at the opening were Mr L. L. Bek and Mr N. J. Mihola, senior members of the Cape Legislative Assembly, and representatives of the Decentralisation Board, SA Bureau of Standards, and the Department of Industries, all of whom played roles in the establishment of this border industry.

SATV has a factory staff of about 300, of whom about 55 are Black employees who are engaged in every aspect of assembling and testing television receivers.

Among the White technicians 45 were brought from overseas and about 60 were locally trained.

The factory is producing about 550 sets a day.
Steel production rise a pointer to recovery

Tony Keenderman

The output of steel mills rose again in September, strengthening the view that the industry is rising from the trough of its business cycle.

The pattern of production for the year has been a boom for the first four months followed by a sharp three-month downturn. This ended with a new upswing in August which, it now seems, may amount to more than a temporary flurry.

However, though the total for the nine months to date is still a healthy 13.8 percent up on the same period last year, the increase is less than it was earlier.

Making a total of 4,732,700 tons for the year to date

Pig iron production for the nine months was 3,837,000 tons, an increase of 9.3 percent. Ferroalloy output rose 18.6 percent to 854,200 tons.

The output of steel castings from the foundries showed a more modest increase of 2.3 percent to 108,700 tons to date, but production of iron castings rose 17.6 percent to 263,600 tons.

Non-ferrous castings showed a 2.0 percent fall to 11,461 tons.

Generation of electricity this year, a significant indicator of overall economic performance, has risen but by somewhat less than in recent years.

The average monthly output of power stations for the nine months of the year was 6,013 gigawatthours. This represented a 6.6 percent rise over the same period of last year, compared with a 9.6 percent rise last year over 1973.

The average rate of increase in the last four years was 5.7 percent.

Employment in manufacturing rose slightly in August, after leveling off in July. But in the course of the year, it has been rising fairly steadily.

In construction, employment rose until April, leveled off, and has been falling since June.
EMBARGO: 14TH NOVEMBER, 1975 AT 12h30

ADDRESS BY MR. G.J.J.F. STEYN, SECRETARY FOR COMMERCE, ON THE OCCASION OF THE OPENING OF EXTENSIONS TO THE FACTORY OF SOUTH AFRICAN SCALE CO (PTY) LTD AT THE ALEX INDUSTRIAL SITE, BENONI, ON 14 NOVEMBER 1975

It is a great personal pleasure to me to be able to address you on this important occasion in the history of the South African Scale Company which has, so I understand, already been in operation in our country for a period of some 70 years.

I would like to congratulate the management and the staff of the...

-the Company on the successful completion and commissioning of these extensions to the company's manufacturing plant. There is, I believe, a general recognition in our society of the need for using accurate weighing instruments in trade transactions in order to ensure equity. In fact, no economy can function properly without the use of reliable and suitable weighing equipment in commerce and industry. Even the ancient Egyptians used scales which, although of somewhat primitive construction, had been built/....
built according to principles which even today are still being widely applied.

It is also interesting to note that when, in 1906, the British firm W & T Avery Limited decided to establish a branch office in South Africa, there were no weights and measurement regulations in operation in the country, other than those which were being administered at the time by the Municipality of Johannesburg.

Namate die land ontwikkel het, het die firma Avery Beperk, wat in/....

wat in 1918 sy naam na die huidige een verander het, sy bedrywig-
hede progressief uitgebrei sodat hy vandag 30 afset- en diens-
sentrums in die Republiek en 2 in Suidwes-Afrika, asook ’n
totale werkerskorps van 675 persone in diens het.

Gedurende die vroeë seentigerjare het die firma ook op ’n proefbasis met die plaaslike vervaardiging van ’n baie populêre weeginstrument begin wat veral vir gebruik deur boere en kleiner winkeliers geskik was. In 1968 is reeds meer as 2 000 van hierdie eenhede vervaardig, wat aanduidend is van die vordering/......
vordering wat die firma se vervaardigingsbedrywighede binne 'n betreklike kort tydperk getoon het. Die groeiende landsekonomeiet dan ook, so meen ek, die bestuur van die firma laat besluit dat die vervaardiging van weegtoerusting op 'n groter skaal meer as geregverdig was ten einde: t die toenemende behoeftes van die landbou, asook die handel en die nywerheid tred te kan hou.

The company's plant extensions which are being formally commissioned today, provide another example of the management's desire to participate in the further expansion in our country of a/......

of a highly specialised and indispensable field of economic activity.

For a relatively young country, such as South Africa, achievements like those which we are privileged to celebrate on this occasion are of great significance to its economic growth. In the first place, it is a reflection of the ability of our entrepreneurs to detect new opportunities for progress; to weigh the risks involved; and then to take constructive initiatives which would add further to the country's productive capacity/......
capacity. These commendable qualities of our private entre-
preneurs are the essential corner stones of our country's
economic progress.

Secondly, the company's investment in additional produc-
tive capacity in its South African operations is a reflection
of its sustained confidence in the country's economic future.
Such confidence amongst our entrepreneurs is an essential
requirement for the country's continued economic growth. And
their investments in new plant capacity also serve to create
additional employment opportunities for the country's growing
population.

Moreover/......

Moreover, the expansion of productive capacity in our manufac-
turing industries reflects an expected increase in the demand
for our goods which could have a wider stimulating effect also
in other sectors of the economy.

In the case of scales it is hardly necessary for me to
note that mass meters of all kinds, ranging from the small
domestic scale to the massive weighing platform and other giant
weighing instruments, have simply become an indispensable part
of our daily life.

For these/......
For these reasons alone, South Africa is indebted to its entrepreneurs for their contribution towards its continued economic progress.

I also believe that this company's decision to expand its operations is precisely the sort of action which our country needs in these times of inflation and cost increases. One of the aims of our present programme of collective action against inflation is to achieve increased production and higher levels of productivity throughout the economy, and to establish in this manner a healthier relationship between the supply of, and the demand/.....

-10-

the demand for goods and services which, in turn, would promote the containment of price increases. Increased production also contributes to a lowering of unit costs which in itself enables producers and manufacturers to absorb at least part of the unavoidable cost increases with which they are constantly being confronted.

Moreover, I understand that by means of the existing extensions to its plant capacity the South African Scale Company/.....
Company also plans to expand its exports. Such increased exports would undoubtedly contribute to a lowering of its unit costs, and would also enable the company to increase its earnings of foreign exchange which is urgently needed to pay for our ever increasing purchases of essential imports, and particularly also of capital goods.

If we look briefly at our foreign trade in mass metering equipment, we find that the value of our exports of this type of equipment amounted to a relatively insignificant figure of R0,4 million/....

R0,4 million during 1974, while our imports thereof reached a figure of R6,4 million in the course of last year. These imports included 954 portable and mobile platform mass meters and 15 743 other types of scales.

These figures clearly show that South Africa is still very much a net importer of mass metering equipment. It is, therefore, all the more important that we should not only increase the local manufacture of this type of equipment, or at least increase the local content of any equipment of this kind manufactured in the country, but should also make determined/....
determined efforts to expand our factory capacity in this sector of the economy specifically with the object of selling more of our production in export markets. It is encouraging to note that the local manufacture by the company of new types of weighing equipment as a result of its present plant extensions would probably save the country some R1 million per annum on equipment which hitherto had to be imported.

Another matter which requires urgent attention by all our entrepreneurs who are directly or indirectly associated with the supply/....

supply of mass metering equipment to domestic users, is the need for a greater degree of standardisation in this particular field of activity. At the time of the conversion to the metric system the South African Bureau of Standards found that there were no less than some 1500 different types of measuring equipment in use in our country and that some 200 models of this type of equipment were totally unsuitable for conversion to the metric system because of technical deficiencies. This situation had developed over many years as a result of the indiscriminate importation/....
importation of an excessive variety of measuring instruments into this country, many of which were not even properly serviced and soon had to be discarded because of the lack of necessary replacement parts as well as the non-availability of a trained labour force to do essential repairs to them.

Our country simply cannot afford the wasteful application of our available financial and other resources which inevitably stems from the use of such a vast variety of inadequately serviced measuring instruments.

An essential/....

An essential prerequisite for the preservation of our type of economic system is the ability of our private entrepreneurs to constantly explore new ways of cost savings. And standardisation of our production ranges in manufacturing industry represents an important method of cost reductions which should be fully explored also by this company, having regard to the fact that a reduction in the variety of its products would likewise facilitate savings in the training of its technicians who are to look after the servicing of its/.......
its products.

In extending to the company my very best wishes for the future success of its operations in South Africa, I would express the hope that its initiative in creating the new plant extensions which are today being formally commissioned at this ceremony, would encourage other manufacturers in the country to take similar initiatives at an early date.

It now/....

It now affords me great pleasure to declare the extensions to the factory of the South African Scale Company as having been officially open at this ceremony.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF THE DEPARTMENT OF COMMERCE.
Get Iscor's picture right, says Zoellner

By NIGEL BRUCE

THE TRADING performance of this country's giant State-owned Iron and Steel Corporation places it among the world's most efficient steel producers, despite its R35.9-million loss in the year to June 30.

This is the opinion of one of South Africa's top steelmen, Dunsart's chairman Dr Fred Zoellner, who puts up a spirited defence of the corporation, whose profits were swamped by heavy loan finance charges.

Dr Zoellner makes the following points:

- The corporation's genuine gross trading profit is more than 20 per cent of its turnover, which is high by international standards. Gross trading profit was R184.4-million (against R70.3-million in the previous year) which is 22.3 per cent of the R501.5-million turnover (against 15.7 per cent of R444.8-million).
- The corporation's performance is all the more remarkable because large amounts of essential plant have not yet been commissioned. In particular, the new Newcastle steel works were only 50 per cent operational during the year. The last 100 of 230 coke ovens have still to be commissioned as well as a big blast furnace.

As more of these production units are commissioned and provided, the Government continues to adopt a flexible policy towards the controlled steel price — which was increased by 15 per cent in June — so the trading profit should continue to improve, he says.

Moreover, Dr Zoellner points out that the R97.9-million paid out in finance charges must be seen in relation to the very definite need to increase productive capacity.

He is adamant that the financing of the massive Saldanha Bay scheme should not have been allowed to burden Iscor's results, as it has nothing to do with the corporation's present operations.

The manner in which this undertaking is being financed has contributed significantly to Iscor's 67 per cent debt ratio (loan capital as a percentage of total net assets), which, when seen against tested international standards, is dangerously high.

This is particularly so because of the nature of the funding, which is predominantly through revolving bank credits — the interest rate on which is subject to periodic adjustment and which contain war or escape clauses for the banks.

Had a new company been floated for the Saldanha undertaking, public subscription could have been invited, which would most likely have provided a far more secure capital base.

Dr Zoellner makes the point too that Iscor should consider seriously liquidating its non-steel manufacturing investments, the value of which at cost increased to R226-million from R175-million over the year.

This capital could be more productively employed if it were applied to the redemption of the corporation's indebtedness, he believes.

Moreover, like the 'floating of a separate Saldanha company, this would demonstrate the Government's avowed determination to check the trend towards State encroach-

ment into traditional fields of private enterprise.
Paradox profits in shipbuilding

BY GEORGE YOUNG

WHILE THERE is still some doubt about the economic viability of shipbuilding contracts in South Africa, particularly since the largest yards in Durban conceded suffering losses running to millions, the proposed nationalisation of the industry in Britain is causing considerable controversy there. Could state control make a shipyard any more profitable than private management?

The British shipbuilding industry, at one time the world's best, has been making heavy weather for years contributed to by innumerable labour disputes and other costly factors. The Labour government says that the whole industry would go under without state intervention, and there has been evidence of public money being poured onto Clyde and Belfast yards in recent years.

Opposition parties in Britain say that there has been no evidence to suggest that state ownership was a better way of managing resources than private ownership.

In Belfast, where the Harland and Wolff yards, former builders of the large White Star liners and Cape mailships, have suffered a succession of losses, there is a plan now to cut the 10,000 workforce by 10 percent, starting with the older hands. There is a strike today by 4,500 shipbuilding and engineering workers in Northern Ireland protesting this decision.

Meanwhile, in South Africa, numerous costs for indigenous owners and some for overseas oil interests are taking shape in Durban. Cape Town got out of the shipbuilding business when there was obviously no prospect of profit. The construction of a collier tug for Saltmarine in Durban has run the builders to an enormous loss, and the tug has been in drydock for some weeks under sandblast to remove paint which did not meet specifications.

Some of the construction work in Durban yards as believed already to be in jeopardy, time, and confidence attaches to the suggestions of an executive that the losses sustained by yards may not yet be at an end.

Not all the complexes in Durban provide balance sheets which identify shipbuilding as a specific industry, and there is therefore difficulty establishing just how much is made or lost when shipbuilding is incorporated in comprehensive accounts.

Dorman Long yards are making cut ships for Unicorn, and have just about finished a custom design coaster Orange and for the Port Nolloth service from Cape Town. But by virtue of the drought restriction of little more than three months, the Orange has run the builders to an enormous loss for Unicorn, but there has been no doubt on whether contracts are profitable.

One source told me that "losses had been plugged", but men in the industry are sceptical whether even with a 20 percent government subsidy the yards can build ships profitably.

As one accountant said, "Building losses can sometimes be absorbed in a sea of figures in a comprehensive balance sheet."

However, in view of the shipbuilding problems of Britain, and the escalating cost of construction in Europe which far transcends the increase in this country, this country could in time secure additional foreign contracts. But unless the foreign currency earnings constitute the main reason for accepting the contracts, no purpose would be served in taking ships if they are to be delivered at a loss.
Inflation's furrows

Anthony R Evans, Viljoenskroon, OFS

In view of:
- Your article on the cost savings available to farmers through mechanisation (FM November 21);
- The country-wide campaign against inflation; and
- The recent increase in profits announced by several companies whose business is the assembly and/or distribution of tractors, it is pertinent to mention the following:

The price of a Massey Ferguson 165 tractor has risen as follows during the past 16 months (these are prices actually paid by my farming organisation during the year):

<table>
<thead>
<tr>
<th>Month</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 1974</td>
<td>R4 022</td>
</tr>
<tr>
<td>March 1975</td>
<td>R4 797</td>
</tr>
<tr>
<td>April</td>
<td>R5 220</td>
</tr>
<tr>
<td>October</td>
<td>R6 020</td>
</tr>
<tr>
<td>November</td>
<td>R6 720</td>
</tr>
<tr>
<td>December</td>
<td>R7 350</td>
</tr>
</tbody>
</table>

You will note that from August 1974 to October 1975, the increase amounted to a little less than 50%; and from October 1975 to December 1975, the increase was 22%. In total, the increase has amounted to over 80%.

By comparison, the producer price of maize in bulk was R50/t in 1974 and R56/t in 1975 — an increase of 12%. The fact that after-tax money is required by the farmer to pay for the 80% increase in tractor costs means effectively that the tractor companies have enjoyed a price increase at least 10 times that granted to the farmer.

Incidentally, there has been no change made to the tractor over the period.

I hope you and your readers will take these facts into account when discussions about the 1976 maize price take place in April.
BICYCLES
Two-wheel drift

Peugeot Cycles SA is gearing up to move from its R800 000 Airode factory to a new R1.2m plant in Babelegi, Bophutha-Tswana in early 1977. "The move is a logical one," explains Michel Carricaburu, current executive director, who hands over to Alain Baumann this month.

"With the Peugeot and Citroen merger, car manufacture needs all the space available at Airode Manufacturing at Babelegi. It means we will have no difficulty transporting our bikes to the Vaal triangle market — without having to make use of the Railways.

"Financially the move to the Homelands makes sense, too. A BIC loan will allow us to get new equipment. Using the Peugeot-Citroen facilities, such as the paint shop, was like using a sledgehammer to crack a nut."

Carricaburu also sees labour advantages in a move to Babelegi. "We had 80 staff at Airode when we closed in December. When we reopened 15 didn't return. It's not because the work is unattractive. We pay a higher salary than car manufacturers. It's a clean job. That's quiet and involves some delicate work."

"At Babelegi in a couple of years we hope to be employing between 250-300 people and if possible we'll use women operators as we do in France."

Peugeot Cycles output just before Christmas was running at around 100 units a day. It's now down to some 70-80 but by the end of 1976 the company hopes to be producing about 20 000 units a year.

It's got a long way to pedal to catch up Raleigh which supplies 80% of SA's 300 000 units. Panther Cycle Manufacturers is riding at around the 15 000-20 000 mark, followed by DHC Cycle Manufacturers turning out 6 000 10 000.

Competition is also likely to increase with Micro Steel Cycles, due to be in production at its new R250 000 plant at Dumbaza in the Ciskei this year. Etienne Susorgui, formerly of Hanson Cycles (who used to manufacture Peugeot under license), is also thought to be setting up manufacture in Cape Town.

"The problem with this market is that no-one is bicycle conscious, which is curious. Bicycles are cheap in SA," says Carricaburu.

Peugeot's most expensive model sells for R110. In France it costs around R160. Peugeot increased bike prices by about 10% at the end of the year. Components such as brakes and gears cost around R40-R45 on a racing bike and distribution costs are high.

Reluctant to use Railways for fear of damage, Peugeot transports its bikes from Johannesburg to Cape Town by road. This used to cost R1 R2, but the figure now is close to R5.
US may loan R217m for Sasol project 26/2/76

NEW YORK — The United States Government is considering granting a direct loan of R217 million, plus guaranteeing a further commercial loan of another R217 million to the giant Sasol 2 oil-from-coal project.

These figures were given to me by an informed source closely involved in the hush-hush struggle being waged to end one of the United States' key discriminatory measures against South Africa.

A decision is expected soon.

No direct loans to the Republic have been sanctioned for 12 years, and they are categorically forbidden under the current rules of the Export-Import Bank, the Federal Government's trade-boosting agency.

The campaign to lift the ban has been building up for several months and has been closely linked to efforts to crack the American arms embargo against the Republic. It climaxed with the confidential letter from over 20 influential senators calling on President Ford to "fundamentally re-examine" US policy towards South Africa.

Leading the counter-campaign is Congressman Charles Diggs, the veteran opponent of South Africa. Various church and anti-apartheid groups have also protested — DDC.
WHY TRACTOR PRICES HAVE SOARED

Farmers have good reason to be concerned at the soaring cost of tractors. A tractor that cost R5 600 two years ago now costs R10 000—an increase of 52 percent.

This was the theme of a speech given by Mr. Hendrik Schoeman, Minister of Agriculture, at the opening of a new spares factory in the Transvaal recently.

Mr. Schoeman said that although mechanisation had helped South African farmers increase production, it was because of mechanisation that many farmers now found themselves in a difficult position.

The Minister quoted figures to show that the average price for bigger tractors (75 kW) had risen by 67 percent and that of big tractors (100 kW) had doubled. A tractor that cost R15 000 in 1973 now cost R30 000.

Mr. Schoeman described these increases as "alarming" and warned that many farmers would face problems in the future.

He wanted to know why the tractor price had risen so sharply while that of the average big car had gone up by only 25 percent over the same period.

Other price increases quoted by Mr. Schoeman since 1973 were: farm vehicles 47 percent, spare parts 50 percent and for fuel, prices were 36 percent higher in January 1975 than in January 1974.

Mr. Buddy Gazzard, sales manager for International Harvester, whose company markets the International Harvester line of tractors in Natal, says the blame for tractor price increases lies on the Government. He said that while the dealers' markup had remained stable through the years, devaluation of the rand had taken place with tractor prices.

Mr. Gazzard explained that although tractors were assembled in South Africa, all components had to be imported and had little, if any, local content. He said that most other countries were experiencing runaway inflation and South Africa had to import that inflation. Coupled with our own inflation, this had led to the increase in prices.

He said that before any dealer could increase prices, these had first to be approved by the Price Controller.
SOUTH AFRICA'S infant shipbuilding industry is heading for a fall unless it is prepared to equip itself with the most up-to-date facilities used in the highly competitive world market.

The warning came in Durban this week from Mr Mike Connell, chairman of the local branch of the Institute of Welding, who recently returned from a comprehensive tour of Europe's biggest shipyards.

Mr Connell told an institute meeting in Durban attended by executives of several of the country's leading shipbuilders, that the industry was changing from a labour intensive to a capital intensive operation.

Much of the spending, he said, was related to plate preparation, handling and cutting, and better welding methods. "We hear a lot about shipyards without work and that the industry is in the doldrums. This may be true relative to the market for very large crude carriers — vessels of 200,000 tons or more — but these are far from the only ships required," Mr Connell told the meeting.

He made these points:
- The million-ton carrier will be built before long and Britain, Japan and Spain have made vast investments towards this goal.

**Think small, gear up — or go under, expert warns shipbuilders**

- Much of the world's tanker fleet is VLCCs and ULCCs — or vessels of 400,000 tons or more.
- The 50,000-ton and 60,000-ton giants of yesterday are now frequently used as feeders for the new goliaths.
- A range of smaller ships, ranging from 17,000 tons to 20,000 tons will still be needed to service the cargoes from the giants and act as a feeder service to smaller ports.
- Ferries, tugs and fishing vessels will have
Advantages

"It is with the latter we can best associate ourselves in South Africa. But unless South African yards are prepared to equip themselves with up-to-date methods and facilities, we will not be competitive," Mr Connell stressed.

Among the advantages that give overseas yards full order books were:

- Fully enclosed facilities for panel and block production, some for all aspects of construction under cover.
- Moves towards automation in many aspects of the construction process.
- A high level of operation efficiency and training.

Incredible

"The shipbuilding industry has taken some incredible steps forward," said Mr Connell.

"At Appledore in Britain, completed vessels of 6,000 tons of a standard design are being produced in seven weeks, using day and night shifts.

"In Sweden and Denmark, 250,000-ton bulk carriers are taking only 40 working days from the laying of the first plates to moving to the fitting-out quay.

"In just three months such vessels are already on their way to collect their first cargo of oil.

Training

"It appears obvious that if we are to have a share in this great industry and be competitive, we must train our people and use the methods which are not only successful in Europe but have been a major contribution to the success of Japan as the world's largest shipbuilders."

Mr Eric Mackie, managing director of James Brown and Homer, told the meeting South Africa wanted — and needed — a shipbuilding industry.

The country should gain a reputation for rapid production in the industry and would have to incorporate the new techniques to do so.
300 in wages walk out

Mercury Reporter

THREE hundred James Brown and Hamer workers stopped work at noon yesterday after demanding pay increases because of the rising cost of living.

The workers at the Bayhead Durban plant were told either to collect their wages and leave or go back to work.

Managing Director Mr. E. D. Mackie said yesterday that the workers had approached management about a wage increase earlier that day.

"At 11.30 a.m. a notice appeared on the notice board saying that work would stop at 12.30 unless the increases were granted.

"We met with the workers' liaison committee and explained that no increases could be granted until the Industrial Conciliation Board had negotiated a settlement," he said.

A third of the men at the plant stopped work at noon and were told that they would be paid off unless they returned to duty.

The men chose to leave but were told that they could re-apply for their jobs or collect their pay on Monday.

The workers claim they are unable to make ends meet because of cost increases in food and transport."
It's all happening at Iscor Newcastle

By CHRISTOPHER MORRIS

It means for a start that South Africa's total steel needs will be met domestically, at least for the next few years. This country will be virtually self-sufficient even as demand for steel soars as present evidence indicates.

Reasons

Iscor's marketing men make 10-year projections, and these suggest that to cope with demand in 1990—ten years from hence—Newcastle will have to produce 4 to 5 million tons a year.

One of the main reasons for the anticipated surge in growth, according to Keith Prince, general works manager at Newcastle, is that the standard of living of Blacks is advancing rapidly and this will mean a high rate of growth for the South African steel industry compared to overseas countries.

Keith Prince is proud of the achievement at Newcastle. He said that four and a half years ago, the site was bare veld. The impact of his statement only hits home after seeing the extent of the achievement.

Capacity

When this will be at its peak is still in the air. As the moment, Iscor says that flat product capacity will be expanded at Vanderbijlpark, and should reach its optimum sometime in the early 1980s.

At this point, Phase II should be started at Newcastle and when that occurs, growth will be rapid once again. But there are other considerations governing that decision. Availability of finance is one, demand another, while there are important economic factors that have to be taken into account.

But the export of steel is not a consideration. Mr Prince made it plain that steel from Newcastle will not be for export, but predominantly to supply South Africa's future needs. It is not Iscor's policy to produce for export, although it is present and limited.

Iscor and South Africa will continue to import small amounts of steel of the kind she does not produce herself. But imports in any great numbers—other than steel—will be far fewer.

Iscor's trading profits were R44.5 million well ahead of the previous year's R12.8 million for financing charges, however, were R67.9 million. Provisions in operation, meanwhile, had risen from R363 million in 1973 to a staggering R1 687 million.

This year, much of the Iscor Newcastle is not profitable, it cannot! At this stage of its life, a steel plant takes three to four years to build up capacity because of its complexity of the plant amongst other things. According to Keith Prince, this is the experience of the steel industry in the world.
TOESPRAAK VAN DIE STAATSPRESIDENT BY GELEENTHEID VAN DIE AMPTELIKE INDIENSTELLING VAN VIKOR SE NUWE WALSVERVAARDIGINGSAANLEG: VANDERBIJLPARK: VRYDAG, 5 MAART 1976, 11h00

(SPERTYD: 5.3.76, 11h45)

SPEECH BY THE STATE PRESIDENT ON THE OCCASION OF THE OFFICIAL COMMISSIONING OF THE NEW VECOR MILL ROLL PRODUCTION PLANT: VANDERBIJLPARK: FRIDAY, 5 MARCH, 1976, 11h00

(EMBARGO: 5.3.76, 11h45)

Meneer Sceales, Edelagtbaar Burgemeester, Hoogwaardigheidsbekleërs, Meneere, dit is vir my 'n besondere voorreg om vandag deel te kan hé aan hierdie gedenkwaardige geleentheid van die amptelike ingebruikneming van VIKOR se nuwe walsvervaardigingsaanleg. Daar is dan ook verskeie redes waarom ek die uitnodiging wat mnr. Joggie Vermooten namens u tot my gerig het, om hier op te tree, graag aanvaar het.

In die eerste plek moes ek gedurende die tydperk van my diens as Minister van Ekonomiese Sake veel aandag aan die ontwikkeling van die sekondêre nywerheid in Suid-Afrika gee. En in dié verband was dit veral die yster- en staalbedryf wat my besondere belangstelling geniet het. En nou nog steeds volg ek met groot blydskap alle voorwaartse stappe wat op hierdie terrein gedoen word.

Tweedens, soos waarskynlik bekend, was ek tot begin verlede jaar Volksraadslid vir die kiesafdeling waarin hierdie gebied val. Vroeër was dit Losberg wat later na Overvaal vernoem is. Dit was vir my 'n voorreg om in genoemde hoedanigheid 2/....
hierdie gebied te dien en gedurende my dienstermy het ek 'n besondere gehegteid aan die bewoners daarvan - aan die werkgewers sowel as die werknemers - ontwikkel.

En derdens - om iets van 'n meer persoonlike aard te noem - het my getrokkendheid tot hierdie omgewing só gegroeí dat ek tans besig is met planne om 'n huis somaar hier naby aan die Vaalrivier te bou. VIKOR en sy mense sal dus vir 'n onbepaalde tyd steeds "onder my oë" wees.

This part of our country plays a very important role in our industrial production. It forms part of the Pretoria - Witwatersrand - Vereeniging complex which delivers approximately fifty-one percent of our manufacturing production. But the Vaal Triangle in which we find ourselves to-day, is in itself a very important region in the P.W.V. area and is

of increasing significance particularly in regard to steel production and ancillary industries.

Moreover, only a few kilometers from here across the Vaal River we have Sasol which has also become world famous in the oil from coal and petro-chemical industries.

Mr. Chairman, naturally I feel at home to-day. This region of our thriving country has been part of my life. It therefore gives me particular pleasure to mark together with you this further fine achievement in a proper and fitting manner. There are several most gratifying aspects of this new venture of your Corporation which in itself is not only a completely South African Company but has been, and will continue to be, of service to South Africa on a major scale. Established in 1947 to serve Iscor specifically, Vecor's activities expanded and became more and more diversified over the years, to serve our country's industry in so many and such varied ways that you have
become a basic strategic industry. Every additional activity places you on an even higher priority as one of South Africa's proud industrial giants, destined to play an ever increasing part in our secondary industry and in our economy as a whole.

What we have seen to-day and which it is my task to open officially to-day is yet another manufacturing facility which adds to your already impressive list of outstanding achievements.

You have now expanded your facilities and capacity to increase production from 20% to up to 70% of South African requirements for cast rolls. This bold action, requiring capital investment of seven million Rand, was taken in the interest of South Africa and must be regarded as a very commendable undertaking.

5/....

- 5 -

We are aware that so many other industries are dependent on rolls for their production processes. Very few building materials, foodstuffs and metals have not at one stage or another passed through rolls. From paper, ink, bread, soap, tobacco, cornflakes, paint, sugar, rubber, glass, chocolate, plastics, powdered milk and so on to metals such as copper, steel, silver, aluminium are rolled at some stage of their manufacture.

Particularly pleasing to me is the fact that you plan saving South Africa about four and a half million Rand in foreign exchange this year, and that this figure should increase to eight million Rand in 1978 when you have reached your planned 70% of the market. Here we have the combined benefits of saving of foreign exchange and greater independence from importation of a vital and major component of so many other strategic industries.

6/....
I have always been a great believer in importation of know-how and the fullest utilisation thereof in order to supplement our own knowledge and experience in the industrial development of our country. We in South Africa have always been most fortunate in enjoying a high degree of co-operation, guidance and expertise supplied to us in great measure by the world's largest and best equipped industrial leaders. Fortunately we have the men who are capable of understanding new knowledge gained from abroad and of applying it to the industries with which they are connected.

Vecor has had its fair share of assistance from overseas, and the co-operation it is enjoying from a leader of the stature of Blaw-Knox is highly appreciated. I am pleased that I can say that to-day to you, Mr. Charles Hauck. May your association with your South African associates continue to be both pleasant and mutually rewarding.

7/....

- 7 -

'n Aspek van u sake-struktuur wat ek interessant vind, is dat u as VIKOR met ingevoerde walse kan meeding op die grondslag van kwaliteit en prys, wat eintlik die enigste ware maatsstaf van doeltreffendheid is. Die feit dat u geen beskerming teen ingevoerde walse vra nie, is ewe prysenswaardig. Hoe meer ons land se vervaardigers in staat is om op die grondslag van kwaliteit en prys met die wêreld mee te ding, hoe gesonder moet ons nywerhede wees.

Dit behoort inderdaad die strewe van elke vervaardiger te wees om die wêreld te kan aandurf met 'n produk van gehalte teen 'n prys wat gesonde mededinging kan staan. Ek weet daar is probleme met klein produksiehoeveelhede en ander tegniese faktore, maar dan weet u ek van baie gevalle waar wêreldmarkte deur Suid-Afrikaanse produkte verower word in weerwil van hierdie stremminge. Dit is 'n absolute vereiste dat ons nywerjarings krugtige stappe doen om markte, plaaslik en in die buiteland, te verower met produkte wat die beste is teen die regte prys.

8/....
Met die vinnige en maklike kommunikasimiddel van vandag waarmee afstand en tyd oorbrug is en die wêreld met die wêreld handel dryf, staan ons nyweraars nie net voor ‘n nuwe en groot uitdaging nie, maar het hulle gulle geleentheid wat hulle met alle mag behoort aan te gryp. Wie weet, dalk de paddie nie te ver in die toekoms nie wanneer VIKOR self ook vir sy walse markte in die buiteland gaan soek en vind. Ek het soveel vertroue in ons Suid-Afrikaanse nyweraars dat ek die hoogste prestasies van hulle verwag.

Meneer Sceales, ons is deeglik bewus van die geweldige rol wat u groep maatskappye in die Suid-Afrikaanse nywerheids- en ekonomie speel. U versvarig en bou vir dekades reeds ‘n byna verbystendende reeks produkte, klein en groot, veral groot. Daarvoor is ons as Suid-Afrikaners dankbaar, en ek wil u graag versel dertyd voorpoed op u pad vorentoe toewens. Mee u en al hoe meer bykomende goodere...

vervaaardig, nie net die waarskynlikheid nie, of om buitelandse uitkants te bespaar nie, maar ook om werkgeleentheid te gee. In en Suid-Afrikaners in alle rassee groeps te wien van ons ons ware en mensskragtige land tot goeter hou, en werklik kon was.

We have been impressed by the size and operation of this new plant. We are pleased that you have made adequate provision for expansion. We, South Africans, have vast new development projects to complete, and new ventures to tackle in the future. For that we need men of vision and dedication and companies with courage and determination. You have already achieved so much in the past ... may you grow from strength to strength in the future.

We have also witnessed with interest the diversification of your operations, making rolls ranging from only 80 kilograms to giant rolls of 65 tons. No doubt new developments, new technology and new associations with overseas expertise will place added on your shoulders.
Mr. Chairman and gentlemen, may this new plant of Vec
do well in the years ahead, may it fulfill its present
and future tasks with success, may it bring you great
satisfaction, and may it be rewarding and fulfilling to
all who are associated with it and who serve in it.

It now gives me great pleasure to declare this plant
officially commissioned.
800 workers fired after pay demand

DURBAN. — The total African work force of about 800 men at James Brown and Hamer's Bayhead establishment were fired yesterday following a deadlock between management and workers over a demand for an increase in wages.

A spokesman for the company said all the workers returned to work early yesterday following a stoppage by about 300 of them on Friday.

Shortly after clocking in "a sizable number" downed tools and renewed their demands for a wage increase.

"It was never quite clear how many originally stopped working but the number increased during the course of the morning. The situation became quite chaotic so we decided to fire the whole lot," he said.

He said he felt it was only about 10 percent of the work force that were demanding higher wages and did not want to work.

"Since we feel that most of them want to work, we will start re-employing them in groups from Wednesday." The managing director, Mr E D MacRae, told the union committee that no increases could be granted until the Industrial Conciliation Board and the trade union officials had negotiated a settlement.

The men claimed yesterday that they were unable to make ends meet on their present salary because of rising costs. — Sapa
He said that after the workers were fired and paid off on Monday they were told they could return today for re-employment. "There were hundreds of them outside the gates at 7 am today and I cannot give an exact figure but it looks to me as though the large majority of them are here," he said.

The total African workforce of the plant were fired by the managing director, Mr E D Mackse, after he refused to grant them an across-the-board three cents an hour increase in wages.

He said the re-hiring of the workers would probably take about a week and would be done in groups.

Production at the plant had not been significantly affected and only the production foundry had stopped working, he said.
R12m profit is ‘not excessive’
says TV king

JOHANNESBURG — Television king Mr Bennie Slome hit back yesterday at people who questioned the R12 million profit made last year by his firm, Tedex.

“Our profit is not in any way unfair or excessive”, said the burly 1.9 metres (or if you prefer six foot three), Mr. Slome, describing his company as an equally imposing cigar.

“In fact, our prices to dealers are probably the lowest in the country.”

He would not reveal the profit made on each set, but a reasonable guess-estimate might be in the region of R70.

This is arrived at simply by dividing the estimated number of sets sold by Tedex — about 120,000 — into the R12 million, which is thought to be the amount of profit yielded by Tedex’s TV division.

Thus gives a figure of R76, but part of the R9 million profit came from manufacture of aerials, domestic and commercial aerial installations, and closed-circuit TV, so that the average profit from domestic TV sets is probably a bit lower, say R70, or even less:

On this Mr Slome is non-committal. He is also reticent about the prices at which Tedex sells its sets to dealers.

However, the going rate to dealers appears to be

R748 for a 66 cm Blaupunkt colour set retains in turn to the public at between R500 to R560 for the smaller Sony colour set and R270 for a black and white set.

Other points made by Mr Slome yesterday:

He has no intention of applying for a further price increase.

The R12 million profit was within the guidelines laid down in the Government’s anti-inflation minister, which specified that profits should not exceed 35 percent of capital employed.

“Our capital commitment is close on R30 million, and the profit must be measured against that.”

Tedex had been allowed to import 100,000 sets, the down (SKD) sets because of its commitment to desex. However, the area where it was committed to go, the Coloured growth point of Atlantis, near Cape Town, was not yet ready to receive a TV factory, although Tedex had already bought land there.
PAY DISPUTE
Mon dismissed

Despite the efforts and engineering firms, Brown and Upper went for the big stick this week when its Manor labour force was led to believe it was to be brought forward. It was told by Managing Director Eric Macle to put back to work or be fired. In came to room, and about 200 workers found themselves paid off. At the time of writing they are being taken back selectively.

Management's attitude is that it is not prepared to anticipate the negotiations, to agree to a new pay agreement to have an advance on the mortgage with the bank and certainly not under pressure. Precisely what pressure the workers are supposed to have applied is not clear, however.

Workers say the hanson committee approached management toward the end of last year and asked for an increase. It was told that there might be something done in January. When nothing was forthcoming the hanson committee was urged to approach management again and was told to wait until June. Then for an interim agreement the workers were relieved.

Workers felt the hanson committee was getting nowhere and asked to speak to Macle, who emerged from his office with the ultimatum. Hardly the best way in which to try and persuade workers that the hanson committee system caters for their interests.
Confusion on TV price call

John Patten, Political Correspondent

The Assembly
The Minister of Economic Affairs, Mr Heunis, said today that applications for price increases have been received from all television manufacturers.

However, two major manufacturers in Johannesburg today denied they had applied for price increases.

Mr Bennie Sotobe, chairman and managing director of Telecast, said “the Minister was wrong. ‘We have not applied for a price increase,’” he said.

Dr C J Fuchs of C J Fuchs Ltd, said: “his group had not applied for an increase but he did not blame the Minister for being wrong as ‘the majority of manufacturers want it.’”

MR J C HEUNIS
MR VAN RENSBURG

Mr van Rensburg said it was alarming that applications had been made for increases in view of the present exceptionally high prices, compared with other countries.

“Any increase would again reduce the ability of the average South African family to own a television set.”

Advantages

“Thus would largely militate against one of the advantages of TV, which is to bring education and entertainment to the masses,” Mr van Rensburg said.

The Government said it intended providing a TV service for Blacks, but if the prices of sets continued to rise, the Government would find there would not be any Black viewing public.

“I believe the Government must strongly resist any further price increases.”

“In view of the huge profits which have been so proudly reported by TV companies, I am amazed they are asking for more,” Mr van Rensburg added.

Volume

Dr Fuchs said he believed the other five have applications in He said his group believed it could not overtake cost increases as sales volume increased.

Mr Heunis was replying to a question from Mr Horace van Rensburg (PRP, Brakpan)
ATI hit by Hamer losses

Two Anglovaal companies — Anglo Transvaal Industries and its subsidiary South Atlantic Corporation — were hit by the shipbuilding losses of James Brown and Hamer in the half-year to December.

Turnover of ATI rose R23.4-million to R198.3-million but taxed profit was only R83,000 higher at R4.2-million.

Its share of Hamers' losses, R46,000, could not be offset against other group profits so that taxation was higher. Currency losses took a provision of R690,000.

Lower earnings also came from subsidiaries Irvine and Johnson and E. L. Rogoff.

Both ATI and South Atlantic, however, hope to maintain their annual dividends this year.

ATI says an upturn in the economy will be necessary if the group is to maintain profits for the full year. South Atlantic says its 1975 profits are unlikely to be matched.

South Atlantic's turnover improved R10.8-million to R101.4-million but taxed profit was R67,000 lower at R1.6-million, a fall of 29 percent. Earnings were 12c (47c) a share.

Its share of Hamers' losses (R1.1-million) and J's lower profits and higher taxation reduced earnings, while the results of T. W. Beckett were better.
Dismissed workers return to work

Johannesburg. — About 200 of the entire work force of 600 dismissed from the Hennemann electric factory at Elandfontein on Friday, returned to work yesterday.

Armed police at the gate arrested four people — two men and two women — allegedly for inciting a strike on Monday.

On Monday police baton-charged a crowd of hundreds of workers who assembled outside the factory gates.

Hennemann's Electric's managing director, Mr W E Wickens, said yesterday there was no real reason for the workers' discontent.

He stressed the management was not prepared to negotiate with a third party.

"The factory is one of the most modern around and has all the amenities available — its liaison and works committees are effective," he said. — Sapa
Workers under the baton

For sheer pigheadedness, some bosses take the cake. The blame for the troubles at Heinemann Electric is to be laid squarely at the door of the company's management.

Despite the fact that the African workers at the company's Elandsfontein factory near Johannesburg's Airport have repeatedly made it abundantly clear that they do not want a liaison committee, management has spared no attempts to foster one on them. Such high-handedness is asking for trouble.

The Transvaal branch of the Metal and Allied Workers' Union tells the FM: Henemann workers began joining it last October. The union claims that 520 of the 600 odd African workers in the factory have now joined.

On February 20, union officials met MD Wolfgang Wickens and presented him with a petition signed by 484 of the workers. It read, "We the workers of Henemann Electric wish to state that we are members of the Metal and Allied Workers' Union (Transvaal) and that we reject works and liaison committee.

We want the union to represent us and not a works liaison committee.

The workers could hardly have stated their position more clearly. But Henemann, which is 70% owned by Barlow Rand and in which an American company in New Jersey has a minority shareholding, would have none of it.

It insisted on attempting to revitalize the liaison committee which the union claims was defunct. Union officials add that management tried three times to arrange committee elections, but that only 27 workers voted on the first occasion, none on the second, and three on the third.

So in this way, too, the workers made plain their position. Henemann dismisses the election boycotts by claiming that union members "hindered" people by persuading them not to vote.

Hennemann also brought in the Steel and Engineering Industries Federation of SA (Seisa) to sell the committee system to the workers. "The union says Seisa officials made crude attempts to discredit it in the eyes of the workers, though Seisa denies knowledge of this.

Matters came to a head last Thursday when 20 workers, two of them shop stewards of the union, were laid off. The following morning, before starting work, their colleagues sought a meeting with management to demand their reinstatement. Police were called, the meeting was refused and the entire work force was sacked.

On Monday this week the workers returned to the factory, only to find the police still there. Again, repeated requests for a meeting with Wickens were made, but these were all flatly rejected.

At 10h00 the police ordered the workers to disperse by 10h30. Workers' leaders ignored the instruction. Although the police were there, their numbers showed that the crowd had already begun to move off when the police left its sides.

A great many of the workers had evidently already moved out of the road leading up to the gates and were walking down the other road away from the factory.

Wickens confirms to the FM that he refused the requests for a meeting. He says he is not prepared to meet "ex workers" or union officials, claiming they have no interest in the factory.

He adds that "the mechanisms of labour negotiations through the industrial council are well established, and the company will not be put in a position where separate agreements are made with individual unrecognized unions unless they are part of the industrial council system."

This bland statement ignores the crucial fact that African workers (unlike others) have no say in the industrial council system. It also ignores the equally important fact that this state affair is becoming increasingly resented.

Wickens' approach to the union represents the vast majority of workers is nothing short of ostrich-like. And the aggressive behaviour of the police can only do further damage to industrial relations.

As Chief Gati-Sha Buthelezi put it to the FM on the police attack, "We feel that the Whites were beginning to move away from the idea that Black labour unrest can be countered by violence."

"It is alarming that they are not returning to that idea. Whether this is a result of the Whites' war psychosis is difficult to tell, but it is doubly alarming at the present time when any spark such as this could light a powder keg in SA."

Hennemann's high-handed action is doing SA a disservice. The liaison committee system is totally ineffective and Black workers are quite right to demand that workers' grievances should be channelled through trade unions only.

There can be no doubt that the perfectly legitimate demands by African for trade union rights are on the increase. Do employers like Hennemann think they can indefinitely restrain them by mass sackings? If so, they are set on a disastrously stupid course.

Why cannot they follow the sensible example of employers in industries like clothing, who have recognized the African union in their factories and carried on amicable relations with it for years?
Increased steel price expected

Mercury Correspondent

PRETORIA — Another steel price rise in the second half of the year is considered certain and the public relations manager of Iscor, Mr. J. C. Jerling, has confirmed that cost increases were biting deeply into the corporation’s potential profitability.

To combat escalating costs, a price rise, he stressed, was urgently necessary.

“Unbundling” of Iscor’s activities — in fact there isn’t one — where costs have not rocketed during the past 12 months.

Iscor ran up substantial losses of R37 million in 1974, and R38 million last year. This was in spite of a total sales revenue of R444.5 million in 1974 and R601.8 million in 1975.

EARNINGS

Increased earnings for the corporation’s 63,000 workers — 24,000 of them White — had also contributed to the imminent financial difficulties.

And, the spokesman said, new demands for increases from June 1 would be the subject of negotiations soon.

Another factor contributing to the steep losses of the past two years was the high interest rates the corporation had to pay for overseas loans.

The corporation’s allocation from last week’s budget amounted to only R50 million.
MORE TV PROFITS REVEALED

THE SOUTH AFRICAN Television Manufacturing Company (SATV) — which was granted a permit to import 100 000 TV sets — earned an estimated R4-million profit on factory sales of about R50-million in 1975.

Tedex, the other recipient of a 100 000 unit permit, earned an estimated R35-million on its TV activities in 1975 out of total profits of R123-million.

In a wide ranging interview with Business Times at East London this week, Mr. Mike Bosworth, 35-year managing director of SATV, made the following comments:

- SATV has sold some 150 000 sets.
- At retail level sales tax on TV sets is sold for at least R120-million.
- There is an increasing demand for smaller sets. To date SATV has sold about 40 000 monochrome sets and 100 000 colour sets.
- Bosworth expects growing demand for the cheaper monochrome sets, as increased income taxes reduce wages and salaries, thus decreasing prices.
- Bosworth sees no need whatever for price increases other than those caused by taxation and the pinch that this pinch in his definition of the television industry appears to over some of the TV marketing and service commitments of the shareholders within their groups.

Heavy stockists

There is what Bosworth describes as "a collective interest of shareholders of SATV to stock television sets in the company. Of this amount R35-million is fixed share capital and the rest to pay for the purchase of cash to the company's balance sheet. This amount to about $10 million is also what the company has to pay for the goods it carries for aesthetic purposes. His definition of the television industry appears to over some of the TV marketing and service commitments of the shareholders within their groups.

SATV (when owned by a 49 per cent by Electra, which is turn consolidated by Mestec; 34.25 per cent by Fall Metal and 16.25 per cent by Gallo) is.

Apparently the company has been unable to finance its activities at extremely low rates with Industrial Development Corporation (IDC) loans of R3.5-million and up to R21.25 million short term bank financing, the bulk of which are needed by German banks where rates are less than half the South African levels.

Bosworth was unclear as to the exact methods employed by the Government in determining the asset base on which the 10 per cent return to TV manufacturers is permitted. He did say, however, that the company had to supply exhaustive details to the Price Controller as to its costs, accounting.

Net profit

The 15 per cent return on assets allowed TV manufacturers by the Government has to be calculated on net profit plus interest charges. This means that profits for purposes of the calculation cannot be reduced by interest payments. SATV's profit of R4-million includes R1-million which was allocated to start-up costs, SATV's spending on new factories a few kilometres from the Cape border certainly generates an air of permanence and purpose.

About 1,000 Coloureds — mainly women — are employed and they earn three to four times what other employers get in this pay average weekly wage, almost R200.

Outside the gates of the plant scores of African women are voluntarily tested and have their names listed among the 50 000 others already working with SATV. According to Bosworth, who is involved in expansion into component manufacture, which will create a few more hundred jobs, the TV industry can never hope to achieve more than a 4 per cent local content in itself.

He points out that the tube alone amounts for 40 per cent and it is highly unlikely that tube manufacture will ever be justified in this country.

He admits, wryly, that if South Africa had opted for a straight import programme with no local industry the drain on our foreign reserves of at least R13-million to date would have been even bigger.

SATV's managing director, Mike Bosworth, with Ciskei workers.

"SATV appears to have genuinely established itself in a border area with all its Black staff coming from the Ciskei. Its starting up costs were therefore far more substantial than those of Tedex which merely equipped an existing warehouse in the highly developed sector and area of a few kilometres from the centre of Cape Town. Secondly, their bases of accounting may have been different. The treatment of interest receivable, for example, Tedex had incurred interest charges of R2.5 million in 1975 but this R2.5 million would have been added back to the profits, thus requiring a bigger asset base on which to calculate return."

Questions about the TV bonanza

This disclosure made by SATV that it was not aware of questions about the great TV bonanza - made up of R35-million agreed on by Ciskei and SATV in 1975 by PSO and SMs.

The vast discrepancy between SATV's estimated R5.9-million TV profit — out of a total of R21.25 million figures — and the R4-million believed to have been earned by SATV is being explained away only in provincial parlors.

Firstly, SATV appears to have genuinely established itself in a border area with all its Black staff coming from the Ciskei. Its starting up costs were therefore far more substantial than those of Tedex which merely equipped an existing warehouse in the highly developed sector and area of a few kilometres from the centre of Cape Town. Secondly, their bases of accounting may have been different. The treatment of interest receivable, for example, Tedex had incurred interest charges of R2.5 million in 1975 but this R2.5 million would have been added back to the profits, thus requiring a bigger asset base on which to calculate return."

The incredible Tedex TV story — a profit increase of almost 500 per cent to R123-million in 1975 — is well documented. A giant of SA telecommunications, the SATV, is the leading company, which has sold sets worth R100-million at retail values.

By STEPHEN MULHOLLAND

THE incredible Tedex TV story — a profit increase of almost 500 per cent to R123-million in 1975 — is well documented. A giant of SA telecommunications, the SATV, is the leading company, which has sold sets worth R100-million at retail values.

THE incredine Tedex TV story — a profit increase of almost 500 per cent to R123-million in 1975 — is well documented. A giant of SA telecommunications, the SATV, is the leading company, which has sold sets worth R100-million at retail values.
Heinemann shuts out 200 workers

By CLIVE EMIDON

Labour Correspondent

BETWEEN 200 and 300 workers formerly employed by Heinemann Electric at Elandsfontein are out of jobs — and the company says it is not rehiring them.

The company, scene of a police baton-charge of workers a fortnight ago after a labour dispute, says it is up to complement with 500 African workers on its books.

A fortnight ago the company sacked all 200 of its African workers. Yesterday the managing director, Mr W. E. Wilcock, said: "We have all we need now in the present economic climate, and we are nearly back to full production."

He said he had rebuffed more than 300 of the original staff and the company had hired nearly 200 new workers.

Yesterday more than 200 people went to the company to be taken on. Some claimed that only 15 men were taken on but Mr Wilcock said 50 workers had been rebuffed yesterday.

In a statement yesterday the Metal and Allied Workers' Union said Barlow Rand, the group controlling Heinemann Electric, was "doing a disservice to industrial peace" in South Africa by "setting their face against the trend" of recognising Black trade unions.

The union underlined three issues which it claims Barlow Rand ignored about the Heinemann dispute.

- There was no strike at the factory but there was evidence to show there had been a lockout of workers by the management which had been preceded by victimisation of union members.

- The police were at the factory gates on the Monday of the baton-charge before the workers arrived at work and before the dispute began — and could hardly have been called in to protect workers who wanted to go to work, as claimed.

- The Barlow Rand assertion that they felt "obliged to negotiate within the framework created by law" was misleading. There was nothing in the industrial council agreement for the iron, steel and engineering industry to stop firms negotiating with Black unions or suggesting they would be opting out of this agreement if they did so.

- Barlow Rand made no mention of the "conspicuous failure" the works and liaison committee system had been.

- Barlow Rand's suggestion that the union was not representative was also misleading. Of the 988 African staff at Heinemann, 484 were members of the union.
Battling on the breadline...

because they can't get work

By CLIVE EMDON
Labour Correspondent

MORE than 1000 Coloured artisans in the engineering industry in the Reef are reported to be out of work—many of them for more than two months.

Yesterday 120 men, mostly welders, reported to the Johannesburg offices of the Boilermakers' Society hoping to be told of available jobs.

They described their individual hardships and the crises facing their families because no money is coming in.

Many spoke of the days they have spent scouring the Reef for jobs only to be turned down—or else found that jobs being advertised were for Whites only.

Workers were particularly angry at finding that immigrant Portuguese artisans are being hired in preference to them, but through crash training courses lasting a few weeks, and taking over jobs in which Coloured artisans have worked for years. They also resent being undercut and replaced by Africans who are moving into skilled jobs on special exemption permits.

Mr Mohammed Abrams, a union official and welder for 24 years, said: "There are more than 1000 of our men out of jobs and looking for work. It is a critical situation for their families. Many of them are going to lose their homes in the coming months because they can't pay the rent."

Mr Boef Nagel, the boilermakers' union organiser for Coloured workers in the Transvaal, said employers were exploiting African workers who were moving into artisans' jobs at lower rates, thus undercutting Coloured and Asian artisans.

He said the union had 15000 Coloured and Asian artisan members. Latest figures show that 1500 Africans are working as artisans under exemptions around the country. Before they were totally prevented from moving into skilled jobs.

Mr Nagel said that while Coloured artisans had made a tremendous impact on the engineering industry in the Transvaal, there were few, if any, training centres for them, while there were many for Africans. The Theron Commission was due to make a report on this fact.

Mr David Wicks, a welder formerly earning R90 a week, has been out of a job for two months now.

"The main thing is that our jobs are being taken over by immigrants. We who were born here and pay taxes should not have to suffer. We have nowhere to go," he said.

He resents the importation of Italian artisans to do jobs that Coloured tradesmen should be trained for.

Some artisans reported that one engineering firm was laying off Coloured skilled workers at the rate of 150 a week, claiming they were being replaced with Portuguese immigrant workers.

Mr K Bueckland, the principal of Boimont, with eight children, said he had been out of work for four months.

"I have walked from factory to factory through Benoni, Germiston, Alberton and Elandspunt. They all say 'no vacancies'".

What the men fear most is losing their homes or flats because they can't pay the rent. Or not being able to buy food or provide for their children.

"We're not eating meat, we're not eating rice just bread, and soon that will be gone," one said.
Workers released on bail

Labour Correspondent

FOUR workers from the Pretoria Rand Heinemann Electric factory who were arrested more than three weeks ago and charged under the Riotous Assemblies Act, have been released on bail following the granting of a Supreme Court application.

Mr Steven Maseko, Mr Abraham Nhlapo, Mrs Lilian Mashinini and Mrs Miriam Mogokwa were released yesterday on bail of R150 each.

The Supreme Court application was made on Friday by the Metal and Allied Workers' Union, of which all four are members, and was not opposed.

Bail had been refused at two earlier court appearances.

The four are due to appear in the Germiston Magistrate's Court tomorrow.

They were arrested on Tuesday, March 30, the day after police had beaten charged workers outside the Heinemann Electric factory at Elandsfontein.
320,000 to
Start 9/1/76
get rises

Labour Reporter

Substantial pay rises are in the offing for low-paid men among South Africa's 450,000 steel and engineering workers.

But artisans earning more than R2.10 an hour will have to rely on their employer's goodwill for anything higher.

The principle of further Black advancement, subject to trade union approval, has also been accepted in the agreement reached by employers and unions on the Industrial Council for the Iron, Steel, Engineering and Metallurgical Industry.

The rises in minimum rates come into effect on July 1, subject to approval by the Minister of Labour and publication in the Government Gazette.

More than 320,000 workers of all races are directly affected by the agreement which lays the basis for the pay of 45,000 men, about 75 percent of them Africans.

Under the agreement, concluded in Johannesburg yesterday, top-flight artisans (rate A) will be assured of a minimum rate: R2.10 an hour (present rate R1.90) or R84.50 a week.

The lowest rate for unskilled labourers rises from 48c to 55c an hour or R24.75 a week.

The new floor price for Black labour amounts to about R105 a month.

Mr. J. E. "Tubby" Faure, national chairman of the 33,000-strong Amalgamated Engineering Union, said that in the economic circumstances, they had not done badly.
JOBS COLOUR BAR

Movement upwards

Trade unions and employers in the steel and engineering industry are busy putting the finishing touches to an agreement which smooths the path for Africans to move into more skilled jobs.

Firms belonging to Seifsa employ 430,000 workers — three-quarters of them Africans. The employees are graded from A (artisans) to I (labourers). In terms of earlier agreements, Africans have been permitted to be placed in middle-rung C and D jobs, but only with the prior authorization of the industrial council. This could be withdrawn.

It was also required that if there was any unemployment in the industry, union labour (ie Whites, Coloureds, and Asians) was to be given preference for C and D jobs over non-union labour (Africans). Further, the employer had to consult the union’s shop steward before applying to the council for permission to place an African in a D job.

Trade union sources have admitted frankly to the FM that unions sometimes used this laborious procedure to delay placing Africans in higher jobs. They also say, however, that this shop stewards could be bullied into giving their consent.

A new supplementary agreement, now in its fourth draft, provides “important and significant concessions,” according to Seifsa director Dr Errol Drummond. Prior council authorization will no longer be required for Africans to move into C and D jobs.

Further, plant-level consultation is expressly provided for. The employer must consult both the shop steward and the union’s area official. The official can thus protect the shop steward from bullying. If they agree, the council must be advised. Should the union suspect that the employer has been fired to make way for an African at a lower wage, it can have the matter investigated.

“If an employer makes a mistake like this,” a union man told the FM, “he will pay for it.”

The trade unions which are parties to the agreement have now also agreed that AB and B jobs may be opened up to Africans, but only with the advance authorization of the industrial council. Union sources told the FM that, once again, union men were to be given preference in the event of unemployment, and that Africans in AB and B jobs would have to work in a “separately demarcated area. There must be no racial mixing at the workplace so as to avoid social friction.”

Trade union sources told the FM they were not opposed to African advancement per se. “We accept that there is a change in the labour pattern. But we want it to be orderly so as to prevent employers causing unrest by pushing too hard.”

Some unions are also worried about Africans being brought in at lower pay-rates. Although the minimum rates laid down in industrial agreements apply irrespective of race, this very often is not the case in practice. Because they are in short supply, White, Coloured, and Asian workers usually command wages well above the minima. For example, the new minimum hourly rate in C is 147c. But union men usually earn substantially more, often 170c to 180c. Africans, however, can be obtained at the actual minimum, so they are cheaper.

An official of one of the unions involved pointed out that there were still Coloured workers in Rate D jobs, and some even in E and F jobs. He said he wanted them to be promoted to C and higher before Africans could move in. This would prevent leapfrogging.
Afrox gains R12m contract

AFROX has won a long-term R12-million contract with Dunswart Iron & Steel Works for the supply of gaseous oxygen. It is the largest oxygen contract negotiated in the past five years. An oxygen plant with a capacity of 60 t a day has been built at Dunswart, Germiston.

The plant increases the daily previous supplies to Dunswart by 25 t a day and will be used in the company's electrical arc steel-making furnaces to accelerate the melting process of scrap steel.

The increased capacity is expected to meet Dunswart's needs for some time.

Dunswart started using oxygen in the electric arc furnaces in 1988. It was originally supplied in-bulk, but because of continued expansion at the plant, this form of supply proved uneconomic.

It was decided to produce the oxygen on site. In 1987 a plant with a capacity of 25 t of oxygen a day was commissioned. Further expansion necessitated the building of this further plant.

Afrox, South Africa's major supplier of industrial gases, has with this latest contract placed itself in an unassailable position with the steel industry.

The company has installed oxygen schemes at four of the five steel manufacturers.

Six on-site supply schemes have been installed, four at Dunswart, Useco, Scaw and Highveld Steel. Two others are at Iscor's Vanderbijlpark and Newcastle works.
NEW DEAL IS ON THE WAY FOR BLACK STEEL WORKERS

By DICK USHER

A SIGNIFICANT new deal for Black workers in the steel and engineering industries is being completed by employers and trade union members of the Steel and Engineering Industries Federation.

The agreement, now in its fourth draft, is being worked out to replace the industrial council supplementary agreement due to expire on Wednesday, and provides for African advancement to the top levels of semi-skilled labour.

Subject to the approval of the Department of Labour, the new deal will provide "important and significant concessions" to Black workers, says the director of Sefasa, Dr Errol Drummond.

Conservative

Apart from the advances in job status and pay that the move will bring Black workers in the industry — about 325,000 of them — the agreement for opening up the higher levels has been brought about with the co-operation of the unions, some of them among the most conservative in South Africa.

Workers within the industries are graded from A (artisan) to L (labourer) and previous agreements have confined African advancement to the middle level C and D grade jobs, but only with the authorisation of the industrial council, which could be withdrawn.

The new agreement provides for African workers to advance into the AB and B grade jobs, also with the consent of the industrial council.

Dr Drummond said the new agreement opened up significant new horizons for Black workers which provided them with a further two notches of advancement previously barred to them.

Great care

"It is significant that this has been agreed to through industrial bargaining, even though we will have to take great care in its application to avoid social friction and resistance to change in the workplace," he said.

Although industrial council authorisation will no longer be required for Africans to move into C and D grade jobs, there will have to be separately demarcated work areas for Africans in AB and B jobs to avoid friction.

Trade unions have accepted the agreement on condition that union men — Whites, Indians and Coloureds — should be given priority for these grades in the event of unemployment, and provided, Africans are not brought in at lower pay.

Worried

Because of labour shortages in the industries, White, Indian and Coloured workers generally command wages above the minimums laid down in the industrial council agreements.

Because of the great mass of African workers seeking advancement, unionists are worried that they will be available at the cheaper minimum rates, which could cause tensions within the industry.

They are also worried about African workers "leapfrogging" over union men in lower grades.
Labourers walk out in "sympathy"

Staff Reporter

VIRGINIA. Labourers at a Boat Hardware plant in Spring stopped work yester-
day because the personnel manager had resigned.

A spokesman for Boat International said in de-
nouncement yesterday that the personnel manager, Mr. Johan Pretorius, had been popular with the labour force.

Mr. Pretorius resigned for personal reasons, but the workers seem reluctant to accept this. Mr. Pretorius was not prepared to come back and explain this to them, however.

A senior company official addressed the workers yesterday, and they later returned to work.

The workers thought Mr. Pretorius had been asked to resign because of his "forward-thinking" policy.

"But that is company policy," explained the spokesman. "For instance, we have a training centre in Springs which is a model of its kind and this is the sort of project to which Mr. Pretorius gave impetus.

"The policy will continue with his successor," he said.
700 men forced to stop work

Mercury Reporter 2019/16 NM

PIETERSMARITZBURG — About 700 workers at a large South African cable manufacturing company here will be forced to go into a two-week recess next month due to a drastic fall-off in production.

The works department of Scottish Cables (S.A.) will close on Saturday and workers will receive two weeks of their Christmas bonus to "provide continuity of income." 

Administrative and certain other departments will, however, continue to operate.

Mr. David Booth, managing director of the firm, said, this year the order book of the electric cable industry had been steadily deteriorating and the situation had reached crisis proportions in the last three months.

He said this was mainly due to deferment of orders by municipalities, slowing down or deferment of certain major industrial projects; a general reduction in the requirements of the mining industry; the present economic climate.

A number of Government, quasi-Government and private concerns had decided to purchase their requirements overseas, taking advantage of lower prices resulting from 'dumping' or the acceptance of less onerous technical standards than those in South Africa, he said.

British specifications were acceptable to international standards, he said.

Scottish Cables have been affected by this situation and for several weeks have, without laying off any employees, been working only a single effective shift, the other shift doing non-productive work.

A decision was taken to close for the two-week period rather than the alternative of "major redundancies in the work force," Mr. Booth said.

The Workers' Liaison Committee had welcomed the move and an undertaking has been given that, there won't be any other short-time closures this year.

Mr. Booth said that the stability of the firm's labour force had been good, and no mass resignations were expected.
Steel price rises by 8.8 percent

The Argus Correspondent

PRETORIA. — The price of South African-produced steel is to increase by an average of 8.8 percent from tomorrow, according to a statement by the chairman of Iscor, Dr T. F. Muller, today.

The price of pig-iron would be adjusted from tomorrow by an average of 11.6 percent to maintain the relationship between steel and pig-iron and to compensate for the higher costs of raw materials and their transport.

The present steel import levy of R10.25 per ton (gross) would remain unaltered until the backlog in the costs of earlier imports had been made up.

"INEVITABLE"

Because of changed economic circumstances Iscor did curtail its expansion programme, but obviously it cannot be summarily suspended and contractual obligations cancelled.

To go ahead with essential extensions, Iscor negotiated substantial loans in overseas capital markets and the Government increased its shareholding.

However, Iscor could not continue indefinitely to finance the provision of increased capacity with borrowed capital.

"It is imperative that a larger share of its financial requirements be supplied from own sources, which makes periodic adjustments in the price of steel inevitable," he added.
Importing of television sets by manufacturers

532 Mr. G. H. WADDELL asked the Minister of Economic Affairs:

(1) Whether any manufacturers of television sets were allowed to import assembled or partly assembled sets during 1975, if so, (a) which manufacturers and (b) how many such sets were each of them allowed to import;

(2) whether the permission was subject to any conditions, if so, what conditions;

(3) whether the conditions were complied with.

The MINISTER OF ECONOMIC AFFAIRS

(1) Yes (a) and (b) Each of the provisionally licensed television manufacturers received permits to import, for training purposes, a restricted number of television sets in any form desired by them, whether assembled or partly assembled. Four of these manufacturers received permits to import partly assembled television sets for commercial purposes, namely:

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barlows</td>
<td>20,000</td>
</tr>
<tr>
<td>SATV</td>
<td>100,000</td>
</tr>
<tr>
<td>Southern Cross</td>
<td>20,000</td>
</tr>
<tr>
<td>Tedelix</td>
<td>100,000</td>
</tr>
</tbody>
</table>

(2) Permission to import partly assembled television sets was granted only to firms which manufacture television sets in acceptable decentralized areas or which have committed themselves to decentralize in this manner. No other conditions except those normally applicable to import permits i.e. value or quantity, nature of imports and duration of validity, were prescribed.

(3) Yes
SAMUEL OSBORN (SOUTH AFRICA)
Coal's for growth

Head office in Denver's Main Reef Road is unpretentious, a not unfitting image, perhaps, for a company whose 64.8% parent comes from Britain's steel city, Sheffield.

But displayed along one wall of reception are the framed citations showing that Samuel Osborn (SA) has long been one of this country's top companies. That it has, is not surprising.

Profits and earnings haven't stopped growing in the years since 1967, and in the five years ended September 1975, the pre-tax profit figure has risen by an annually compounded 29.3%, with earnings growth exceeding that at 32.2%. Dividends over the five years average from 12.8c to the 1975 total of 32.5c.

It's a record which most engineering companies in SA can only envy, and it finds its reflection in the JSE price of the shares, currently 45c and only marginally below the year's 49c high.

True, the shares are exceedingly tightly held and are comparatively rarely dealt up, but the current (historic) dividend yield of 7.2% is among the three or four lowest in the JSE engineering sector, and about 27.5% below the sectoral average.

In the latest half-year for which figures are available, to March 31, earnings went still further ahead to 41c (33c) or by 24%, though, as might have been expected, margins were under pressure, with turnover up by just under 50% at R13m.

The company's history is one basically of association with the SA mining industry. It manufactures and supplies crushing, screening and milling equipment for the quarrying, mining, coal and cement industries. And though the parent is British, a great deal of know-how is American via, for example, the association with the McNally Pittsburg Manufacturing Corporation, of Pittsburg, Kansas, whose strength lies in the engineering of coal preparation plant.

As coal begins to figure even more prominently in our economy — new mines to feed Escom and Saul II, for example — the company obviously aims to be on hand to offer the equipment required, such as crushers, breakers, washers, and feeders. The fact that the US association figures so largely is linked basically to the fact that conditions in SA mines are much more akin to those of the US than of Europe.

However, Samos has other strings to its bow, most notably machine-cutting tools, where it makes and sells, via the Maritzburg-based Somta Tools, high-speed cutting tools, including twist drills, reamers, and milling cutters. This operation began back in 1955, and was a first in SA. Customers here are primarily in engineering, and while the industry is strategic in a sense, the company has to import all its tool steel since none of the required quality is locally manufactured.

Overall, and fortunately, the import content of Samos' products is not all that high, though the commitment for import deposits is nevertheless, company-wise, significant, though MD Henry Snow points out that stocks are being cut back wherever possible.

The company has built up a sizeable export market — though it won't quantify it — shipping to a wide range of countries which include the more sophisticated economies like the US, Australia, Canada, and W Germany.

The overall SA economic recession has, of course, hit the local market for the company's tools and the industry is one which, in any case, tends to cyclical world over. So offset is being sought in exports, with some success partly thanks to overseas economic revivals.

The company's engineering base has also brought it into contact with the building industry, the aluminum industry, the aluminium department distributing, and modestly manufacturing, aluminum extrusions, shopfitting systems and shopfitters' hardware, fittings, other bits and pieces. This grew our of a similar venture in producing such products from stainless steel, though the price of that material made substitution by aluminum inevitable. Some stainless steel in the form of drawn sections, is still handled, however.

It would not be too surprising if this sector of the business suffered somewhat in 1975-76, if only because of the building industry downturn, but, as has become more evident in recent months, there has been a decided trend towards the refurbishing of existing outlets rather than the establishment of new shops, to offer some compensation for Samos.

The company has a 75% stake in Osborn Nu-Way Heating Plants, making and distributing a wide range of industrial oil, gas, and coal combustion equipment which would appear to have prospered, despite the rising cost of fuel oil. Gas burners were inevitably inhibited by the minimal increase in SA gas supplies, and though it has taken rather longer than expected to get the coal-burning side off the ground, the emphasis on coal in the country doubt doubt to benefit the organisation.

Because of its comparatively wide range of products, it's virtually impossible to compare the company, save on the broadest of grounds, with any other JSE-listed concern. There is a degree of competition on the mining equipment side with E L Bateman and with the Fraser & Chalmers division of Mitchell Cotts, but on the other hand both these companies will, and do, buy on tender from Samos Competition, in fact, comes much more from local unlisted and overseas companies, and there's little doubt that it's hot enough.

ALL SYSTEMS GO

<table>
<thead>
<tr>
<th>Year to end-September</th>
<th>Return on capital employed</th>
<th>Pre-tax profit R'000</th>
<th>Earnings cents per share</th>
<th>Paid</th>
<th>Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>29.0</td>
<td>1 428</td>
<td>30</td>
<td>12.9</td>
<td>205</td>
</tr>
<tr>
<td>1972</td>
<td>26.2</td>
<td>1 652</td>
<td>36</td>
<td>16.0</td>
<td>225</td>
</tr>
<tr>
<td>1973</td>
<td>31.3</td>
<td>2 241</td>
<td>49</td>
<td>22.0</td>
<td>262</td>
</tr>
<tr>
<td>1974</td>
<td>34.9</td>
<td>2 887</td>
<td>64</td>
<td>26.5</td>
<td>303</td>
</tr>
<tr>
<td>1975</td>
<td>37.4</td>
<td>3 451</td>
<td>85</td>
<td>32.5</td>
<td>361</td>
</tr>
</tbody>
</table>
When Dorbyl handed over the 8000 t extended Trampco ship Gamtoos to Unicorn Lines in Durban at the end of last week, it was more than 6½ months late. Sister ship, Goutte, now under construction, will probably be delivered equally late, and two container ships due for delivery next year are also said to be behind schedule.

Dorbyl’s Brian Quigley says there are three main reasons for the delays. Bad weather and “the non-availability of adequately trained labour and technically qualified and experienced staff” have been contributory factors, but the main problem has been steel. “Steel, which included large proportions of special quality material, was delivered up to six months late in some cases,” says Quigley. However, “the excessive demand on Iscor has now been relieved by increased capacity and we are promised that these delays will not recur.”

Iscor is incensed at this charge. Nels Olivier, Iscor’s divisional general manager for the domestic market, retorts “According to our own records and knowledge there have been no excessive delays on these plates. Originally we had difficulty in matching up the particular qualities needed for these two ships and there were delays but certainly not up to six months. This would be completely excessive and we would not tolerate it. At most on the special quality plates, about 12 to 15 months ago, delays of perhaps 30 days would have been normal and there could have been delays of up to six weeks, but for the last six to nine months there have been no delays whatsoever.”

Iain Tadhope, branch manager of Dorbyl in Durban, quotes from records to show that high tensile steel for Samson posts and masts which was ordered on August 28 last year arrived on May 14 giving a delivery time of 8½ months.

Thus, Dorbyl, says Quigley, stands by its complaints despite what Olivier says. The argument, apparently, goes on.

Meanwhile Dorbyl is confident that its new shipyard in Durban will give far more flexibility in the future in making up production time where unavoidable delays occur.

With world shipyards competing fiercely for orders, delivery delays, although not unknown elsewhere, are not the best advertisement for local yards.

Unicorn managing director Murray Grandrod gave some idea of the blandishments shipowners are experiencing from foreign shipbuilders when he spoke at the Gamtoos naming ceremony: “I had a visit from a Danish shipbuilder recently who was prepared to quote fixed prices for delivery in 1978 and the first half of 1979. They are apparently able to buy steel at fixed prices from Norway and Sweden and also to buy machinery at fixed prices.”

If pressed, Iscor will quote fixed prices, says Olivier, “but we try to steer away from this and try to influence the parties concerned to accept quotations based on local prices of steel. In other words, subject to escalation in accordance with the published domestic prices of steel which are, of course, controlled.” If fixed prices are quoted they are generally for fairly short periods ahead and are based on expected increases in steel prices.

Grandrod is also critical of the fact that foreign shipowners — “our competitors” — enjoy the benefit of the steel export subsidy (12½% of fob value to a maximum of R100 t) whereas local shipowners do not. He contends that “all ships, whether for local or overseas buyers, should be treated as export orders.”
TV: the slippery slide's underway

Everybody expected a slump when buyers ran out
Suddenly it’s here — with a vengeance

Boom is a thing of the past for the TV industry. Sales have slumped, retailers are loaded with stocks, factories are cutting production drastically, and workers are being laid off.

It was wonderful while it lasted. Total licences taken out by the end of September number 615,000. That’s sets installed in homes. The trend has, however, changed sharply:
March licences issued were 46,000, by September, in contrast, the figure had fallen to 27,000 and by the end of the month the slump was beginning to accelerate — 1,400 on September 27, 1,333 September 28, 1,065 September 29, 657 September 30.

Retail price-cutting of TV sets has long worried government and manufacturer alike. Last year the Price Controller wrote to set-makers noting widespread price-cutting and expressing his concern. He didn’t say why.

But for manufacturers, government’s total management of the TV industry with a host of rules and regulations and special dispensations to a seemingly favoured few, has always raised this spectre.

The defence pointed this out in the recent case in which SA Philips, its MD John Poot, and six officials were convicted of contravening resale price maintenance regulations (Philips has decided not to lodge an appeal).

Firstly, under Ground Rule 8 (of government’s rules for the TV industry) a manufacturer is not allowed to sell a set to a retailer who does not satisfy the manufacturer that it can carry out first-line service of the sets, although the retailer can contract this obligation to a servicing company. Moreover, the manufacturer has the ultimate responsibility for the servicing of his sets.

If the retailer reneges, or goes out of business, the manufacturer must take responsibility for service.

The implications of this rule are serious. If routine servicing at retail level breaks down, the manufacturer must bear the cost of servicing sets no matter where they are installed — perhaps hundreds of kilometres away from his nearest servicing depot. It could mean sending out to homes high trained factory technicians at much higher cost than the semi-skilled operatives which are all that retailers need for first-line servicing.

When hole-in-the-wall retail outlets sprang up at the height of the TV boom this became a real fear. The plants were not worried about the big retail chains or the established radio/bi-fi/TV specialists, all of whom established adequate servicing facilities. They were worried about small retailers with little or no knowledge of TV and with limited financial resources. If they went bust the set-maker could land in the soup.

Manufacturers attempted to discriminate as to whom they would supply sets — but the small traders raised hell and complained to government that they weren’t getting their fair share.

In an effort to protect itself, Philips, for example, adopted a policy of “educating” retailers on the problems and pitfalls of selling TV sets. It produced a guide to profitability which illustrated how to provide for fixed and hidden costs, contributions to overheads, commissions for salesmen, financing, etc.

It showed, depending on turnover, the break-even price at which a retailer should sell a set. Above that price (as long as it was within the 50% maximum margin allowed by government) was profit — below it a loss. It was a relatively rough rule-of-thumb, but it helped.

Philips obviously went too far. It did not simply point out to retailers the dangers of going broke. Its sales staff went around warning some traders who did cut prices that it might stop supplies — and thus Philips fell foul of the Resale Price Maintenance Act which prohibits manufacturers from laying down minimum prices above which their goods must be sold.

Nevertheless, it’s a cautionary tale. And the reasons why Philips feared bankrupted TV shops still apply today. For many small retailers have gone out of the TV business and the manufacturers of the sets they sold must carry the servicing and spares can.

Part of the fault lies with government and its ground rules. Yet to be fair, Pretoria sought only to protect the interests of the consumer, to ensure that whatever set he bought and from whoever he bought it he would be guaranteed that, if it broke down, it would be repaired.

The moral of the story is surely that government should stop constantly interfering in the private sector, with permits, licences, rules, regulations and the like. Or if it must make rules to at least think them through and to ensure that they’re workable.

Has it given thought to what happens under Ground Rule 8 if a TV manufacturer decides to pull out of the market, as current rumour has it? Who will service these sets — the Department of Industries?
That Iscor's senior execs are learning what a wage freeze is all about? The hard way, too. No pay rises for any this year — whether they're Iscor, Metkor, Fowler or Wispeco men. Could it be anything to do with Iscor's own results?
Too good for too long

Message to the hard-hit steel industry: Map out new, realistic objectives

The article is the first of two by Pat Dixon, a Tribune special correspondent in which he takes a

The Tribune

Steel.
Tin breaks records as stocks run out

By NEIL BEHRMANN
LONDON. - Tin had its finest week on the London Metal Exchange when the buffer stock manager - the man who controls the price for the International Tin Council - ran out of stock.

On the news, the three months forward price jumped £107 to a record £5 423, while the cash price rose £135 to £5 690 a tonne. On Friday, three months tin touched £5 530 sterling, with a contango - premium of forward over spot prices - of only £30.

Buffer stock holdings had already fallen 1898 tonnes, but the manager was forced to sell more tin to slow down the rise in prices, especially after the new ceiling which was raised in December, was breached early in the new year.

Mr Williams estimates that there could be a deficit this year of around 20 000 to 25 000 tonnes. There are about 4 500 tonnes in LME warehouses at the moment and these stocks could temper the situation, at least for the next few months. But this depends on whether holders will be prepared to sell.

If a backwardation develops, then they may well sell and buy forward at a discount. Supplies, however, could come from the United States GSA stockpile, but there is a shortage of 20 000 tonnes but this was supplemented by the buffer stock.

At the end of September, buffer stock holdings had already fallen 1898 tonnes, but the manager was forced to sell more tin to slow down the rise in prices, especially after the new ceiling which was raised in December, was breached early in the new year.

According to the Financial Times, it is only the third time in the history of the tin agreements, dating from 1956, that the buffer stock has run out of supplies. The previous occasions were in 1961 and 1967.

Buffer stock operations were restricted in 1974, when holdings were virtually exhausted. The exhaustion of the buffer stock should back up producer demands for another rise in the international tin agreement price ranges when the Tin Council meets at the beginning of March.

The price range was increased three times last year. The cash price of tin was around £3 000 at the beginning of 1976, but has also been helped by the decline in sterling. Cash sterling prices have appreciated by 83 percent in the past year.
Racial strike?

JOHANNESBURG — White workers at an East Rand iron and steel works have threatened to strike — apparently because one of them did not like sitting close to a black worker.

Although production at the Dunswart Iron and Steel Works at Benoni was not affected, long negotiations between management and white workers over the matter took up most of yesterday and will continue on Monday.

Because of a complete block on official information from the factory itself, conflicting stories emerged yesterday about the cause of the trouble.

One version said white workers became jealous of their black colleagues when some blacks were placed in a new control office while whites were left to man the old ones.

The whites had complained the company was pampering its black staff and discriminating against whites, a source said.

Other reports, however, said the trouble arose after a white and a black were placed in the same control room and the white complained about being forced to sit together. — DDC.
Railways

Rate for the job

Regional Bantu Labc

Removals

RESERVES

RESETTLEMENT

Heckett is owned by Mr H L Hallett, a land agent manager at SA American company, Heckett Metals and Affiliates, a Partnership of Pennsylvania based company which has 30% of its New York Stock Exchange, and which in 1976 had 200 offices in 30 states.

The trouble seems to have been last November when Phakwe's capacity as chairman of the works committee worked for an explanation when a worker was dismissed. The police were called and Phakwe told the IAM that the plant appointment officer, Mr Coetzee, said that the reason for the dismissal was that the company would be affected if Phakwe and one of his committee colleagues, Steven Mawi, would be arrested.

Two days before Christmas another worker, known as 'adequate', was dismissed without any reason being given. The union's general manager, Allan Henderson, who was apparently not part of the committee, said that the company's new chairman, Walter Smparu, had been present to discuss Phakwe's position. Phakwe was accused of being on an embargo list, and it was claimed that the union would not be able to negotiate with him. The company accused Phakwe of being on an embargo list, and it was claimed that the union would not be able to negotiate with him.

RSODISIA - General

RSODISIA - Labour

Road motor transpo

Roadmaking

Rubber products

HECKETT DISPUTE 4/2/77

No 2961 a bad boy?

A row is brewing over the dismissal of the chairman of the works committee at Heckett (SA) Pty, a scrap metal plant in Bronkhorst. The worker, Mr Phakwe, is concerned that the Department of

Henochsberg says that the works committee has no power to ask why people are fired but is only entitled to discuss matters like "anomalies and boos" an approach which caused a certain amount of disturbance to the local police station. When the police told them the same, they told the police that they were concerned that the company had complained that they wanted to make trouble for them.

The IAM is owned by Mr H L Hallett, a land agent manager at SA American company, Heckett Metals and Affiliates, a Partnership of Pennsylvania based company which has 30% of its New York Stock Exchange, and which in 1976 had 200 offices in 30 states.

The trouble seems to have been last November when Phakwe's capacity as chairman of the works committee worked for an explanation when a worker was dismissed. The police were called and Phakwe told the IAM that the plant appointment officer, Mr Coetzee, said that the reason for the dismissal was that the company would be affected if Phakwe and one of his committee colleagues, Steven Mawi, would be arrested.

Two days before Christmas another worker, known as 'adequate', was dismissed without any reason being given. The union's general manager, Allan Henderson, who was apparently not part of the committee, said that the company's new chairman, Walter Smparu, had been present to discuss Phakwe's position. Phakwe was accused of being on an embargo list, and it was claimed that the company would not be able to negotiate with him.

The IAM is owned by Mr H L Hallett, a land agent manager at SA American company, Heckett Metals and Affiliates, a Partnership of Pennsylvania based company which has 30% of its New York Stock Exchange, and which in 1976 had 200 offices in 30 states.

The trouble seems to have been last November when Phakwe's capacity as chairman of the works committee worked for an explanation when a worker was dismissed. The police were called and Phakwe told the IAM that the plant appointment officer, Mr Coetzee, said that the reason for the dismissal was that the company would be affected if Phakwe and one of his committee colleagues, Steven Mawi, would be arrested.

Two days before Christmas another worker, known as 'adequate', was dismissed without any reason being given. The union's general manager, Allan Henderson, who was apparently not part of the committee, said that the company's new chairman, Walter Smparu, had been present to discuss Phakwe's position. Phakwe was accused of being on an embargo list, and it was claimed that the company would not be able to negotiate with him.

The IAM is owned by Mr H L Hallett, a land agent manager at SA American company, Heckett Metals and Affiliates, a Partnership of Pennsylvania based company which has 30% of its New York Stock Exchange, and which in 1976 had 200 offices in 30 states.

The trouble seems to have been last November when Phakwe's capacity as chairman of the works committee worked for an explanation when a worker was dismissed. The police were called and Phakwe told the IAM that the plant appointment officer, Mr Coetzee, said that the reason for the dismissal was that the company would be affected if Phakwe and one of his committee colleagues, Steven Mawi, would be arrested.

Two days before Christmas another worker, known as 'adequate', was dismissed without any reason being given. The union's general manager, Allan Henderson, who was apparently not part of the committee, said that the company's new chairman, Walter Smparu, had been present to discuss Phakwe's position. Phakwe was accused of being on an embargo list, and it was claimed that the company would not be able to negotiate with him.

The IAM is owned by Mr H L Hallett, a land agent manager at SA American company, Heckett Metals and Affiliates, a Partnership of Pennsylvania based company which has 30% of its New York Stock Exchange, and which in 1976 had 200 offices in 30 states.

The trouble seems to have been last November when Phakwe's capacity as chairman of the works committee worked for an explanation when a worker was dismissed. The police were called and Phakwe told the IAM that the plant appointment officer, Mr Coetzee, said that the reason for the dismissal was that the company would be affected if Phakwe and one of his committee colleagues, Steven Mawi, would be arrested.

Two days before Christmas another worker, known as 'adequate', was dismissed without any reason being given. The union's general manager, Allan Henderson, who was apparently not part of the committee, said that the company's new chairman, Walter Smparu, had been present to discuss Phakwe's position. Phakwe was accused of being on an embargo list, and it was claimed that the company would not be able to negotiate with him.

The IAM is owned by Mr H L Hallett, a land agent manager at SA American company, Heckett Metals and Affiliates, a Partnership of Pennsylvania based company which has 30% of its New York Stock Exchange, and which in 1976 had 200 offices in 30 states.

The trouble seems to have been last November when Phakwe's capacity as chairman of the works committee worked for an explanation when a worker was dismissed. The police were called and Phakwe told the IAM that the plant appointment officer, Mr Coetzee, said that the reason for the dismissal was that the company would be affected if Phakwe and one of his committee colleagues, Steven Mawi, would be arrested.

Two days before Christmas another worker, known as 'adequate', was dismissed without any reason being given. The union's general manager, Allan Henderson, who was apparently not part of the committee, said that the company's new chairman, Walter Smparu, had been present to discuss Phakwe's position. Phakwe was accused of being on an embargo list, and it was claimed that the company would not be able to negotiate with him.

The IAM is owned by Mr H L Hallett, a land agent manager at SA American company, Heckett Metals and Affiliates, a Partnership of Pennsylvania based company which has 30% of its New York Stock Exchange, and which in 1976 had 200 offices in 30 states.

The trouble seems to have been last November when Phakwe's capacity as chairman of the works committee worked for an explanation when a worker was dismissed. The police were called and Phakwe told the IAM that the plant appointment officer, Mr Coetzee, said that the reason for the dismissal was that the company would be affected if Phakwe and one of his committee colleagues, Steven Mawi, would be arrested.

Two days before Christmas another worker, known as 'adequate', was dismissed without any reason being given. The union's general manager, Allan Henderson, who was apparently not part of the committee, said that the company's new chairman, Walter Smparu, had been present to discuss Phakwe's position. Phakwe was accused of being on an embargo list, and it was claimed that the company would not be able to negotiate with him.

The IAM is owned by Mr H L Hallett, a land agent manager at SA American company, Heckett Metals and Affiliates, a Partnership of Pennsylvania based company which has 30% of its New York Stock Exchange, and which in 1976 had 200 offices in 30 states.

The trouble seems to have been last November when Phakwe's capacity as chairman of the works committee worked for an explanation when a worker was dismissed. The police were called and Phakwe told the IAM that the plant appointment officer, Mr Coetzee, said that the reason for the dismissal was that the company would be affected if Phakwe and one of his committee colleagues, Steven Mawi, would be arrested.

Two days before Christmas another worker, known as 'adequate', was dismissed without any reason being given. The union's general manager, Allan Henderson, who was apparently not part of the committee, said that the company's new chairman, Walter Smparu, had been present to discuss Phakwe's position. Phakwe was accused of being on an embargo list, and it was claimed that the company would not be able to negotiate with him.

The IAM is owned by Mr H L Hallett, a land agent manager at SA American company, Heckett Metals and Affiliates, a Partnership of Pennsylvania based company which has 30% of its New York Stock Exchange, and which in 1976 had 200 offices in 30 states.

The trouble seems to have been last November when Phakwe's capacity as chairman of the works committee worked for an explanation when a worker was dismissed. The police were called and Phakwe told the IAM that the plant appointment officer, Mr Coetzee, said that the reason for the dismissal was that the company would be affected if Phakwe and one of his committee colleagues, Steven Mawi, would be arrested.

Two days before Christmas another worker, known as 'adequate', was dismissed without any reason being given. The union's general manager, Allan Henderson, who was apparently not part of the committee, said that the company's new chairman, Walter Smparu, had been present to discuss Phakwe's position. Phakwe was accused of being on an embargo list, and it was claimed that the company would not be able to negotiate with him.

The IAM is owned by Mr H L Hallett, a land agent manager at SA American company, Heckett Metals and Affiliates, a Partnership of Pennsylvania based company which has 30% of its New York Stock Exchange, and which in 1976 had 200 offices in 30 states.
Inflation and recession cast shadows on steel

Highveld Steel Vanadium lifted attributable profit by 25 percent to R9,6m in the six months to December last year when compared with the corresponding previous period. And for the current six months, the directors anticipate similar earnings (R7,7m).

During the period the issued share capital increased 16 percent but earnings a share still managed to rise by seven percent.

Highveld has declared an interim dividend of 3c. In the 1976 year the company only paid an annual dividend of 13,5c.

The current results are not directly comparable with those of the corresponding previous period because of the company’s acquisition of 65 percent of Vunalloys (Pty) in July 1976.

The outlook for the steel industry during the next six months is not bright. World demand for South African steel exports is low because of lower activity in the world economy and the growing protectionism in overseas steel-consuming countries. And local demand, which is already low, could fall even further because of cutbacks in State expenditure.

The price increase granted to the industry in May last year was eroded before the end of the half year because of hikes in coal power and maintenance charges according to Highveld’s directors.

The 8,8 percent increase allowed from December 3, 1976 alleviated the position but because of lower local sales, almost half the increase will be absorbed by Escom’s 23 percent power price increase which was effective from January this year.

Highveld’s directors warn that the continued inflation is seriously impairing the competitive position of the local steel industry at a time when export prices are under extreme pressure.

***

Volketsvrugt, member of the Mondorff group, incurred a loss of R324,000 for the year ended September 30 compared with one of R37,000 for the previous 12 months.

This was attributable, says Mr P C Vosloo in his chairman’s review, to the tight economic climate resulting in low turnover and cancellation of orders at sale together with high interest rates.

After the initial success, sales in the home building programme decreased, but it is believed that as soon as the economy shows an upturn the demand for housing will increase and the group will be able to dispose of its stock of proclaimed stands.
Labour Reporter

A call for an end to the immigration of artisans was made today by the general secretary of South Africa's largest engineering trade union.

Any remaining shortages should be eliminated through training and retraining of South Africans, said Mr. Wessel Bornman of the 35,000-strong Iron, Steel and Allied Industries' union.

A spokesman for the Department of Immigration revealed in Pretoria that

- Immigration of men in all occupations of the building industry—from architects to bricklayers—had ceased.
- The same applied to the television industry specialists.

Dr. Errol Drummond, director of the Steel and Engineering Industries' Federation, said recruitment for these industries still continued abroad.

Asked to elaborate, he said: "There is a number of specialist trades wherein there are still chronic shortages."

PRINCIPLES

The spokesman for the Department of Immigration said the department had adapted itself to supply and demand. Foreign recruitment was a "cumbersome and expensive" process which employers were unlikely to follow if sufficient good workers were available locally.

He spelled out some of the principles to which the department adhered:

- It was Government policy that immigration should not be detrimental to local workers regardless of race.
- Immigration, simply for the sake of bolstering the white population was never policy.
- It was illegal to bring people to South Africa to fill jobs for which there were sufficient South Africans.
DUMPING

A common practice in international trade, dumping refers to the practice of selling goods abroad at a price lower than the cost of production, often to eliminate competitors or gain market share. This is illegal under the World Trade Organization (WTO) rules.

The Export Council is a government body that promotes and facilitates exports of goods and services from the country. It helps businesses to develop export markets, provides assistance in market research and product development, and works to overcome trade barriers.

The Michael Chesteroot report criticizes the Export Council for not doing enough to address these issues and calls for a more proactive approach to promoting exports.”

Headwinds

Despite the challenges, the steel industry continues to face headwinds. The steel market is highly competitive, and prices are volatile due to fluctuations in demand and supply. In addition, the steel industry is facing increased pressure from domestic and export markets, as well as from environmental concerns and regulations.

The report recommends that the government work closely with the steel industry to address these challenges and to promote sustainable growth. It calls for a stronger focus on innovation and research to develop new technologies and products that can help the industry to remain competitive in the global market.”
THE UNION STEEL CORPORATION (OF SOUTH AFRICA) LTD.

REPORT FOR THE YEAR ENDED 31ST DECEMBER 1976

The Directors announce that the audited consolidated results for the year ended 31st December 1976, are as follows:

<table>
<thead>
<tr>
<th>Twelve months ended 31/12/76</th>
<th>Twelve months ended 31/12/75</th>
</tr>
</thead>
<tbody>
<tr>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>Turnover</td>
<td>141,457</td>
</tr>
<tr>
<td>Trading profit</td>
<td>14,346</td>
</tr>
<tr>
<td>Income from investments</td>
<td>542</td>
</tr>
<tr>
<td>Less</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,739</td>
</tr>
<tr>
<td>Interest on borrowings</td>
<td>3,911</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>7,238</td>
</tr>
<tr>
<td>Taxation</td>
<td>1,598</td>
</tr>
<tr>
<td>Group profit</td>
<td>5,640</td>
</tr>
<tr>
<td>Earnings per ordinary share</td>
<td>19,44 cents</td>
</tr>
</tbody>
</table>

Interest paid, however, increased by R'752,000 as a result of higher interest rates and increased cash requirements for the financing of working capital and capital expenditure.

DIVIDEND ANNOUNCEMENT

Notice is hereby given that a final dividend of 14 cents per R'0,00 share has been declared on the Cumulative Participating Preference 'A' and 'B' shares for the twelve months ended 31st December 1976.

Notice is also given that a dividend of 5,5 cents per 50c share has been declared on the ordinary shares.

Dividends are payable to shareholders registered in the books of the Corporation at the close of business on the 11th March 1977.

The transfer books and registers of members will be closed from 12th March to 25th March 1977, both days inclusive, and warrants will be posted from Johannesburg and London on or about 14th April 1977. Registered shareholders paid from London will receive the United Kingdom currency equivalent on 5th April 1977 of the rand value of their dividends.

Any change of address or dividend instructions must be received by the transfer secretaries on or before 11th March 1977.

Non-resident shareholder's tax of 15 per cent will be deducted from dividends where applicable.

By order of the Board

D C ODLNDAAL
Divisional Manager
Finance & Administration

Transfer secretaries
Consolidated Share Registrars Ltd
62 Marshall Street
Johannesburg
2001

Registered office
P O Box 48
Veilingweg
1940

London office
P O Box 61051
Moldartown
2107

Charter Consolidated Limited
P O Box 102
Charter House
Park Street
Ashford
Kent TN24 8EQ
England

17 February 1977
Old-age homes
O.A.U.
O.E.C.D.
OWNERSHIP & CONTROL

P:
Paper industry
PARAGUAY - General
PARAGUAY - Labour
Press Laws
Pensions

Peri-urban Boards

JOBS COLOUR BAR

Edgy engineering unions

First it was building. Now some of the registered unions in engineering say they are unhappy at Black job advancement.

The problem appears to have begun when the Steel and Engineering Industries Federation (Seisa) sent out a circular interpreting last year's supplementary industrial council agreement, which provides that Africans can do certain "semi-skilled" jobs previously barred to them - provided the unions agree to grant the necessary "exemptions" from the industrial colour bar.

The circular said African workers could be used without union agreement in newly created jobs. Unions claim this would violate the agreement which they argue calls for consultation in these cases as well.

The issue will be clarified at a meeting on March 2. Unions warn that if the matter is not resolved they will demand a reversion to the status quo ante.

If this were to happen, unions say, Africans presently employed in the B, C & D semi-skilled categories could lose their jobs - at least until the dispute is resolved.

The problem doesn't end there. The Amalgamated Engineering Union (AEU), argues that, because some of its members are out of work, the supplementary agreement no longer applies.

The union points to a clause in the agreement which states that the African advancement provision will not be in force during a recession. This means that Africans currently holding "exempted" jobs could be replaced by union members who are out of work.

Some unions complain that unemployed members are being told by employers there is no obligation to employ them.

Seisa's director Errol Drummond says the unions are happy to listen to the union's case but adds, however, that he is satisfied that the circular has not abrogated either the terms or spirit of the agreement.

Other unions are steamed up by what they see as employers refusal to train and retrain coloured union members for higher jobs. "We don't mind, or money being spent on African training but nothing seems to be done for our members on the Reef," says Engineering Industrial Workers' Union general secretary Arthur Poole. He says unions suspect that Seisa prefers to train cheaper African workers in an attempt to supplant coloured labour.

Drummond replies that he is sympathetic to unions' views on training, but that Seisa is doing precisely what the agreement permits it to do.

The supplementary agreement and the main industrial agreement expire on June 30. Unions say Seisa may want to renegotiate it in order to allow Africans into B, C & D at will. Others say unemployment will make this unlikely.

Comments Drummond. Any wage claims submitted when the agreement expires will no doubt be examined by us in the light of the current situation. But he adds that Seisa will obviously be influenced by the possibility of a bounded package deal.

Also likely is the possibility of a strike by skilled or semi-skilled members. This is due to a shortage of skilled (white) labour in the industry as a result of Sasol II.

Seisa should start recruiting within the next month and it will have to the imported artificers. This is partly due to the need to import certain skills - but, even so, there simply aren't enough local artisans to go around.

Both Poole and the SA Electrical Workers Association say there won't be enough men to go around and the SA Boilermakers Society says it expects Sasol II to mop up existing unemployment in B, C & D - so employers can expect some tough bargaining when June 30 comes round.

ABOUR, S.A. - Pass laws
ICANS
URITY - Pensions
CTOR - Local
IZATION - General
V
CTOR - Government

\[ data and comment\]
\[ distribution, ion, language, affiliation, etc.\]
\[ formally active persons\]
\[ WER & specific sectors\]

GROUP AREAS

HOMELANDS
URBAN AFRICANS

or material on arrivals

MIGRANT LABOUR

births, deaths, divorces, life rates, illegitimacy,
fantile mortality
well as material on

ann.
Unions call for general pay rise

Labour Reporter

Trade unions in South Africa's largest industrial sector — the iron, steel, engineering and metallurgical industry — have asked for across-the-board pay rises averaging about 8 percent for artisans.

The demands, affecting employers of about 500,000 workers, call for higher percentage increases for lower skilled workers with a maximum of 20 percent for the lowest paid unskilled labourers, according to informed sources.

In addition the unions have asked for:

- Extra pay adjustments to narrow the gap between the artisan and the skilled non-artisan.
- Automatic pay adjustments to bring future wages in line with increases in the Consumer Price Index.

The demands, put forward jointly by the trade unions this week, are expected to set a pattern for wage demands in other industries.

The industry's new wage agreement is being negotiated to take effect in the middle of the year.
Band of hope for jobless

By DICK USHER

Workers who lost their jobs in the recession-hit shoe and leather industries are planning to form their own co-operative business.

According to Mr D. R. Singh, chairman of the local branch of the National Union of Leather Workers, 475 workers lost their jobs when the Shoe Corporation closed earlier this year.

There have been other redundancies, and although jobs have been found for some of these people, there are at least 500 unemployed in the Durban area alone.

Many are older workers with 20 to 25 years experience in the industry who are finding it difficult to find work.

With hopes for the economic climate definitely gloomy, the workers decided to attempt a shoe-it-yourself venture with them providing the capital and skills to set up their own factory. Shares in the project will be available at R1 each, giving even the poorest workers a chance of becoming shareholders in the factory. Employed leather workers will be encouraged to support the venture also by becoming sleeping partners.

A committee of 19 has been formed to draw up details for the co-operative, operating from the Durban branch offices of the National Union of Leatherworkers.

Mr V. Rengan, a former employee of Shoe Corporation, is handling affairs during the formative period.

The workers hope that through friends on the Industrial Council connected with the leather industry they will be able to get inexpensive machinery to get the scheme underway.
A. WILL SAVE

R2m A YEAR

Mercury Reporter

WITH the opening of new extensions to its Pietermaritzburg plant, Heletts Aluminium will save South Africa about R2 million per annum in foreign exchange.

The R23 million expansion programme will go into operation in two months' time and will now manufacture thin gauge aluminium for easy-open cool drink and beer can tops and lithographed punting plates.

Presently South Africa is importing about 4,000 tons annually from America and Germany for these products.

Managing Director, Mr. Norman Duncan, said yesterday: "As soon as we start supplying the country's total requirement for can tops within three to four years, it will save around R2 million per annum on imports."
Rising steel exports run into barriers

SOUTH AFRICAN steel exports continue to increase, but steel mills face growing difficulties because of protectionist measures by certain countries, coupled with the highly competitive state of the international steel market.

The Steel and Engineering Industries Federation says exports of primary steel products are necessary to offset the short-fall caused by the substantial drop in South African ordering.

Demand in the metal and engineering industries remains weak, although it has not fallen appreciably below the low levels towards the end of 1976. No sector of the industry, except the tube-makers, has reported any significant improvement in business.

"Activity in heavy engineering and steel foundries, previously sustained by public sector requirements, is in sharp decline. No early relief from these conditions is foreseeable, and falling volumes of production in months ahead are anticipated following the general fall in demand."

On the iron, steel and ferro-alloys sector, the report says orders to the mills from manufacturers remain weak and the trend is downwards. However, with higher export tonnages of rolled steel and ferro-alloys, this sector is a major earner of foreign exchange.

The tubes and pipes sector met with a revival of ordering in February, and reports were more favourable than in recent months. The light metal manufacturing sector had slightly more favourable reports.

Elsewhere, the picture was generally gloomy.

Automotive component manufacture: Short-time working is widespread and production levels are low.

Building industry supplies: The trend of demand is still downward. Production reports are distinctly poor.

Electric Cable: This one of the hardest-hit sectors, and reports are unfavourable.

Foundries: Orders in the steel foundries are slowing, but normal working hours are being maintained. In the case of iron foundries, however, the number working short-time increases.

General Engineering: Conditions are no worse than reported in the fourth quarter last year after a marked deterioration from the second quarter onward. The number of plants reporting short-time working is increasing.

Heavy Engineering: Recent months have seen a sharp fall in the flow of orders and this trend continued in February.

Plastic manufacture: The year has started unfavourably with a renewal of the downtrend in demand.

Shipbuilding and repair: Conditions remain poor. — Sapa
Warning against pay rise

JOHANNESBURG — The director of the Steel and Engineering Industries Federation, Dr L Drummond, warned last night that if union demands for a new wage deal were met this could spell disaster for many industries.

He said there were already substantial layoffs in industries associated with building supplies, the motor industry, foundries, the television industry, the shipbuilding and repair industry, and in general engineering.

Dr Drummond had just arrived back from an emergency meeting in Durban where the engineering industry was faced with placing 72 apprentices. In addition, a shipbuilding firm had laid off 230 artisans.

The 10 registered trade unions in the steel and engineering industries, which employ 475 000 workers, have tabled a wide range of demands for pay rises and new benefits. DDC.
We must pay less for scrap, say merchants

BY TONY KOENDERMAN

STEEL ENGINEERING and structural firms will come under pressure to accept a lower price for scrap steel following the collapse of negotiations last week between scrap dealers and scrap consumers.

About 1-million tons of scrap (equal to nearly 15 per cent of the nation's original steel production), worth R30-million, is purchased annually for the steel industry by Ferrous Scrap Distributors.

The 49-member ferrous division of the Metal Merchants Association, which supplies 80 per cent of the steel scrap consumed in mills and foundries, has been negotiating for an increase in the prices paid by FSD.

But the steel industry, faced with a slump in domestic demand, tough competition in export markets, and big wage demands, had to instruct FSD to give the thumbs down.

FSD is a non-profit company owned by the steel producers.

The current price paid for steel scrap, depending on grade ranges from R24 a ton upwards, according to Solly Abkin, chairman of the association's ferrous division. The average is about R30 a ton.

"But our costs are rising by 15 per cent a year or more, and without an increase in price we will be forced to ask the generators of steel scrap, such as engineering firms, to accept a lower price from us," he said.

Bins

The merchants also argue that they are providing a service to scrap generators, by providing bins in which to store the scrap, and often, too, removing refuse as part of the deal.

The Seifsa scrap index shows that the cost of scrap has risen only 14.5 per cent since May 1976.

There will be a further rise in the next month as a result of higher rail tariffs, which will cost FSD at least another R100,000 a month.
No jobs, no pay, claim workers

Labour Reporter
More than 30 former workers of the East Rand engineering firm, Memo Industries (Pty) Ltd, were unemployed today. And many of them claimed they had not been paid.

About 14 of the firm's employees kept on to finish a specific task, were unable to work today because the factory in Randfontein was padlocked.

Workers claimed the rent had not been paid by the firm.

One of the workers, Mr W D le Roux, said he was working yesterday when he was tapped on the shoulder and told to report for the news that "we were out of a job and getting no pay."

DISAPPEARANCE

Other workers said the firm's manager foreman, Mr Bill Delport, told them that the owner had "just disappeared" and that no money was available to pay them. He told them to leave.

Later, they said, Mr Delport's brother Jack, who supplied a lot of work to the firm told them the owner's wife had told him in a telephone conversation that the owner was in Port Elizabeth on business and would return on Friday.

About 15 workers were at the Industrial Council for the Steel and Engineering Industry in Johannesburg today to make statements.
African jobs could be a key issue when employers and unions in the engineering industry sit down to discuss the industry's wage agreement, which expires in June.

A war of words has been waging between the two sides for some days. But it's almost certain that some sort of compromise will be reached. The jobs colour bar will probably be a key issue in that compromise.

Not that the wage issue isn't important. The unions are asking for 8% increase in the higher categories and 20% for the lower paid men. This, they say, will help close the wage gap.

The unions say the higher grade increases barely keep up with inflation. "They're modest demands and we're sceptical about employer claims that they'll cost R250m," says Tom Neethling, of the Amalgamated Engineering Union (AEU).

Retorts SeFsa, director Errol Drummond: "It's hard to reconcile the unions' wage aspirations with their desire to keep members in work."

SeFsa is demanding that the existing agreement be extended until economic conditions change. Drummond points to unemployment-rising sharply at present; particularly in Natal, he says — and says that SeFsa's priority is to keep men in work.

One unionist at least feels sure the job colour bar will be a bargaining counter, as has happened in the past few years with union agreement to block movement up the jobs ladder being the price the employers exact in return for wage increases.

Drummond recently said that SeFsa might consider wage hikes as part of a package deal, but says this is not on the cards now. "I wasn't referring to these negotiations and, at any rate, a lot of work has gone under the bridge since then. The jobless situation is deteriorating rapidly and we simply can't afford a cut."

The seriousness of the joblessness problem will be crucial. It will determine as how eager employers will be for concessions and how willing the unions will be to discuss them. Both the AEU and the SA Bloodmakers' Society report that artisans are relatively unaffected by unemployment; the pinch being felt mainly in the semi-skilled categories.

Some set their hopes on Sasol II to take up the slack, Drummond is not sure — but adds that "Sasol will require a specific type of skilled labour, and this is not where the unemployment problem is."

The unions are a bit more hopeful, but concede that Sasol will draw labour from the artisan group, resulting in a slight cut in some workers' numbers.

(See in this regard: Bantu Education 'Plaasskool in die O.V.S.' and plaasskool word ingewy.)
Talks on pay

Mercury Correspondent

JOHANNESBURG — Trade unions in the engineering industries which employ 478,000 workers are due to start preliminary wage negotiations with employers in Seifsa (Steel and Engineering Industries Federation) on May 10.

This was decided at a national executive meeting of the industrial council for the industries in Johannesburg this week.

Dr. E. P. Drummond, director of Seifsa, said the whole management board of the federation would be present at the negotiations.

Mr. T. S. Neethling, General Secretary of the Amalgamated Engineering Union, said the 16 unions would be fully represented.

The unions have proposed a wide range of increased wages while Seifsa has said the industry can't afford increases at present.
Obstacles to black advancement are falling away

THE TRAINING of black South Africans to assume increasingly important roles is being given top priority by Olivetti Africa.

This applies not only to the management and technical side of the company's operations in this country, but also to sales.

Obstacles to their advancement are being removed as fast as possible and, for the job, irrespective of colour, is already in force and efforts are being made to drop racial barriers in the company's social clubs in Cape Town.

John Henrick, personnel manager, said: "We make no distinction on the grounds of colour. Everyone is given the same opportunity. The only way to ensure that blacks make use of those opportunities is to see to it that they are properly trained."

"Our training for blacks is far more intensive than any other business machine company in South Africa."

"The Business Equipment Association's Training Centre, which subsidises the training of blacks, last year gave us a subsidy of R5 000, which is more than it gave any other business machine company in South Africa."

Olivetti's service department employs 50 black technicians out of a total complement of 510 and the assembly plant employs 25 fully trained black assemblers out of a total staff of 29.

Ronald de Marco, in charge of technical backup, and Maria Zana, in charge of the factory, agree that it takes longer to train a black technician than it does to train a white, but point out that once trained they are as good as whites.

"Our selection of blacks for technical training has also been at fault. We are overcoming that problem by using a new aptitude test."

We intend to increase our intake of blacks this year.

"We have adopted an evolutionary process for our blacks. At present they are still on the more traditional lines, such as typewriters and adding machines, which allows us to train our white technicians to service more sophisticated machines."

"But blacks will also be trained to service more sophisticated machines when the time is right."

"Our attitude to our black staff has paid handsome dividends in the shape of loyalty to the company."

"Many of our black workers have been with the company for many years and are now earning high wages. Philiemon Malatsa, the managing director's chauffeur, has been with the company for 20 years, and has holidayed overseas on several occasions."

"Edward Letsaola has been with the company since 1949."

Olivetti Africa's chauffeur, Philiemon Malatsa... loyalty to the company has paid handsome dividends— including several overseas holidays. Mr Malatsa has been with Olivetti for 29 years.
The Minister of Defence, Mr. P. W. Botha, said this when he opened an Armscor plant in Pretoria yesterday.

Named Project Spitskop, it cost more than R11 million and will make ammunition for all three branches of the Defence Force.

Mr. Botha said South Africa was already 75 percent self-sufficient in arms, including Air Force planes, explosives and propellants. Explorers and certain arms spares were sold to other free world countries, bringing in foreign exchange.

Armscor recently started an optical and electro-optical plant. It had established a highly sophisticated technology.

Armscor said South Africa began manufacturing its own arms because of the threat of a Western embargo and because “our national self-respect demanded it.”

The 25 percent of arms which South Africa now imported would be the most difficult to manufacture locally.

Heavy demands would be placed on Armscor and its private contractors.

A total effort was needed. Special expertise and ingenuity must be developed to provide those critical items which the country was now denied.

Mr. Botha replied to criticism by industrialists that the private sector did not get its proper share of expenditure on armaments. They had said that Armscor kept this “delectable dish of business” running into hundreds of millions of rands, for itself.

“Let me put the record straight,” he said. Armscor followed his personal instruction to use existing outside manufacturers to the full. When economically possible, Armscor would promote new facilities in the private sector.

Armscor, therefore concentrated on those areas which were either too un-economic or too strategic to hand over.

“More than 75 percent of the total amount spent on arms within South Africa lands in the pockets of private industry.”

“This is a significant achievement, especially, taking into account that our self-sufficiency drive started to gain momentum only within the past 10 years.”

Mr. Botha said the site of Project Spitskop, represented one of the first and most important cornerstones of South Africa’s arms self-sufficiency.

The original factory, where millions of rounds of .303 ammunition had been produced during World War II, and its sister factory, where rifles were now being made, were the first two facilities entrusted to Armscor in 1968. — Sapa
Protea in R4.25m steel deal with Stewarts & Lloyds

THE TAKEOVER struggle between Abercom and Protea entered a new phase yesterday with Abercom amending its offer to include a participating pref option and Protea selling certain steel operations to Stewarts and Lloyds with immediate effect for R4.25m.

Stewarts and Lloyds is to acquire certain of the assets of the Steel Service Centre of South Africa. H. Alers Hankey (expanded metals) (Pty) Ltd, and the shares in, and shareholders’ claims against, H. Alers Hankey Cape (Pty) Ltd and H. Alers Hankey Natal (Pty) Ltd.

H. Alers Hankey is the holding company of these subsidiaries and is, in turn, wholly owned by Protea.

Abercom has done is to sell these steel operations which were giving a low return, at a discount of around 20 percent. At the same time, this has removed what would have been an overlap in a merged Abercom-Protea.

Apart from the original 33-for-100 Protea terms which remain Abercom has added the option of 100 for the fixed cumulative dividend a pref shareholder will also be entitled to a participating dividend of 20 percent of the sum by which Abercom ordinary dividends exceeds 30c in any financial year.

Since the original offer was made both Abercom and Protea’s share prices have dropped. Abercom from 215c to 205c at Thursday’s close and Protea from 73c to 66c.

(Thursday) Thus, at that stage the original offer was worth 67c a Protea as against 73c on May 4.

Both shares improved in the market yesterday with Protea spiking to 74c following the offer (some 103,000 changed hands) and Abercom up to 205c.

Abercom’s amended offer was announced soon after a lunchtime yesterday and prompted sources close to Protea to allege that by making the alternative offer of prefs Abercom was merely trying to undervalue the value of the original bid on May 4.

The sources claimed that in terms of any accepted basis of valuation, particularly as regards capital cover, the pref shares would not have a value of 80c and the value should be about 71c per Protea share.

This was no improvement on the original offer which was equal to 72c at May 4.

In addition, some land companies began to realise the potential of encouraging white settlement on their land as opposed to leasing.
SCRAP METAL

Selective scavenging

Eighteen months ago (21 August 1975) scrap merchants complained they were being denied profit margins and were pleading for swifter returns for their labour and capital investment.

Now, it seems that the never-ending war over scrap prices between the Ferrous Scrap Distributors (FSD) and the Metal Merchants Association (MMA) whose 40 members are claiming nil return on capital employed has prompted the Department of Industries (DOI) to ask the Board of Trade to investigate the entire scrap metal industry. The DOI's chief industrial adviser, Commercyt Klett, confirms this.

Argument was, 18 months ago, that the price paid to scrap merchants by the FSD - the sole purchaser of ferrous scrap - bore no relationship to that of finished steel.

Merchants threatened to pull in their horns and cease collection costs by scavenging only in central areas.

The ferrous scrap dealers collect upwards of 1m t/year. But around 20% more lies untapped, unsold and unprocessed simply because the merchants argue it isn't worth their while to collect.

Earlier this month FSD rejected a MMA claim for higher prices (dealer sources suggest that the claim was for approximately 30%). That, apparently, has prompted a BTI investigation which Economics Minister Chris Heunis is expected to announce shortly. It could lead, sources believe, to the opening of merchants' books for the first time.

That's something FSD would welcome.
furthermore, the small, narrow pines are likely to have little impact on the overall planning of the area. The narrow pines are typically grown in areas with limited space, such as residential neighborhoods or small farms. However, the narrow pines are more susceptible to damage from wind and other environmental factors. The narrow pines are also less tolerant to diseases and pests, which can further reduce their viability. In addition, the narrow pines are often less aesthetically pleasing than their wider counterparts, which can be a consideration for landowners.

On the other hand, the larger, wider pines are more robust and can tolerate a wider range of environmental conditions. The wider pines are also more resistant to diseases and pests, which can be a significant advantage in areas where these issues are prevalent. Furthermore, the wider pines are more visually appealing and can be used to create attractive landscapes. In general, the choice between the narrow and wider pines will depend on the specific needs and preferences of the landowner. It is important to consider factors such as space availability, environmental conditions, and aesthetic preferences when making this decision.
At least 240 companies, subsidiaries or divisions in SA are involved in the welding industry, according to the April issue of Founding, Welding and Production Journal which lists welding processes, metals normally fabricated, faciities such as shot blasting, design services and such, as well as welding capacites.

Total steel plate and sections production is around 1 Mt/year, selling at an average price of around R174/t. The steel is used by more than 3,000 large and medium sized companies who are members of Safsa, the steel and engineering federation.

Total electrode consumption (excluding specials) is 20,000 t/year worth some R12.6m, while semi-automatic CO₂ gas metal arc welding (MIG CO₂) consumption is around 4,500 t/year worth R4.78m.

Although SA still imports sophisticated welding and cutting equipment, locally manufactured units range from cutting nozzles to power packs, gas regulators, manipulators, columns and booms. Several are exported.

The total welding machine market is estimated at R8.7m for manual metal arc, R6.1m for MIG-CO₂, R2.6m for flame cutting and R8.7m for other processes.

The manual metal arc process enjoys the greatest popularity in SA although MIG currently has the highest growth rate.

In an interesting table, on major capital projects between 1976-80, construction, mining, metallurgical, oil and electrical, pulp and paper, chemical, textiles and communications will be spending some R26.155m with some R1.240m being spent last year.

Welding should be reaping quite a share of that amount. As Maj. General Webster, Director General (Resourses) of the Defence Force points out, Sisal II is projected to cost R2.500m and will use 14,000 workers, more than 10% of which will be welders.
DUNSWART  
Profitability problem

Executives at Dunsward Iron & Steel and General Mining are trying to turn around the massive R18.5m insurance problem of Dunsward was unable to repay a £5m Svcr. loan in March 1977 and had to borrow the money from General Mining, which lent R7.5m at 14%. Meanwhile, the Dunsward mill has become run down and increasingly unprofitable. It badly needs revamping and R3.5m in borrowings had been paid on this by December 31 1976. Another R7.5m is required for unavoidable renovation and reconstruction while a further R3.5m will be needed in the next future for maintenance, pollution control and additional rail facilities.

These cash requirements are in addition to normal replacement capital which will be financed from depreciation and cash flow. The report says R2.5m is necessary immediately and General Mining has been approached for this sum. The rest Dunsward has undertaken to raise itself before the end of this year. It seems Dunsward has under-depreciated over the years. It has been shown a price-controlled product and earnings have not been adequate to allow for needed modernisation and expansion. Total capital invested but never

meagre 3.5% from R19.8m in 1974 to R20.5m last year. Crude steel production actually declined from 307 000 tons in 1973 to 273 000 tons last year. The sponge iron plant, which has absorbed the major portion of investment funds available recently, last year turned out 98 000 tons.

Taxed profits, excluding the steadily rising dividend income from Standard Brass, have fallen from R1.9m in 1973, to R2.35 000 in 1974, R2.05 000 in 1975 and a R3.5 000 loss last year. There have been large currency and other extraordinary losses. It's a situation similar to Iscor's but Dunsward has not had Iscor's easy access to State and international loan funds. I'm told the Dunsward plant is out of balance with crude steel capacity exceeding rolling capacity. Much of the money still to be spent on the plant will go towards increasing rolling capacity, for rolled steel is more profitable than crude.

Two particular questions are worth pursuing why has Dunsward steadfastly paid dividends, when it could not afford to modernise and expand, and why, since it has been quite moderately geared for the past, did it not borrow years ago, when this was still possible?

It's been an open secret that Dr Fred Zeolner and the General Mining board have not seen eye to eye for years. The precarious position of Dunsward seems to have been the last straw for Gen Min. Not only has Zeolner been replaced as chairman of Dunsward — a position he has held for 20 years — but he leaves the Gen Min board on June 2.

He has already moved out of Gen Min's building and is currently overseas. A far from fulsome tribute in the Gen Min report records that Zeolner is not available for re-election and expresses appreciation for services rendered.

In its own report, too, Gen Min singles out Dunsward for its "serious liquidity problems." As Gen Min's worst industrial headache, Dunsward has an effective 35.9% in Dunsward and 24.5% in Standard Brass. Zeolner personally owns 101 500 shares or 2.45% of the equity of Dunsward.

What irks the men at Gen Min is that they have many projects more profitable than Dunsward in which to invest. R18m isn't chicken feed, and there is real doubt that the Dunsward works will be profitable even after the revamping. Apparently an economic revival, and further steel price hikes, are further pre-requisites for profits.

The Dunsward dividend for 1977, not to mention 1978 and 1979, looks to be in real danger. If, as seems logical, it is passed this year, Alpha Dunsward and Alpha Free State, which, apart from their small holdings in Standard Brass, have few other assets, must surely pass theirs. Dunsward at 130c, yields 15.4%

Alpha Dunsward, 50c, yields 14% and Alpha Free State at 150c, yields 16%. If it weren't for the Gen Min and Zeolner's personal holdings, all three would probably be lower.

Paul Albuqerque, as a -- the capital city ... (1). This, fied shift genera-

ranzen Com-
demand keep up with rate of growth years, 20 million $)

situation that "hich would l

operations 3% of their is, and the should be expenditure (4). tariffs of ciently for basis of ortion of revenue (5).

slation be essary for view that para 193 p 49
DORMAN LONG Vanderbijl Corporation, South Africa's major heavy engineering organisation, showed a 14 percent increase in profit in the six months ended March.

However, earnings, a share declined slightly because of a 20 percent increase in the issued share capital in April last year.

Attributable earnings in the six months ended March were R4,679,000, equal to 81.5c a share. In the year-ago period the company earned R3,958,000, equal to 64.5c a share on the smaller capital.

The company is operating at a satisfactory level, though orders books are diminishing, the directors say. It does not expect to continue with the dividend increases of recent years until there is a revival in business, but expects to pay the same 50c dividend as last year.
Armscor will spend about R1 000m this year on military equipment. Senior GM Leendert Dekker recently gave the Afrikaans Handelsblad a peek at how this large chunk of public money will be spread around.

Between three-quarters and four-fifths of Armscor's local spending, which itself constitutes 60% of the corporation's total spending, goes into the pockets of private enterprises. The remaining 20-25% represents work by Armscor subsidiaries.

Last year, Armscor concluded about 25,000 contracts with South African suppliers. Private firms were appointed both as chief contractors (in the fields of telecommunications, electronics, radar, computers, missile boats, and armoured cars), and as subcontractors (for weapons and ammunition, electro-optics, aircraft and pyrotechnics).

Armscor's purchasing policy falls into three categories:
- Multi-source purchasing used mainly for everyday and non-sensitive requirements. Armscor and its subsidiaries invite tenders, but warns Dekker, "Armscor will not hesitate to negotiate if it seems that proposed conditions are unrealistic.
- Restricted source purchases, limited to two or three potential suppliers, and
- Single-source purchases.

In the latter two cases, large sums are involved and the subject is without exception technically and often politically delicate.

Dekker says the corporation knows which companies are able to meet its requirements. He has nevertheless invited businessmen who think they should be getting a slice of the action, but aren't, to contact Armscor.

Dekker also issued a word of warning to weapons tourists: "There are South Africans who are trying hard to share in excessive or reckless profits. Intermediaries to them we say firmly that it remains Armscor's prerogative to take the initiative in international transactions, and that they should seriously consider the negative effect of intermediaries on relationships which still benefit us."

Financial Mail May 27 1977
Deur VIC DE KLERK
MET die Massey-Ferguson-groep in Suid-Afrika het dit in die jongste tyd nie so goed gegaan as met die boere nie. Vir die ses maande tot 30 April van jaar het die groep 'n verlies van R48 000 gemaak teenoor 'n wins van R1 522 000 vir dieselfde tydperk 'n jaar gelede.

Die belangrikste rede vir die aansienlike verskynsels in die maatskapje se salaris was die swakker saketoestande wat geheers het by Slattery, die groep se oesmaaijien-arm. Slattery het verlede jaar 72 persent van die groep se wins bygegraan maar kon in die jongste ses maande omrent net sy winsdrempe handhaaf.

Daar was verlede jaar 'n groot oorhand oor Slattery se stroperse. Om hiervan ontlaie te raak, moes van hierdie stroperse en dorpmaaijienne teen verlaagde pryse verkoop word.

Met Massey Ferguson se trekkers het dit ook nie so goed gegaan nie, basies omdat die totale mark vir trekkers van jaar 12,2 persent laer was as verlede jaar. Maar die groep kon nogtans daarin slaag om beter te doen as die gemiddeld en sy markaandeel het met 2,3 persentasiepunte gestyg.

Massey Ferguson het ook die probleem gehad van 'n staking by die Britse fabriek, wat die beskikbaarheid van trekkers aan die Suid-Afrikaanse maatskapie benadeel het.

In hul winsverskynsels sê die groep dat die grond op die huidige oeskatting en produkteprys is dit redelik om te aanvaar dat nie eenstaande hoër produkteprys, nie net inkomste van boere hoer as verlede jaar sal wees en onderdieprys vir die boere, voel MF.

Intussen sê die afdeling landboumarkingsnavor-

---

**Landbou - RAPPORT**

Die maatskapjie glo dat dit in die jaar weer trekker-verkoop sal stimuleer en dat dit later heelwat beter met hom sal gaan.

Die heffings van 15 persent, op alle ingevoerde goedere plus verdere koskoste, kan onderskatte egter heelwat duurder trekker-

African schools or 68 percent of such schools.

They thus constitute the second largest school in the Republic, being surpassed only

**TER OF FARM SCHOOLS**

as are, of course, administered insofar as edu-

by the Department of Bantu Education in the same

ary schools. Officially the syllabi, hours of

employment of teachers, and provision of books and

ffer from conditions which obtain in urban areas.

---

**Fucil word só ontbind**

Deur DAVID MEADES

12. 6. 77

**FUCHS Consolidated Investments (Fucil)** gaan ontbind word en en die proses gaan elke aandeelhouer die ekwivalent van 68c ontvang vir elke Fucil-aandeel. Dit vergelyk met die 50c op die Johannesberge Effektebeurs met die opskorting van die aandeel en die 4c die dag voor die opskorting.

Gedan sal die dividend van 4,5c wat Fucil onlangs verklaar het, ook nog die Fucil-aandeelhouders toeval, wat in totale vergoeding van 72,5c per aandeel sal gee.

Volkskas-Aksepbank het vande week aangekondig dat Fucil se direktie oor die toekoms van die maatskappy na die Barlowstransaksie besluit het dat dit in belang van al die Fucil-aandeelhouders sal wees as Fucil uiteinde-lik ontbind word. Dit is die tweede transaksie wat hierdie bank doen sedert hy as die ou Bankoks-Aksepbank deur Volkskas oorgegeneen is.

**Kontant**

Dit volg op die aanbod wat Barlos vir C J Fuchs gedoen het op grondslag van R96 kontant en 59 Barlow-aandeel vir elke 100 aandele in C J Fuchs.

Fucil, die Carl en Emily Fuchs-Stigting en die boedel van wylle mnr. C J. Fuchs het 'n belang van 62,6 persent in C J Fuchs en het tot die oorsame van C J. Fuchs ingestem.

Hierdie aanbod het natuurlik 'n regstreke uit- werking op die posisie van die aandeelhouders van Fucil gehad. Fucil se buite-aandeelhouders (die Fuchs-Stigting, mev. E Fuchs en die boedel van mnr. C J Fuchs uitgesluit) se belang in Fucil loop met meer as 46 persent.

Volgens Volkskas-Aksepbank is dit nie nou die plan om aan elke Fucil-aandeelhouer elke teen aandeel in Fucil een Barlow-aandeel plus 418c in kontant aan te bied.

Met 'n markwaarde van 382c per Barlow-aandeel as grondslag sal Fucil-aandeelhouders die ekwivalent van 68c vir elke Fucil-aandeel ontvang.

**Elendomme**

Ná die voltrekking van die Barlow-aandeel sal Fucil weens sy belang van 54,74 persent in C J. Fuchs met R2 342 282 in kontant, 1 168 700 Barlow-aandeel met 'n markwaarde van net meer as R3 miljoen plus sy elendomme met 'n waarde van R4 462 000 (1974-waarderings) slit.

Dit maak die maatskappy sowat R37,7 miljoen word of sowat 80c per aandeel.

Dit is 22c per aandeel meer as die waarde wat die Fucil-aandeelhouders nou sal kry. Maar die groot probleem is by die eindomme Teen die waarde van 1974, wat as hoog optimis- ties bekos word, was die opbrengs beswaarlik 7 persent.

Hierdie opbrengs, tesame met die inkomste uit Barlows en 'n opbrengs van debybouë 10 persent op die kontant, sal die verdienste van Fucil beswaarlik op 5c per aandeel bring.

Dit sal dan debybouë meetlik wees om 'n dividend van 4c te betaal. Maar met die demper op toekomstige groei vir die maatskappy sal die beurs waarskynlik die aandeel op 'n opbrengs van minstens 15 persent aangaan. En dit sal 'n waarde van sowat 2R op die aandeel plass.

**Alternatief**

Dit is dus baie duidelik dat die alternatief wat Fucil-aandeelhouders nou gebed word, verreweg die beste een is.

Die eindomme van Fucil is oor die heile land versprei en kan nie juis as prima-bates bestempel word nie. Daar kan aange- neem word dat Volkskas-Aksepbank sou gepoorte het om dit verkoop te kry, maar in die huidige mark sou niemand waarskynlik bereid wees om dit oor te neem, ten 'n opbrengs van minder as debybouë 20 persent nie.

Die eindomme bly dus nou in Fucil, wat dan op sy beurt uiteindelik weer deur die Fuchs-Stigting oorgegeneen sal word.

Omdat die stigting geen belasting betaal nie, sal hy uit die aard van dié aandie die opbrengs uit die eindomme beter kan benut. Dit was waarskynlik die grootste rede waarom so 'n goeie aanbod vir die Fucil-aandeelhouders ge- doen kan word.

'n Mens kan dus nie anders as om met mnr. Laurette Korsten, bestuurder directie van Volkskas-Aksepbank, saam te stem dat die aanbod tot die beste lang van al die betrokke party is nie...
Special Seifsa dossier tracking 'unfair' imports

Michael Chester, Financial Editor

A special dossier has been opened by the SA Steel and Engineering Industries Federation to track the growth of what it regards as unfair trade practices used by overseas suppliers to keep imports into South Africa at high levels.

The crux of concern is growing evidence that many suppliers are going to extreme lengths with offers of financial inducements to SA customers to order imported goods rather than buy from domestic producers.

Dr E Drummond, Director of Seifsa, today went as far as branding the practices as subterfuge "nonsensical deferred payment terms that almost amount to payment on the never-never and at interest rates so nominal that they are sometimes ridiculous."

He told me that investigations so far showed that a number of overseas suppliers were involved — especially including several countries which had lately been accusing South Africa of unfair pricing of some of its own exports.

And the practices were particularly widespread in capital goods imports — "plant and equipment, electrical cables, pumps, and so on."

Details from the dossier and proposals on how to counter the trend are likely to be delivered at a conference in Johannesburg on June 23 called by the National Development and Management Foundation to examine the whole issue of import substitution.

The conference is also expected to coincide with the first publication of the special report on import replacement prepared by Seifsa in a joint exercise with the Handelsinstituut and the Federated Chamber of Industries.

The motive of the report is to try to persuade business to "Buy South African" whenever possible, switching orders from overseas suppliers to local manufacturers. First estimates by the FCI have suggested that as much as R1,5bn a year could be chipped from the import bill while giving new impetus to local industry to pull out of the recession.

UNEMPLOYMENT

Dr Drummond who is also a member of the Prime Minister's economic advisory council, launched the first strong protests by Seifsa about the inducements offered to importers when he formally opened the new R1,5m Oceanair container port in Durban today.

He complained that the financial packages on offer were putting SA manufacturers at a distinct disadvantage in meeting overseas competition on the home market.

Also, they were clearly contributing to the domestic economic downturn and in turn the growing unemployment problem.

Dr Drummond went on to add support to pleas for the establishment of a specialist import/export bank by the Government to encourage more SA manufacturers to tackle export markets.
The steel and engineering industry seems to have moved closer to a wage agreement. But there's no doubt employers are driving a hard bargain.

This week a solution to the industry's negotiations was delayed again — until June 27, when the full industrial council will meet to attempt to thrash out an agreement.

The unions, represented by the Confederation of Metal and Building Unions (CMBU), originally submitted demands which Seifsa claimed would cost the industry R250m. These have been modified considerably, however.

First they agreed to shelve fringe benefit demands (FM, June 3). Then, at this week's meeting, they toned down their wage demands and asked for a 10% hike as full compensation for the CPI rise since June last year.

This was rejected by employers, and the unions are now asking for the rise to be staggered — 5% now and 5% in December. They have also asked to renegotiate the demands in December if the industry picks up.

Seifsa is taking these demands back to its members, and the industry's existing wage agreement has been extended to the end of July.

Will employers buy the new package? Chances are that they will. Unions say that while "employers obviously came to the meeting with a definite mandate to reject our claims", they are hopeful about the new requests.

"We got the impression that Seifsa felt they could sell these claims to their members and we're convinced their representatives are keen to find a solution," says one unionist.

Comments Seifsa Director Errol Drummond: "We'll be canvassing our members and will meet on the morning of the 27th to formulate our reply."

He warns, however, that "we've obviously got to take the unemployment situation into account and it's getting worse all the time. Some firms reckon the situation now is the worst since the depression in the Thirties."

Unions stress that the situation is only really serious in the Natal ship building yards.

They say they are eager to reach agreement but "fear going back to the men without anything". Grass-roots anger is rising steadily, they say.

"It's not so much our own members. The key issue is the black workers. They certainly won't accept a blunt 'no' and we believe our proposals are the only way to prevent unrest," claims one unionist.
Pipers call the tune

A decision by David de Villiers, director of imports and exports to clamp down on steel pipe imports (at least until the end of the year) is good news for local pipe manufacturers — but could adversely affect consumers.

On May 23 de Villiers met with 32 representatives of the steel tube manufacturing industry, merchants and Seisa and Iscor, following complaints (Inside Industry, May 27) that tube makers are suffering from a wave of cheap imports.

Indeed, two of the country’s top manufacturers, Stewarts & Lloyds and General Mining’s Hall Longmore, are currently working at 60%-65% capacity. And that’s while SA is importing steel (from R800/t to around R1 000/t today).

It’s also known that the ½ inch tubing from Japan (landed cost) in February 1975 was R1 149/t. In September of that year it dropped to R775. By April 1976 it fell further to R694 and currently hovers around R500/t.

De Villiers has shown considerable sympathy to the tubemakers case. He has now slapped a ban on imports for the rest of the year which, say FM sources, “is a step in the right direction. It shows that government has our welfare at heart.”

But, it’s also explained, things won’t change that quickly SA merchants have plenty of permits in the pipeline but they won’t say how many, what their lifespan is, and (above all) what they’re worth.

FM sources suggest that the decision was made not just out of a deep concern for local industry’s future and safe-guards black jobs. It was also a decision which gives PM Vorster’s call to “buy SA” more teeth, and should save much needed foreign exchange.

But there could well be more significance attached to the Pretoria decision than simply a move to protect the tube manufacturing industry. Could it, in reality, be a sign of things to come — even the basis of the government’s import substitution programme?

In short, several hard pressed industries (textiles and paper are but to name two of them) could find themselves get-
The takeover of Wilkinson Sword (SA) by Lion Match (PM June 3) is now subject to exchange control approval, a fact.

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

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

Financial Mail June 17 1977

The teacher ultimately enjoys the teacher, subject to B.E.D. approval, and is thus the owner of the farm, or the principal of the school with the owner’s permission, who appoints and dismisses teachers, subject always to normal B.E.D. regulations. The teacher’s salary, if his appointment is approved by the Department, is paid in full by B.E.D. and can thus be regarded as a further subsidy. It is nevertheless the farmer’s task to find suitable candidates although this may be left to the principal in larger schools. This is usually accomplished through approaches to workers on the farm itself or to the local inspector of education who is likely to have a list of prospective applicants.

As schools are usually situated at some distance from the nearest village or town, the teacher is normally housed, by private agreement with the farmer, on the property itself. The prospect of housing numbers of teachers may act as a disincentive to expansion of schools with the attendant demand for further teachers.

PUPIL ENROLMENT

In order to attempt to evaluate the penetration of education into the rural environment comparison of enrolment over a time span is useful. This question will be dealt with more fully later but it is apparent that the proportion of children in farm schools has remained fairly constant over 13 years.
Metal Box het tyd nodig

METAL BOX Suid-Afrika het die afgelope fiinansieë se jaar die bui by die horings gepak en verskeie fiinansieë se aansoek rekeningkundige wysigings aangebring om 'n gesonde basis te behaal waarop toekomsstige groei tydens die volgende oplewing in die Suid-Afrikaanse ekonomie gegrond kan word.

Die wysigings het as volgt gelei dat die groep se bedryfswinst die 1977-boksaar met 31,5 persent tot R10,9 miljoen gedaal het en dat 'n addisionele dividenbetalings van R1 miljoen gemaak moet word sodat die bestaande aandeelhouders se dividendebetalings verhoog is.

Die twee belangrikste wysigings wat die jaar plaasgevnd het, was die 1 vir 3-regte-wysiging in Desember 1976 asook die wysiging in die metode van waardering van voorraad.

Metal Box, wat deur die Britse moedermaatskappy beheer word, met in aandeelhouding van 62,5 persent, is plaaslik hoofsaaklik besig met die vervaardiging en verpakkingshouders, sluitings, en metaal- en plastiek- en bordonderrade. Die groep onderneem ook die vervaardiging van maalmatrik en toerusting wat in die verpakkings-en verwante bedrywe gebruik word.

Metal Box is die laaste paar jaar betrokke in 'n aansienlike uitbreidingsprogram met die doel om die vermoe te vergroot en voordeel te trek uit die jongste tegnologiese veranderinge. Hierdie program sal na voltooing van die noue R5 miljoen kos en die groep versoek dat dit goed toegerus is vir die vereistes van die volgende jaar.

Die finale fase van die program is nou bereik met die voltooiing van die twee hooibestandlede van die program, naamlik die uitbreiding van R6 miljoen aandie visbijvervaardiging en pakhuiseenheid in Walvisbaai asook die belegging van meer as R10 miljoen in nuwe kanproduktsiegree. Bogenoemde uitbreidingsprogram is aanvanklik hoofsaaklik deur medium- en korttermynlenings gefinansier. In Desember 1976 is 'n groot deel van die korttermynlenings vervang deur aandeelhouersfonds.
Dispute declared as pay talks break down

OWN CORRESPONDENT

JOHANNESBURG — A complete breakdown occurred between unions and employers yesterday after 10 weeks of negotiations for a new wage agreement for the 470,000 workers in the iron, steel, engineering and metal industries.

A compromise proposal by the 10 trade unions for Col. rises to be phased in with a five percent increase in July and a further five percent in January was rejected by the Steel and Engineering Industries Federation of South Africa (Sefrica). A final offer of four cents an hour to every worker from skilled artisans to manual labourers — to apply for one year — was found to be "totally unacceptable" by the unions.

The seven representatives of black workers of the Central Bantu Labour Board and members of regions representing works and liaison committees, had accepted the Sefrica offer, which would have meant a seven percent rise at the lowest rates from 55c an hour to 59c.

The trade unions said four cents an hour at the prescribed artisan rate of R2 10 an hour amounted to a 1.89 percent increase, and at actual rates a 1.25 percent rise.

The industries involved in the negotiations now have no wage agreement from July 1.

The trade unions have declared a state of dispute in the industry and last night Sefrica's director, Dr. E. P. Drummond, said the employers had also done so.

He said the Sefrica offer had been designed as basic Col. relief. "The cost of a loaf of bread is the same to all workers, irrespective of their skills or colour."

It is estimated that the Bellville job will require the lorries to travel an extra 1,000 miles each.

Materials

The company has already bought all the materials for the former job.

1,000 units of Type A at 51 per unit
500 units of Type B at 50c each

Type A would not be used for the Bellville job, but could be sold for 50c each.

Type B has no alternative uses and zero scrap value, but 200 units can be used for the Bellville job. In addition, it will be necessary to buy 3000 units of Type B at 10c each for the Bellville contract.

Both jobs will take exactly one year.

The Managing Director asks you to consider which of the two alternatives is most profitable.

Draw up a table showing the opportunity costs involved in each.
EEC slump forces SA steel cutback

LONDON — The depression in the European steel industry is the main reason for an agreement between South Africa and the EEC that Iscor should sharply reduce exports to member countries of the European community.

The member countries of the EEC are Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, Netherlands and Britain.

Officials of the South African mission to the EEC denied that Iscor has been dumping steel in Europe. They said in Brussels that Iscor was not selling surplus products to the EEC.

Despite these denials, however, it is known that Iscor is operating well below capacity because of depressed business conditions in South Africa. There has thus been plenty room to utilise this spare capacity and export steel at prices well below those in Britain and the rest of the European community.

Towards the end of last year, 44,000 tons of South African reinforcing steel bars were sold in Britain.

The British imposed an anti-dumping duty of 38% a ton because the authorities were worried that Iscor was undercutting British producers. The EEC and South Africa have now agreed that Iscor should drastically reduce steel exports to the EEC and as a result of this agreement, the British Department of Trade is removing the anti-dumping duty.

The EEC is protecting member country steel producers not only from South African producers Spanish and especially Japanese steel have also been sold at lower prices, so the community has also taken measures to curb the import of steel from these countries.

Fears of steel dumping arise from a world-wide depression in the industry. Lake South Africa, Japan has found there is insufficient domestic demand to meet potential production, so surplus stocks are being sold elsewhere.

The United States steel industry is also resorting to import restrictions to protect the domestic industry.

After the world-wide boom in the steel industry in 1973 and 1974, the oil crisis and the subsequent recession reduced demand for steel.

The recession still drags on, and with capital investment low, many European steel mills are operating at 60 to 70 per cent capacity. With lay-offs in the French industry and problems in Germany and Britain, it is hardly surprising that Europe is experiencing its worst steel crisis in more than two decades.

By the end of 1976, EEC commissioner Henri Simonot worked on an anti-crisis plan and it was soon agreed that there would be production quotas imposed on six principal steel product groups which were delivered to the EEC.

Early this year, steel production in the EEC fell below the extremely low level of 1976. New orders received by iron and steel producers scarcely exceeded those recorded in mid-1975, which was the height of the recession. On average, capacity utilisation was only 60 per cent, while the steel exports by the EEC remained low.

By the end of March, the Davignon Plan was instituted. EEC industry commissioner Etienne Davignon introduced tough measures to assist the crisis-plagued steel industry.

These measures included: minimum prices for reinforcing steel bars, rolled steel products and import licences. The South African Agreement to reduce steel exports to the EEC is thus a culmination of independent events which have been taking place for some time.

It is interesting to note that South Africa, which produced 47,1-million tonnes of steel last year, is the 18th biggest steel producer in the world and the biggest in Africa. The most important producers are Russia (187-million tonnes), United States (116-million tonnes), Japan (107-million tonnes) and West Germany (84-million tonnes).
Allied Technologies buys
Standard Telephones

By PAUL DOLD

Allied Technologies is buying Standard Telephones and Cables (SA) and Allied Electrics in a deal which will create a South African controlled electronics group with sales of R46m a year and equity earnings of R3.2m.

Alltech is paying for STC and Allied through the issue of shares and will end up being owned 35.3 percent by SIC of Britain (wholly owned subsidiary of ITT of the United States) and 63.7 percent by South Africans.

The deal ends weeks of speculation that ITT was negotiating with Abercrombie and creates the largest South African controlled group in the electronics field.

There had also been speculation that ITT had been seeking to withdraw its investment in South Africa but last night a source close to Alltech said that the group had wanted to make a 100 percent cash bid for ITT's local operations but this had been turned down by the US parent.

And it is noteworthy that the ITT announcement issued in New York last night revealed that ITT wanted to stay in South African market.

ITT in agreeing to the merger with Alltech indicated that it is doing so as a means of maintaining a presence in a national market while at the same time substantially increasing local ownership participation.

However, in view of STC's large share of the SA public sector work, the authorities are bound to welcome STC becoming South African controlled.

New Issue

Alltech is issuing 3,050,354 new Alltech shares and 34m at a price of R2.60 to pay for STC.

Type A would be used for the 3,050,354 new Alltech shares and 34m.

Type B would be used for the 3,000 units of 4,757,777 for Allied.

Both companies are bidding for the same company.

The point of the new Alltech shares is that they can be exchanged for Allied shares.

The main advantage of STC's major electronic group is that it will have important benefits in competing with major multinational electronics in both local and export markets.

Alltech's business will be spread among a range of high-technology and strategic operations that will make it the major supplier to the Post Office and the South African railways.

It will also be the largest South African owned manufacturer and distributor of electronics components, such as semiconductors, capacitors, integrated circuits for computers, communication and general manufacturing industries.

Agreements

Alltech will hold agency and exclusive license agreements with leading European and

company and had a 65.4 percent stake in Alltech with the public owning 34.6 percent. After the deal the public's stake in the enlarged Alltech will be 17.8 percent.

"This consolidation of Alltech and Allied not only gives Alltech technical know-how and financial muscle in order to continue building up a major South African electronics industry, but also presents any possible conflict of interest developing at a later stage between the JSE listed Alltech and the privately held Allied."}

Alltech will be relisted on the JSE on June 27. The JSE has agreed to continue the suspension until then to allow for certain formalities to be completed.
US firm takes back seat

Altech gets control of STC

Deputy Financial Editor

4. Plausible. In August 1 accepted, and in November for R40 000 penalty of $100 a Cia.

The Company will be ide

Transport 7 years ago

It is estimated travel an

Materials

Perox job

1 000

500

Type A would

for 50c each

Type B has been used for

3000 units

Both have been

The third alternative

Dr. Venter, Altech's founder and controlling shareholder, the acquisition of STC must be particularly gratifying. It is only 12 years since he started a small company with STC to set up on his own.

The acquisition of a multi-

million rand business which he knows from the inside a remarkable two years since he bought the Undewinkel shell.

The electronics industry, inci-

dently, is one of South Africa's fastest growing and it would be surprising if Altech were not able to increase its sales by between 20% and 30% annually for the next few years.

The shares, when they are relisted on Monday, will be in demand and are likely to remain so now that STC has established its credentials.

The deal seems to have such obvious advantages, however, that its passage through shareholders' meetings should be smooth.

For STC's part, it regards its investment in Altech as permanent. Speculation that ITT was withdrawing from its South African interest in response to pressures on American investors from political pressure groups, was rejected by STC spokesmen yesterday.

They said the partnership with South African interests in what was becoming increasingly a strategic industry made commercial sense. STC has long-term contracts with Government agencies and departments which can only be cemented now that the company is not foreign-owned.

Altech will be able to draw on the technical expertise of ITT as a result of the association.

Altech's business will be spread among a range of high-technology and strategic operations that will make it a major supplier to the Post Office of microwave systems and of multi-channel telephone and telegraph equipment.

It will also be the biggest South African-owned manufacturer and distributor of electronics components, such as semiconductors, capacitors and integrated circuits for the computer, communications and general manufacturing industries.

For Dr Venter, Altech's founder and controlling shareholder, the acquisition of STC must be particularly gratifying. It is only 12 years since he started a small company with STC to set up on his own.

The acquisition of a multi-

million rand business which he knows from the inside a remarkable two years since he bought the Undewinkel shell.

The electronics industry, inci-

dently, is one of South Africa's fastest growing and it would be surprising if Altech were not able to increase its sales by between 20% and 30% annually for the next few years.

The shares, when they are relisted on Monday, will be in demand and are likely to remain so now that STC has established its credentials.

The deal seems to have such obvious advantages, however, that its passage through shareholders' meetings should be smooth.

For STC's part, it regards its investment in Altech as permanent. Speculation that ITT was withdrawing from its South African interest in response to pressures on American investors from political pressure groups, was rejected by STC spokesmen yesterday.

They said the partnership with South African interests in what was becoming increasingly a strategic industry made commercial sense. STC has long-term contracts with Government agencies and departments which can only be cemented now that the company is not foreign-owned.

Altech will be able to draw on the technical expertise of ITT as a result of the association.

Altech's business will be spread among a range of high-technology and strategic operations that will make it a major supplier to the Post Office of microwave systems and of multi-channel telephone and telegraph equipment.

It will also be the biggest South African-owned manufacturer and distributor of electronics components, such as semiconductors, capacitors and integrated circuits for the computer, communications and general manufacturing industries.

For Dr Venter, Altech's founder and controlling shareholder, the acquisition of STC must be particularly gratifying. It is only 12 years since he started a small company with STC to set up on his own.

The acquisition of a multi-

million rand business which he knows from the inside a remarkable two years since he bought the Undewinkel shell.

The electronics industry, inci-

dently, is one of South Africa's fastest growing and it would be surprising if Altech were not able to increase its sales by between 20% and 30% annually for the next few years.

The shares, when they are relisted on Monday, will be in demand and are likely to remain so now that STC has established its credentials.

The deal seems to have such obvious advantages, however, that its passage through shareholders' meetings should be smooth.

For STC's part, it regards its investment in Altech as permanent. Speculation that ITT was withdrawing from its South African interest in response to pressures on American investors from political pressure groups, was rejected by STC spokesmen yesterday.

They said the partnership with South African interests in what was becoming increasingly a strategic industry made commercial sense. STC has long-term contracts with Government agencies and departments which can only be cemented now that the company is not foreign-owned.

Altech will be able to draw on the technical expertise of ITT as a result of the association.

Altech's business will be spread among a range of high-technology and strategic operations that will make it a major supplier to the Post Office of microwave systems and of multi-channel telephone and telegraph equipment.

It will also be the biggest South African-owned manufacturer and distributor of electronics components, such as semiconductors, capacitors and integrated circuits for the computer, communications and general manufacturing industries.

For Dr Venter, Altech's founder and controlling shareholder, the acquisition of STC must be particularly gratifying. It is only 12 years since he started a small company with STC to set up on his own.

The acquisition of a multi-

million rand business which he knows from the inside a remarkable two years since he bought the Undewinkel shell.

The electronics industry, inci-

dently, is one of South Africa's fastest growing and it would be surprising if Altech were not able to increase its sales by between 20% and 30% annually for the next few years.

The shares, when they are relisted on Monday, will be in demand and are likely to remain so now that STC has established its credentials.

The deal seems to have such obvious advantages, however, that its passage through shareholders' meetings should be smooth.

For STC's part, it regards its investment in Altech as permanent. Speculation that ITT was withdrawing from its South African interest in response to pressures on American investors from political pressure groups, was rejected by STC spokesmen yesterday.

They said the partnership with South African interests in what was becoming increasingly a strategic industry made commercial sense. STC has long-term contracts with Government agencies and departments which can only be cemented now that the company is not foreign-owned.

Altech will be able to draw on the technical expertise of ITT as a result of the association.

Altech's business will be spread among a range of high-technology and strategic operations that will make it a major supplier to the Post Office of microwave systems and of multi-channel telephone and telegraph equipment.

It will also be the biggest South African-owned manufacturer and distributor of electronics components, such as semiconductors, capacitors and integrated circuits for the computer, communications and general manufacturing industries.

For Dr Venter, Altech's founder and controlling shareholder, the acquisition of STC must be particularly gratifying. It is only 12 years since he started a small company with STC to set up on his own.

The acquisition of a multi-

million rand business which he knows from the inside a remarkable two years since he bought the Undewinkel shell.

The electronics industry, inci-

dently, is one of South Africa's fastest growing and it would be surprising if Altech were not able to increase its sales by between 20% and 30% annually for the next few years.

The shares, when they are relisted on Monday, will be in demand and are likely to remain so now that STC has established its credentials.

The deal seems to have such obvious advantages, however, that its passage through shareholders' meetings should be smooth.

For STC's part, it regards its investment in Altech as permanent. Speculation that ITT was withdrawing from its South African interest in response to pressures on American investors from political pressure groups, was rejected by STC spokesmen yesterday.

They said the partnership with South African interests in what was becoming increasingly a strategic industry made commercial sense. STC has long-term contracts with Government agencies and departments which can only be cemented now that the company is not foreign-owned.

Altech will be able to draw on the technical expertise of ITT as a result of the association.

Altech's business will be spread among a range of high-technology and strategic operations that will make it a major supplier to the Post Office of microwave systems and of multi-channel telephone and telegraph equipment.

It will also be the biggest South African-owned manufacturer and distributor of electronics components, such as semiconductors, capacitors and integrated circuits for the computer, communications and general manufacturing industries.

For Dr Venter, Altech's founder and controlling shareholder, the acquisition of STC must be particularly gratifying. It is only 12 years since he started a small company with STC to set up on his own.

The acquisition of a multi-

million rand business which he knows from the inside a remarkable two years since he bought the Undewinkel shell.

The electronics industry, inci-

dently, is one of South Africa's fastest growing and it would be surprising if Altech were not able to increase its sales by between 20% and 30% annually for the next few years.

The shares, when they are relisted on Monday, will be in demand and are likely to remain so now that STC has established its credentials.
Resessie knou ook vir Plate Glass

DIE onverwagte groot daling in Plate Glass se wins vir die jaar tot 31 Maart 1977 het nie net as 'n skok vir die aandeelhouders en beleggers van die groep gekom nie, maar ook die direksie onkant betrap. Dié feit word erken deur die voorsitter, mnr. Morris Lubner, in sy voorsittersrede wat pas versky het:

"Nadat die beleggers snu in die neus gekry het dat alles nie plus is nie, het die groep se aandeelpreys baane die beste van enkele weke met bykans 30 persent tot 180c gedaal."

Die hoofrede vir die ongelukkige toestand, was die daling van 34 persent in die groepswins na belasting en die vermindering van die slotdividend van 10c tot 6c om 'n totale dividend vir die jaar op 20c te staan te bring, teenoor 30c die vorige jaar.

By die halfpad-merk was die groep nog in staat om sy wins setdat te verhoog en 'n onveranderde totale dividend van 1c te verklaar. Hoewel die direksie daarop gewys het dat handelstoestande besig was om te verwerk, het hy sereel nie voorsien dat die groep se seins in die tweede helfte van die jaar met 64 persent sou daal nie.

Die hoofredes wat aangevoer is vir dié ingrypende daling, was dat toenemende mededinging in markte waar die omset gedaal het, daaroe gesê het dat die groep se bruto winsgrense aansienlik afgeneem het.

Om sake te vererger, was die groep verplig om groot bedrage af te sryf vir slegte skulde asook waardevermindering op voorraad. Ongelukkig word die omvang van laasgenoemde afskrywings nie aangedui nie.

Die Plate Glass-groep is 'n beheerende maatskappy van talle bedryfsmatskappe, waarvan die volgende die belangrikste filiale is:

- P G Holdings versprei vensterglas, veiligheids- glas vir voertuie en geboue asook speels, speëlarme, bed- en -stormeuse asook aluminiumdeure en vensters
- P G Wood Products terwy en versprei hardeslaaghout, voorafvervaardigde dakkappe, rakke, gelamineerde balke en plakke, deure, vloerblokke en
- P G Building Supplies versprei hoofsaalklik hout en hout- en produkse asook ander ystervare
- Plate Glass Shopfitting Services is 'n kontrakteursmaatskappy wat winkels toerus asook allore binnendeelense afwerkings van geboue onderneem
- Fiberglass SA versprei veerselgas vir verskeie aanwendinge
- Plate Glass Environment Systems versprei en installeer versprei en tuinontwerp, biblioteekrakke, huisvroudelike rakke, beligting, ens
- Shatterprufe Safety Glass Co versprei veiligheids- glas vir die motor- en boubedryf

Die groep se wins is hoofsaalklik afkomstig van verspreiding en kontraktwerk, terwy verwaardiging 'n kleiner dog belangrike bydrae tot die wins liewer.

Soos blyk uit die ontleding van die groep se bedrywighede, is dit duidelik dat die aan en wee van die groepswins hoofsaalklik afhang van toestande wat in die bou, meubel- en motorbedryf heers. Soos bekend, onderwy het al drie hierdie sektore uitsig moeilike sakteooste.

Daar nie minder nie as 33 persent minder planne in waarde goedgekeur in die eerste vier mende van die huidige jaar, teenoor 1976.

Wat die motorbedryf betref, het die mark vir nuwe passasieermotors en handelvoertuie utsers traag sedert 1973 gegroeí en sedert 1973 is daar sowel 23 persent minder voertuie as gedurende die vorige sterkemmer tydperk in 1976 vir die Vierde week in die sektor in die vooruitstig gestel.

Die vraag na rute- en windskermers vir die gebrukte voertuie is egter nie in dieselfde mate as die nuwe motormark deur ekonomiese omstandighede na geraak nie.

Die Suid-Afrikaanse meubelbedryf is 'n kwant knou toegeënt deur die koms van televisie teame met die algemene resesie getoond en die resesie-insteekrente wat heers.

Daar kan egter voorsien word dat die bedryf sy laastepunt reeds bereik het en nou 'n geledelike verbetering sal toon.

Net so wie die 20c. Ten die huidige prys van sowat 160c per aandeel staan die aandeel dus op 'n verwagte 10 persent op brengte. Met die verwagting dat die groep in 1978 beter sal verloop, kan die bedryf nie so blog beheer nie.

Die boubedryf onderwissel tans sy drupse en langare resesie sedert die Tweede Wêreldoorlog Verskyn die kleiner bouers moes al die handdoek ingoo. Volgens die statistiek beskikbaar, wil dit voorkom asof die resesie vir dié sektor nog nie verby is nie.

Volgens die hoeveelheid bouplanne goedgekeur, is

Een van die redes vir die kleiner daling is dat daar voorsien word dat die groep vanjaar nie in dieselfde mate afswipings vir slegte skulde en voorraad sal hoef te doen nie. 'n Daling in die wins per aandeel van die huidige 46c tot 40c word voorsien.

Hierdie voorsiening sal was om die huidige houtbedryf te volg, waar die houding van die hout- en produkse asook ander ystervare.
10.

46. A buffer stock scheme which aims to stabilise prices -
   1. Can never 'up' or 'down' financing
   2. Costs the banks a lot
   3. Stabilise golds and silver
   4. Both 1. and 2.
   5. Can never stabilise the weather.

47. According to a food shortage in the world, the Peruvian Government has
    of elasticity off the Peruvian
    - 466 000 (R6 298 000) -
    - 27/6/77

48. The primary African countries -
   1. Black W.
   2. Employ a majority
   3. The economy of the Southern
   4. The pur (b) Cr.
   5. It happens to be a homogeneous country.

49. In a simple commodity, country would benefit:
   1. Beneficiary
   2. Harm b
   3. Beneficiary
   4. Beneficiary
   5. Increase

50. If you work particularly:
   1. Zero
   2. Not measurable
   3. Variable
   4. Infinite
   5. None of the above.

Options

Reuter.
46. A buffer stock scheme which aims to stabilise prices -

1. Can never be self financing.
2. Costs the government nothing because it buys or sells stocks at the same price.
3. Stabilises the weather.

47. Metbox faces challenge the world METAL BOX regards 1977-78 as a no-growth year, says the chairman, Mr B C Smither, in his annual review.

1. The financial year starts off the Peruvian coast.
2. World demand is depressed by economic conditions and political factors, affecting South Africa, and the environment in which the company operates.
3. The group's prospects he says must be viewed against the state of the South African economy and its export markets.
4. The directors say in their report that the company is in a strong financial position to meet any upsurge in demand for its products, and to explore selectively possibilities of broadening the base of its business.

48. The prima The primary emphasis this year is on the South African economy.

1. Black capital and reserves are nearly R4 billion after the R11 billion 1978 rights issue made to replace certain short-term borrowings.
2. Group sales at R156 million showed a 9.5% increase, but there was little growth in real terms.
3. The metals division was hit by the 45% cut in the fishing quota, but the plastics division achieved a modest volume growth in bottle blowing and injection moulding, which serve a wide range of consumer markets.
4. The dividends were 22c on earnings a share of 22c.

49. In a simple commodity, country would benefit producers in the importing country, harm both producers and consumers in the importing country, benefit both producers and consumers in the exporting country, benefit both producers and consumers in the importing country, increase exports.

50. If you won't have to give up anything in order to get a particular thing, then its opportunity cost is -

1. Zero.
2. Not measurable.
3. Variable.
4. Infinite.
5. None of the above.
availability of domestic and foreign interest rates and credit will influence the demands for and supplies of foreign capital.

A further influence on the money base, again ceteris paribus, is the government's fiscal deficit. The difference, over any period of time, between government spending and tax revenues requires financing. One such method of finance is via money base creation. This can take place in the form of decreases in the Treasury balances or overdraft facilities, or by authorising the Reserve Bank to increase the money base creation, thereby encouraging them to lend more to the public sector. As the proceeds of the Treasury the money base increase the money, the government spending is insufficiently attracting lending.

The authorities themselves have been the USD of payments of payments has been the balance of payment flows and ability to expenditure. A very important adjustment is to be found in the development between the official and unofficially recognised banks and therefore worldwide the balance of payments had become a prime objective. This in turn demanded that the balance of payments be independent of each other of the balance of payments.

---

Seifsal reports falling demand

THE metal and engineering industries continue to experience falling domestic demand throughout all sectors. A growing number of plants are adjusting to these conditions by working short-time, generally in the form of a four-day working week, says the Steel and Engineering Industries Federation of South Africa in its business conditions report for May.

Buyers' terms have hardened and many manufacturers increasingly face loss situations on prices and terms negotiated in an endeavour to obtain work and secure contributions to meeting fixed and overhead costs. The 15% import surcharge is exerting a strong upward influence on costs in the Seifsal. Some diversification of imports to domestic industry may result from the surcharge, although no large gain in this respect is expected. Many imported components have no local counterparts.

There is, nevertheless, a still important area of domestic production in the metal products and engineering sectors which imports are affecting severely. Categories and credit judgements are the case.

---

-The-
Overtime paid during slump, union claims

By CLIVE EMDON
Labour Correspondent

DEAR RESEARCH DIVISION,

The slump in the steel and engineering industries is not as bad as claimed by employers, says the Metal and Allied Workers' Union.

And, the union adds, it has evidence of substantial overtime being worked at Witwatersrand factories.

Concerned at the breakdown in wage talks in the industry — affecting some 470,000 black workers — the union says black workers have had to put up with Col rises of 30% and more in the past year and can't be expected to tighten their belts indefinitely.

The union says many firms are cutting costs by retrenching workers while maintaining production levels. While firms may argue that this is done to maintain their competitive positions, the union says it is being done mainly at the expense of their employees.

"Firms are allowed to fight inflation by cutting costs, while workers are expected to be more productive while receiving no increases to help them fight inflation," says the union.

It disputes the claim by the employers, the Steel and Engineering Industries Federation (Seifsa) that had business conditions made it impossible to grant wage increases or improved fringe benefits at present.

The union says that despite the recession, conditions are not so bad that the workforce has to wait for rises or that increases should necessarily lead to further retrenchments.

We hope that you will help cover the attending.

N.3.!!

FRANCIS WILSON
Going down

It’s definitely a case of “going down” in the lift industry. Although suppliers Otis, Mitsubishi, Schindler, Sabin and Eymae are still working on orders placed in the last year or so while almost stagnant building trade promises little for short-term prospects.

SA has a passenger lift population of around 50,000, including those which are almost entirely Otis, Sabin and some 700 escalators. The latter are entirely imported. Lifts, however, contain some as much as 80% local content with the major imported components being drive units.

Purchase price of equipment varies on floor spacings and speeds but a lift costs upwards of R50,000. Escalators being imported and subject to a 15% surcharge on land cost and 16% sales tax on current domestic value fetch at least R150,000 to 175,000 for a single flight, though these are rigid for heavy traffic movement shifting around 6,000 people an hour.

Share of the market is hard to estimate. On installed lifts Otis holds some 40%, Schindler 15%, Mitsubishi 10% and Express and Sabin each with 10%.

The trading heavily depends on who is getting the share of current business. Otis, for example, manufactured partly by Melcorp SA under licence, only operates in Johannesburg, Pretoria and Durban and claims well over 30% of the overall market. With sales of course are not all “those with large installed base obviously make money on service contracts,” points out one manufacturer, “as well as being able to take advantage of the refurbishing market.”

Maintenance going up

For lift owners there are three alternative maintenance contracts (maintenance is compulsory). “A” type is the cheapest (around R300) merely offering engineer maintenance but not including parts. “B” type, fully comprehensive, offers smaller parts such as light bulbs as well as maintenance.

Some manufacturers claim that the B contract has fallen away and that most customers opt for the fully comprehensive but Schindler has one says that the B contract is still quite popular.

Whatever the contract type, building owners can safely reckon on 12% 15% maintenance cost increases by 1978.

The lift companies are not making a killing out of the business. Otis, excellent public relations are reflecting historical business not the current position. Bill Patterson, director of Schindler, points out that the minimum wage rate in 1970 was R1,12 an hour for European mechanics and now stands at R2,70. The negotiations have been around 214% for electrical and 243% for mechanical material over the same period.

Still, if the lift companies are struggling at the order cable, they are showing some initiative in diversification.

Schindler, for one, exports to Rhodesia, Botswana, Swaziland and Hong Kong. “Last year,” reckons Patterson, “we had some R25% of our new sales.”

The company’s also diversifying into fire warning and evacuation systems in competition with companies like Minerva and Mather & Platt and building security systems. “We have a very complex system,” says Patterson.

“Of course, it’s unlikely to be greeted by a mad rush of customers. Other companies with similar ‘robot’ type carriers have not yet thought SA a budding market.”

Lift companies hunting for business elsewhere...
NOTHING SLUGGISH ABOUT SLAG.

Local slag (a steel waste product) which is being dumped at a rate of 700,000 t a year should find wider markets when the SA Bureau of Standards draws up a proposed national specification for the commodity.

At present, slag aggregate is being used for road construction as a sub-base but as Fowler Construction points out, without standards, certain potential large users such as railways won't accept the material.

"Overseas, where there are standards the material is extremely popular," says Fowler's MD, Louis van Liddelkamp. "It has good resistance and durable qualities that are in considerable demand."

"What SA needs is a local standard regarding particle size and quality of slag aggregate (manuaneira slag, for example differs from its steel counter-part and some of the older slag dumps are of poor quality," says Van Liddelkamp.

Fowler uses the material drawing only on Iscor's various dumps. Largest supplier is Heckett — a Pretoria-based concern which in 1976 produced some 264,000 m³ of slag for aggregate and selling it, depending on quantity from sites at Pretoria and Vanderbijlpark, at between R3-R3.20 m³.

Heckett also agrees that a local standard would increase demand considerably.

Unfortunately, it's going to take SABS about two years to prepare the standard. It is currently preparing the first draft for the specification and to some extent will have this on European and US standards.

The specification, which is about other things, the grading of the different sizes of down-the-pipe substances in the slag which would be helpful in the use in concrete or road construction.

Another company now working on different applications is Slagmet, which also draws on Iscor's dumps at Vanderbijlpark and Pretoria.

Slagmet produces a powdered material (around 467,000 t/year), which is a type of cementitious material in bulk. "Smarties cement," says GM, Kenneth Wood, who notes the 200,000 t of the material, as the type of consumer the Slagmet likes.

Looks as if slag products can be money spinners.
**Approach to exports**

A foundry which has been in production for barely six months has scooped a R1m export order and is proving the point that in the foundry business, specialisation pays off.

Chamodor Stainless Cast Products, located outside Krugersdorp on the West Rand, is owned by Krugersdorp Engineering, the German foundry equipment supplier Höttinger and two individuals, Jurgen Dost and Alister Elnch.

The intention in starting the foundry was to make products that SA was importing from Korea, Taiwan and Japan. "Ironically," says Dost, "we based our feasibility on the production of pipe fittings for the chemical and petro-chemical industries only to discover that this was a depressed market carrying high stock holdings."

But other lines such as pump and valve components went down well. Largely through ignorance we got the idea that we ought to be competitive on world markets," jokes Dost.

"Other foundries are more efficient on machining, but we've got the advantage on casting with all the materials available locally."

Unlike other foundries such as Scaw Metals, Thembisa Roly and Apex which produce stainless steel castings as well as grey iron products, Chamodor which cost about R1m to set up, concentrates entirely on stainless steel products.

It's also a highly automated plant. Dost's previous experience was in helping to set up Meyora's automatic foundry at Brits and some of the philosophies behind that have obviously gone into Chamodor.

The export order will occupy Chamodor for about two years although it is hoping to balance its business more equitably between local demand and overseas business. "We hope to build production up to around R150,000/month," says Dost.

Other foundries are not doing so well. An export agency based in Johannesburg concentrating on handling foundry products reckons many are not sufficiently flexible on pricing.

Local profit margins around 20%. The companies expect the same from export business. Another snag in attitude is that although foundries pay lip-service to exporting, if the local market picks up they will drop the overseas business," reckons the agency director.

In one year, the agency has helped to export over R50,000 to Europe and the US. "There's fantastic potential there. Look at companies like International Harvester which requires some 100,000 t yearly and prefers to source this out of several locations." "The stainless steel industry has a progressive and lively outlook," reckons Dost. "It's just not like that with the grey iron industry. That needs more co-ordination and hivening up"
Unions and employers in the engineering industry seem set for a lengthy confrontation. African workers are increasingly becoming a factor in the battle.

The industry's wage negotiations broke down this week when the unions rejected Seifsa's offer of a 4c an hour, across-the-board increase. No new negotiations are likely to take place until July 31, when the existing industrial agreement expires.

"The ball is now in the employer's court," says Ben Nicholson, secretary of the Confederation of Metal and Building Unions (CMBU). Unless Seifsa comes up with a new offer, a formal dispute will be declared on July 31.

Chances of a new offer are slim. "Even this week's employer proposal was limited. Two key employer associations wouldn't commit themselves to it and the 4c was only offered to a section of the industry," observes Nicholson.

What happens when the agreement expires? The industrial council will first have to meet to decide whether to resolve the matter internally. If it doesn't, a conciliation board will be appointed. This is the first step on the way to a strike but while the unions say they won't back out of a confrontation, the road to a strike is lengthy and strewn with red tape.

A more important point is that workers will have no legal protection after July 31. This isn't likely to be much of a problem for artisans, but may in lower-paid African workers.

"Our members will be placed in a terrible position. Not only their rates of pay, but overtime and leave conditions will be affected. We'll be totally at the mercy of employers," says Jane Hlongwane, secretary of the unregistered (African) Engineering and Allied Workers Union.

Nicholson concurs: "Employers are unlikely to try and cut our members' pay or benefits. But some of them may try to take advantage of Africans, using tight economic conditions as an excuse."

Nicholson believes employers will have to settle soon, however — if only because African labour unrest is an increasing possibility. "I have consulted the African trade unions and they agree with this assessment."

Hlongwane adds that she backs the registered unions' stand, despite the danger of her members finding themselves without protection. "The employer offer may have been accepted by the Central Bantu Labour Board, but we rejected it totally. It's hardly an increase at all."

FIN MAIL 1/1/77

SEIFSA AGREEMENT

Left in limbo

LABOUR AND DEVELOPMENT RESEARCH UNIT

RESEARCH DIVISION
SCHOOL OF ECONOMICS,
BEATTIE BUILDING,
UNIVERSITY OF CAPE TOWN.

Hlongwane adds that she backs the registered unions' stand, despite the danger of her members finding themselves without protection. "The employer offer may have been accepted by the Central Bantu Labour Board, but we reject it totally. It's hardly an increase at all."

Seifsa's Errol Drummond: tough bargaining ahead

It you will cover the

to settle soon, however — if only because African labour unrest is an increasing possibility. "I have consulted the African trade unions and they agree with this assessment."
Sharp out to button up the market

Colly Fram.

SHARP ELECTRONICS, distributor of electronic equipment, is aiming for 10 per cent of the South African portable calculator market with its latest wafer-thin buttonless calculator.

The Elsizmate 5110 being launched this week is 5 mm thick and slimmer than a cheque book—thanks to the electronic sensor panel which replaces the conventional keyboard.

Because it has no buttons to depress, a "bleeper" indicates that a key point has been touched.

Sharp Electronics is a South African-owned distributor for Sharp Corporation of Japan. Chairman Colly Fram believes that Sharp has a 45 to 50 per cent of the local calculator market, which he estimates is running at 30 000 units a month.

Despite market growth of about 15 per cent a year, Mr. Fram says there has been a "tremendous thinning of the ranks." The 20 makes available here in 1974 have been reduced to eight.

Sharp's main rival is Casio, which was ahead in sales volume last year, he said.

The rapid lowering of prices is a major reason for the booming market, but Mr. Fram believes the pace of technological change is slowing down.
IBM Back in the Top Spot

By Tony Condrenman

no doubt on US back-up

30-Million orders cast

ORDERS FOR MORE THAN 30-MILLION WORTH OF

IBM TIMES BUSINESS TIMES JULY 10 1977
Seifsa unit visit

THE STEEL and Engineering Industries Federation of South Africa's communications unit will visit Durban on July 25. It will give an introductory presentation to senior management at Metal Industries House, Ordnance Road, on industrial relations. The session will start at 3 p.m.
Unions agree to blacks being trained

Labour Staff

WHITE artisan unions have agreed to several thousand blacks and coloureds being trained for semi-skilled jobs at Sasol 2 after hearing rumours that the US contractors for the project proposed bringing in 3,000 to 4,000 South Koreans Fluor, the US managing contractors of the project, at Secunda in the Eastern Transvaal yesterday confirmed that the white unions blocked them from bringing in up to 2,000 "white Americans."

Enthusiasm for the training of blacks and coloureds developed when the representatives of the 10 building and engineering unions concerned heard rumours in late March of the possible introduction of South Korean labour. A training agreement was negotiated between the construction employers association and the unions and was signed early this month.

Yesterday Sasol confirmed that at peak employment in 1978-79 there will be 14,000 or more workers involved in building the R3,000-million coal gasification plant which will produce up to 40% of South Africa's fuel requirements. An estimated 8,000 people will be employed when the plant opens in 1981.

Mr A J van der Watt, an official of the 16,000 member Blacksmiths, Iron and Steel, Shipbuilders' and Welders' Society, first realised that it was Fluor's intention to use foreign labour when he was inquiring in January about their labour requirements.

"It became apparent that it would be impossible for South Africans to provide the necessary labour unless there was some kind of training programme. Fluor had done nothing about planning such a programme."

...
Metkör sit op miljoene

Deur DAVID MEADES

TWEE van Yskor se genoteerde maatskappyse het vandeesweek hul winsyfers vir die afgelope ses maande en jaar tot 30 Junie bekend gemaak. Die een se wins na belasting het met byna R5 miljoen gedaal, terwyl die ander een ook 'n swakker syfer getoon het.

Samancor se wins na belasting het in die halfjaar van R20,7 miljoen tot R22 miljoen gedaal of van R5,4c tot 7,8c per aandeel. Hierdie daling kom in 'n stadium waar daar heelwat bespiegeling oor die beheer van hierdie maatskappy was.

Die notering van sy aandele bly steeds opgeskort weens die onderhandelinge wat aan die gang is waardeur Yskor dalk sy beherende belang aan General Mining sou verkoop.

Dit is egter baie stil op hierdie front. Dit wil voor- kom of daar nog hard onderhandel word. Die kans dat daar wel 'n transaksie gaan plaasvind, lyk nou al hoe skrander.

Dividend

Samancor het egter sy tussentydse dividend onveranderd op 20c gehou en die direksie sê dat hoewel daar verwag word dat die winstdaling sal voortdure, die dividend vir die jaar op 65c per aandeel gehandhaaf sal word.

Die ander Yskor-filiaal, Metkör-Beleggings, se wins na belasting het in die jaar tot 30 Junie van R3 911 000 tot R3 482 000 of van 7,2c tot 6,4c per aandeel gedaal.

Dit is egter baie stil op hierdie front. Dit wil voor- kom of daar nog hard onderhandel word. Die kans dat daar wel 'n transaksie gaan plaasvind, lyk nou al hoe skrander.

Samancor se prys van 70c voor die opskorting 'n markwaarde van R8,5 miljoen, wat aan Metkör 'n potensiële wins van sowat R6,5 miljoen gee.

As daar dus 'n aankoop vir Samancor teen minstens die markwaarde voor opskorting kom, kan daar vir Metkör 'n baie sterk kon- tactnuputing kom. Die be- drag van R8,5 miljoen ver- teenwoordig terloops 15,7c per Metkör-aandeel, teen-oor sy huidige prys van sowat 40c.
### SA MANGANESE AMCOR LIMITED

Die direksie kondig aan dat die gekonsolideerde ongeoudeerteerde wens na belasting vir die 6 maande wat op 30 Junie 1977 geëindig het, vir SA Manganese Amcor Limited en sy filiale, soos volg is:

<table>
<thead>
<tr>
<th>Maande</th>
<th>Totale wens (R000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 maande 1977</td>
<td>40 183</td>
</tr>
<tr>
<td>6 maande 1976</td>
<td>17 880</td>
</tr>
<tr>
<td>12 maande 1976</td>
<td>22 474</td>
</tr>
<tr>
<td>Minderheidsaandeelhouersbelasting</td>
<td>307</td>
</tr>
<tr>
<td>Hoofbelasting</td>
<td>40 018</td>
</tr>
<tr>
<td>9- persent al Departament dividend</td>
<td>54 056</td>
</tr>
<tr>
<td>Minderheidsaandeelhouersbelasting</td>
<td>307</td>
</tr>
<tr>
<td>Hoofbelasting</td>
<td>40 018</td>
</tr>
<tr>
<td>9- persent al Departament dividend</td>
<td>54 056</td>
</tr>
<tr>
<td>Minderheidsaandeelhouersbelasting</td>
<td>307</td>
</tr>
<tr>
<td>Hoofbelasting</td>
<td>40 018</td>
</tr>
<tr>
<td>9- persent al Departament dividend</td>
<td>54 056</td>
</tr>
<tr>
<td>Minderheidsaandeelhouersbelasting</td>
<td>307</td>
</tr>
<tr>
<td>Hoofbelasting</td>
<td>40 018</td>
</tr>
<tr>
<td>9- persent al Departament dividend</td>
<td>54 056</td>
</tr>
<tr>
<td>Minderheidsaandeelhouersbelasting</td>
<td>307</td>
</tr>
<tr>
<td>Hoofbelasting</td>
<td>40 018</td>
</tr>
<tr>
<td>9- persent al Departament dividend</td>
<td>54 056</td>
</tr>
<tr>
<td>Minderheidsaandeelhouersbelasting</td>
<td>307</td>
</tr>
<tr>
<td>Hoofbelasting</td>
<td>40 018</td>
</tr>
<tr>
<td>9- persent al Departament dividend</td>
<td>54 056</td>
</tr>
<tr>
<td>Minderheidsaandeelhouersbelasting</td>
<td>307</td>
</tr>
<tr>
<td>Hoofbelasting</td>
<td>40 018</td>
</tr>
<tr>
<td>9- persent al Departament dividend</td>
<td>54 056</td>
</tr>
<tr>
<td>Minderheidsaandeelhouersbelasting</td>
<td>307</td>
</tr>
<tr>
<td>Hoofbelasting</td>
<td>40 018</td>
</tr>
<tr>
<td>9- persent al Departament dividend</td>
<td>54 056</td>
</tr>
<tr>
<td>Minderheidsaandeelhouersbelasting</td>
<td>307</td>
</tr>
<tr>
<td>Hoofbelasting</td>
<td>40 018</td>
</tr>
<tr>
<td>9- persent al Departament dividend</td>
<td>54 056</td>
</tr>
<tr>
<td>Minderheidsaandeelhouersbelasting</td>
<td>307</td>
</tr>
<tr>
<td>Hoofbelasting</td>
<td>40 018</td>
</tr>
<tr>
<td>9- persent al Departament dividend</td>
<td>54 056</td>
</tr>
<tr>
<td>Minderheidsaandeelhouersbelasting</td>
<td>307</td>
</tr>
<tr>
<td>Hoofbelasting</td>
<td>40 018</td>
</tr>
<tr>
<td>9- persent al Departament dividend</td>
<td>54 056</td>
</tr>
<tr>
<td>Minderheidsaandeelhouersbelasting</td>
<td>307</td>
</tr>
<tr>
<td>Hoofbelasting</td>
<td>40 018</td>
</tr>
<tr>
<td>9- persent al Departament dividend</td>
<td>54 056</td>
</tr>
<tr>
<td>Minderheidsaandeelhouersbelasting</td>
<td>307</td>
</tr>
<tr>
<td>Hoofbelasting</td>
<td>40 018</td>
</tr>
<tr>
<td>9- persent al Departament dividend</td>
<td>54 056</td>
</tr>
<tr>
<td>Minderheidsaandeelhouersbelasting</td>
<td>307</td>
</tr>
</tbody>
</table>

Tussenlydi divident verklaar: 21 727

Finale divident verklaar: 12 463

Utgerookte gewone aandeelhouders: 27 890 600
Verdeling per gewone aandeelhouders: 27 890 600

Dividend per gewone aandeelhouders: 27 890 600

Die Grootersproteus vir die ses maande wat op 30 Junie 1977 geëindig het, vergelyk met die tydsprent in 1976, toon 'n laer wyenspel, soos die Voorsitter in sy jaarverslag in Maart voorspel het. Na verwyking sal hierdie tendens die res van die boekjaar aanhou, omdat dit onwaarskynlik is dat daar enige betekenisvolle verandering in marktoestande sal intree wat sowel uitvoer- as plaaslike verkope betref. Daar word egter vertrou dat verlede jaar divindendepal geheers was word.

**SAMANCOR MANAGEMENT SERVICES (PTY) LIMITED**

Op vraag van die direkteur:

**Purchasing Policy for African Studies Collection**

3.1 Other fields of interest are represented in a broadly representative manner.
CAPITAL expenditure in the metal and engineering industries in 1975 was slightly above the previous years projections, but, says the Steel and Engineering Industries Federation, was "in line with projections". Total was R35-million, R11-million up on the expected top limit.
Steel trade workers to get higher wages

JOHANNESBURG — A pay settlement has been reached in the steel and engineering industries with minimal increases of R7.74 a month for more than 300,000 workers in unskilled work rising to R15.88 a month for artisans.

The increases take effect on September 1. They will cost the industries R47.9 million a year compared with the R250 million they said the initial union demands would have cost them.

The new minimum wage paid in the industries will now be 80c an hour — R26.75 a week or R114.17 a month.

The Central Bantu Labour Board had asked for 75c an hour or R145 a month.

The black Metal and Allied Workers Union, which was not directly represented at the talks, argued for a 40 per cent rise in the minimum rate to give a monthly R154 a month.

The ten white trade unions — the main parties to the agreement — initially made demands with pay increases of 8 per cent at the top level rising to 20 per cent at the bottom, as well as better artisan rates, overtime, leave and allowance on tools, travelling and subsistence — DDC.

A full due course.

5 August 1977

(Prof.) A.H.R.E. PAAP
Dean, Faculty of Arts
STEELMILL production for the six months to June rose by 2.1 percent over the 1976 total of 3,347,300 tons for the first half. Production this year totalled 3,418,700 tons.
Big firms in Vaal Triangle need artisans

By S J WROTTESLEY

THREE big firms in the Vaal Triangle said through spokesmen yesterday that they were short of workers and had recruiting staff out in force.

They were answering claims that many of their white workers — mostly immigrants from Britain — had been laid off because of the economic climate.

The businesses are the Iron and Steel Corporation (Iscor) in Vanderbijlpark, African Explosives and Chemical Industries (AECI) in Sasolburg, and Vereeniging Corporation (Vecor) in Vereeniging.

It has been claimed by Vaal Triangle residents that many immigrant workers had been laid off by the companies.

Mr G J de Swart, personnel manager for Iscor, said that he had heard of the claims and that the corporation had conducted an investigation.

He said that a survival curve was made for Iscor workers every January and their positions with the company assessed monthly.

He reported that the immigrants stayed with the firm longer than local workers and that, when their staff left, it was usually to other firms in South Africa.

Mr De Swart said: “Iscor, however, is desperately short of artisan staff. The number leaving last year was about 26% and it increased at the beginning of this year to about 26%. It is declining now and we are investigating the reasons.

“We are not desperately short but we can’t get enough artisans. Few immigrants have left because of the recent unrest but most feel they should stick it out because they are getting good wages in South Africa and should give something in return.”

Mr G J van Zyl, personnel manager of AECI, said there where no redundancies at their Sasolburg branch and that they were recruiting black and white workers all the time.

A spokesman for Vecor, Mr W S van der Bergh, said that they too were recruiting, especially artisans and there had been no redundancies at their metal-rolling works.
Iron ore record on the way

By ADAM PAYNE

ISCOR is to hit a new high in iron ore shipments next week with a tonnage of 800,000 in five ships. It will bring about R12-million in foreign exchange for South Africa.

The improvement in the current balance of payments has been greatly aided by the growing bulk exports of iron ore from Saldanha Bay and coal from Richards Bay. Coal exports reached a record total of R36-million in June.

The iron ore exported through Saldanha is mined in the Sishen area of the North West Cape, where ISCOR confirmed this week that its reserves for open cast mining of high-grade haematite ore total 1188-million metric tons.

Since ore of this grade is worth R18 a ton on world markets, the value of the deposit can be estimated at about R17.6 billion.

A similar ore reserve was estimated in 1972 but the latest confirmation, after extensive drilling, shows that this ore contains a much larger percentage of reserves that can now be described as proven.

Ore reserves are considered to be proven only when the spacing of the boreholes is on a grid of at least 100 m by 100 m.

The high-grade haematite deposits in the Northern Cape occur intermittently in the Gamagara Hills and in the west over a strike length of about 60 km and a width of five to eight km.

Sishen and Postmasburg are at the northern and southern extremities of these hills and the total mineral reserves on ISCOR property in the area are estimated to amount to 3.868-million tons.

The number of boreholes on which the estimates of Sishen reserves is based has trebled since evaluations in 1971 and 1972.

With the additional borehole information, a provisional computerised estimate of the potentially minable open cast ore reserves was made.

This indicated the open cast reserves of 1188-million tons out of a total mineral reserves of about 2.630-million tons.

"Since the drilling programme is still going ahead, these figures cannot be regarded as final," says ISCOR.

In all calculations of minable ore reserves, the quoted figures are based on the fact that only borehole cores showing ore with an iron content of 65% or more are considered to be ore.

However, it is current practice at Sishen to mine ore with an iron content of less than 65%.

This ore is then upgraded in the beneficiation plants to a high-grade product with an iron content of about 66% — which is high by world market standards.
Telefunken stel weer aan

ONDANKS die slaapie in die televisiebedryf het een vervaardiger, Telefunken, die meeste van die 220 werkers wat hy noedgedwonge verlede jaar van Augustus tot Desember moes afdank, weer in diens geneem.

In die jongste tyd het 132 nuwe werkers hulie by die maatskappy se bedryf in Oos-Londen aangesluit — die meeste nadat hul in die begin van die reeks in die TV-bedryf afgedank was. Nog 100 sal oor die volgende ses weke in diens geneem word.

Die rede vir die toename in die vraag na arbeid is die verhoogde produksie in SATV se komponent- en oudodekkingaadselings.

Bemarking

Die geleidelike bekendstelling van Telefunken se oudoprodukte in die Suid-Afrikaanse mark en die aggressiewe bemarking van stelle met dit doel om 'n groter deel van die kleiner televisiebedryf te verower, was ook betekenisvolle faktore, so die besturende direkteur, Mike Bosworth.

SATV Manufacturing se totale personeel beloop 1015.
WINSTE
Die ongouditeerde Groepw ins vir die ses maande geëindig 30 Junie 1977 saam met die ongouditeerde Groepw ins vir dieselfde tydperk verlede jaar en die geouditeerde Groepw ins vir die jaar geëindig 31 Desember 1976 is

<table>
<thead>
<tr>
<th>Maand</th>
<th>Jaar</th>
<th>Jaar</th>
</tr>
</thead>
<tbody>
<tr>
<td>geëindig</td>
<td>geëindig</td>
<td></td>
</tr>
<tr>
<td>30 Junie</td>
<td>1976</td>
<td>1976</td>
</tr>
<tr>
<td>31 Des</td>
<td>R000</td>
<td>R000</td>
</tr>
</tbody>
</table>

Groepw ins voor belasting

<table>
<thead>
<tr>
<th>Belasting</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 310</td>
<td>2 377</td>
<td>2 340</td>
</tr>
</tbody>
</table>

Groepw ins na belasting

<table>
<thead>
<tr>
<th>Groepw ins na belasting</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2 379</td>
<td>5 326</td>
<td>6 483</td>
</tr>
</tbody>
</table>

Aandeel van winste van filiale toekrygbaar aan bute-aandeelhouders

| Aandeel van winste | 721 | 42 | 94 |

Voorkeurdividend

| Voorkeurdividend | 1 658 | 5 284 | 6 389 |

Toekrygbaar aan gewone aandeelhouders

| Toekrygbaar aan gewone aandeelhouders | 1 656 | 5 284 | 6 389 |

Verdienste per gewone aandeel (sent)

| Verdienste per gewone aandeel (sent) | 12,77 | 40,75 | 49,30 |

WYSIGING VAN FINANSEIE JAAR
As gevolg van praktiese rekeningkundige oorwegings het u Direksie besluit om die Finansiele Jaarrekening vanaf 31 Desember tot 30 Junie te verander. In terme hiervan sal die volgende geouditeerde Finansiele State van die maatskappy en die groep strek oor 18 maande wat eindig op 30 Junie 1978 'n Tussentydse verslag vir die twaalf maande tot 31 Desember 1977 sal voorgeld word.

DIVIDENDBELEID
Die direkteure is voornemens om die praktyk van die verlede te volg om slegs 'n finale dividend ten opsigte van elke boetkytperk van die Maatskappy te verklaar. Aangesien die lopende boetkytperk nou 'n tydperk van 18 maande dek, is dit dat die voornemse om 'n tussendividende om en by Februarie 1978 te verklaar, gevolg deur 'n finale dividend om en by Augustus 1978, waarna die direkteure na hul vorige beleid om dividende een keer per jaar te verklaar, sal terugkeer.

OPMERKINGS OOR RESULTATE
Algemene besighedstoestande gedurende die eerste ses maande van hierdie jaar was steeds uiter moeilik, met voortdurende kosteverskynsels en groot druk op winsgrense.

Die aankoop van 'n beherende belang in die Ellerne-organisatie het 'n aansienlike bydrae tot die Groep se winste tot gevolg gehad, en die verhoogde veralde bydrae van televisie verkoop is grotendeels hierdie verhoog.

Met hierdie faktore in ag geneem, beskou die Direksie die wins vir die eers oorsigtydperk as aanvaarbaar.

In teenstelling met 1976 sal die normale seisoensverandering in verkoop, gedurende die laaste gedeelte van hierdie jaar weer van krag word. Alhoewel 'n versigtige benadering oor die kort termyn steeds nodig is, en onderhewig daarop dat geen verdere agteruitgang in die huidige ongunstige klimaat of ander onvoorsiene omstandighede plaasvind nie, sien die Direkteure voortaan 'n bevredigende resultaat vir die tydperk van twaalf maande wat op 31 Desember 1977 eindig.

Namens die Direksie
B SLOME
(Voorsitter en Mede-Besturende Direkteur)
J COHEN
(Mede-Besturende Direkteur)

KAPITAALVERPLIGTINGE
Verwagte kapitaalverplichtinge bedra R750 000

VERANDERINGE VAN FILIALE
Op 15 Maart 1977 het die maatskappy sy belang in die Carlton Lighting-Groep vanaf 66,6% na 100% verhoog

Johannesburg
15 Augustus 1977
More firms working short time — Seifsa

JOHANNESBURG — More firms are working short time and more employee retrenchments are looming without any signs of an early economic upturn, says the July business conditions report of the Steel and Engineering Industries Federation (Seifsa).

Reports from the metal and engineering industries indicate no revival as yet of demand for capital goods, it says.

However, since March the general downturn of demand, though not of production, has shown signs of levelling out.

It says the rate of cost escalation in the first-half of 1977 has slowed appreciably compared with the previous two years.

Official cost indices for mechanical and engineering industry materials rose 2.9 and 1.9 percent respectively in this period compared with 12.1 and 10.1 percent respectively in the full year 1976.

With the conclusion of the metal and engineering industries' wage negotiations, labour costs will shortly increase, but not on the scale of recent years.

It adds "The current phase of relatively low escalation of costs may not however continue for the remainder of the year in view of the import duty surcharge and the electricity and rail tariff increases which occurred earlier in the year and whose full impact has not yet been felt."

"Price control, administrative decisions and severe competition have tended to suppress their full impact so far." — Sapa.
FOR IMMEDIATE RELEASE

PRESS STATEMENT ISSUED BY THE MINISTER OF ECONOMIC AFFAIRS.
RE-IMPOSITION OF CONTROL OVER THE PRICE OF AGRICULTURAL MACHINERY,
IMPLEMENTS AND EQUIPMENT AND PARTS THEROF.

During June 1977 the Government decided to abolish with effect
from 1 July, 1977, the price control measures imposed on agricul-
tural machinery, implements and equipment and parts therefor,
in terms of the Price Control Act, 1964. The main reasons for this
decision were that there were a large number of suppliers and dis-
tributors of these goods and that there were no shortages in
respect thereof.

In the light hereof, as well as the fact that current economic
conditions in the country did not provide scope for under-
takings to increase their prices unjustifiably, it was considered
that the free play of the market forces of supply and demand should
be able to ensure that prices would be maintained at reasonable levels.

However, since the abolition of price control, price increases
have occurred in respect of a wide range of agricultural machinery,
implements and equipment and parts therefor and it has been decided
that the justification, or otherwise, of such price increases should
be verified by the Price Controller. Consequently, the Government
has decided that control over the prices of agricultural machinery,
implements and equipment and parts therefor must be re-imposed and
that such prices be frozen at the levels which existed on 5 August,
1977. It should be emphasised, however, that only the maximum
selling prices are fixed in this manner and that any individual
firm is free to sell the goods supplied by him at prices lower than
the permissable maximum prices.

Furthermore, it has been decided that all entrepreneurs who have
increased their prices since the abolition of price control on
1 July 1977 must immediately submit full particulars of the cost
increases on which such price increases have been based as well as
their latest financial details in the customary manner to the
Price Controller for clearance.
A Government Notice to give effect to this decision regarding the re-imposition of control over the prices of agricultural machinery, implements and equipment and parts therefor will be published in the Government Gazette as soon as possible.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF THE MINISTRY OF ECONOMIC AFFAIRS.

PRETORIA

5TH AUGUST, 1977
The electronic squeeze

Growth of 20% a year is needed. The problem is that not enough electronic engineers can be trained.

Tough external pressures on SA mean it's more than ever necessary to have a viable, growing electronics industry. Along with petro-chemicals and steel, electronics is of vital importance.

Let's not kid ourselves, the pressures are already taking shape. Their most visible form, to date, can be seen in US attitudes to local computer customers. Late last year, for example, the US Office of Export Administration imposed restrictions on sales of computers intended for the Atomic Energy Board, police and defence. Two months ago, restrictions extended to the Ministry of Bantu Affairs.

Local responsibilities

IBM for one stoutly maintains that the US action has not affected business. It has gone on record that it has taken over R30m in equipment sales since January. But significantly UK's ICL has also taken over R30m in the same period — and many fed that the recent large ICL order went to ICL largely because of US attitudes.

In any event, in the longer term, it's obvious that our electronic needs can't be left entirely in the hands of overseas multinational groups, either US or European. These needs add up to big business.

Local demand is worth around R1 000m, with telecommunications accounting for R200m, electronic computing equipment R100m, entertainment and consumer electronics R200m, with some R500m going on measurement and control, specialized communications and military requirements. Of all this, about R800m is currently imported.

So it's encouraging to see real signs that the local industry is awakening to its responsibilities. Concrete signs that it is beginning to grow on a significant scale are two recent major mergers:

Barlow's took Fuchs to give it dominance in consumer electronics products (with Tedelex as a major competitor) as well as in the defence communications.

Allied Technologies' spectacular deal with the US conglomerate IT&T, has secured for it Standard Telephone and Telegraph's (STC's) electronics and telecommunications divisions, plus a huge chunk of Post Office business.

It is equally important, though, that SA shouldn't stampede into making huge investments to turn out non-competitive components or electronic hardware (in a world market sense) in order to be economically self-sufficient.

One answer lies in economies of scale — wherever these are obtainable — which suggests further mergers and takeovers in the local industry. This likelihood raises two major issues:

- How monopolistic is the industry becoming? And
- Is SA getting a sufficient skilled manpower, and the local training facilities, to supply growth of around 20% yearly?

On the takeover front, Allied Technologies' boss Ken Maud is currently looking at several companies.

"Pre-requisites," he says, "are companies earning at least R100 000 after tax, holding a dominant share of a particular market, and with good management.

Others known to be on the electronic takeover trail are Tongaat (whose electronics subsidiaries are R S Truett and United Electronics), the Rembrandt Group and Abercom (who both courted STC) local electronics experts, however, reckon that, under Maud, Allied Technologies will probably eventually sew up some 70% of the market.

Firms currently being ogled, and occasionally wooed, by suitors are generally the wholly-owned subsidiaries of overseas concerns who, although they assemble or manufacture here, have no SA shareholders.

Racial has a 10% local shareholding and is regarded as marriagable. Without local participation are AEI-Henley and GEC (part of UK GEC group), Marconi (wholly owned by the UK parent) and Fulmen SA (part of the giant French CFE group).

Equally appetising, though perhaps less vulnerable, are companies like Saftronics (turning over R5m in thyristor controlled variable speed drives, crane controls, rectifiers, metal detectors, etc and working hard on exports to the US and Canada), and Pietermaritzburg-based Electromatic, which exports some R750 000 worldwide in the special field of traffic control.

As the pace of takeovers increases, the SA electronics industry will become more monopolistic. The Post Office and defence must be aware that tenders go out to very few groups — who have thus no reason to be altruistic over pricing.

In this context, it's interesting that the Post Office has decided to review its decision on semi-electronic telephone switching. In 1975, it opted for the Siemens CP44 system (expenditure would have amounted to some R1 000m over 10 years and was scheduled for introduction next year). Now the PO is taking a fresh look at phone technologies and keeping all its options open.

Spelling it out

It's on the labour front that the prospect of sustaining a 20% "electronics" growth rate is daunting. Professor Louis van Biljon (a director of Fuchs and head of Pretoria University's electronics engineering department — the only one in the country) spells it out.

"Of the R1 200m to be spent this year on electronics, 20% is local manufacture, 80% is imported (1976 figures put electronic componentry at R71,2m and computer and associated equipment at R65,4m) The estimate is that one electronics engineer and 10 technicians account for R500 000 equipment.

"We shall need 480 electronics engineers plus 5 000 technicians annually. This year, Pretoria will hopefully produce 30 electronic engineers, other universities such as Stellenbosch and RAU will produce electrical engineers who have been given light current or electronic options."

The gap is staggering. We just don't have the electronic engineers — membership of the Institute of Electrical Engineers numbers only 3 349, of whom 1 527 are light current engineers.

So it's not just in technology and manufacturing capacity that we're embarrassingly dependent on overseas goodwill and knowhow in electronics. The people problem is much tougher.
Mt of saleable steel last year) to earn somewhere between R140m and R200m abroad.

The January-June period has already notched up foreign orders worth R100m. Two years ago, SA steel imports were running at 1 Mt annually.

A small but significant order comes from the US west coast-gulf region dominated by the Japanese for a decade. Last year, SA sold a meagre 1800 t in this area but US speculation is that Iscor (and possibly other local steelmakers) will ship in upwards of 50 000 t this year.

Iscor is keeping mum about this and other deals, but confirms that an export target of 1,3 Mt this year is within sight.

Iscor's decision, months ago, to go for low unit cost by maintaining high production, while other big steelmakers were (and still are) cutting back and even closing plants, was a calculated gamble that looks like paying off.

Domestic demand has fallen markedly, while the international market is riddled with a crossfire of dumping allegations against its competitors from virtually every steel-producing nation.

Against this background, SA's foreign steel sales will not, naturally, make the same percentage contribution to revenue as domestic sales as export prices are pared to the bone.

Pared even more so, if that's possible, to help (along with steelmakers from South Korea, Taiwan, Australia, New Zealand, the Philippines and soon Mexico) break Japan's west coast-gulf grip on what was virtually its home ground.

Japan, ironically, looks like letting the region slip from its grasp after restraining supplies in an attempt to fend off US dumping charges.

Other suppliers, including SA, were quick to fill the gap and even undercut Japanese prices in a regional market taking an estimated 2.7 Mt of imported steel annually and rising.

STEEL

Iscor turns tables

Iscor's canny negotiators are quietly pulling off a commercial coup in the cut-throat international steel market.

Despite the metal's oversupply and slump conditions, Pretoria based sales teams confidently expect to export at least a third of this year's production (3,6
SEIFSA

Steel yourself

In contradiction to the FCI’s conclusion that an upturn is around the corner, Seifsa’s forecast for capital expenditure in the metal and engineering industries for 1977 indicates that the economy has still some way to go before any real signs of recovery become apparent.

The forecast, based on an extensive Seifsa survey, estimates that the decline during 1977 in total capital expenditure in these industries will be as much as 40% in real terms.

According to Seifsa “This sharp reduction not only accounts in part for the much lower levels of demand on the metal and engineering industries currently experienced but also reflects the low expectation of a demand recovery arising in other sectors of manufacturing industry, particularly in present circumstances, an upturn arising from building and motor vehicle activity.”

The basic metal industries are expected to be hardest hit with a decline in capital expenditure of at least 40% in real terms. The real change in expenditure is calculated by adjusting the actual expenditure according to the rate of inflation indicated by Seifsa’s index of plant and machinery costs. This index reflects a rise in inflation of 34% over the last two years, although there has been a slowdown in recent months.

To compound the decline in capital expenditure, it appears that these industries are allowing insufficient in the way of provisions for depreciation and the replacement of capital items. The average rate of depreciation in the basic metal industries is only 6%, while that in metal and fabricating industries is 20%. Seifsa claims that in the light of escalating plant and machinery costs, and greater technological obsolescence, the existing allowances for depreciation are inadequate.

Yet another negative factor is that the engineering industry is being plagued by labour problems, as the conflict between the unions and Seifsa remains in a state of limbo following their inability to reach agreement on wage increases (FM July 1). Seifsa’s business conditions report for June sums up the situation by stating “Business conditions are poor in all sections without exception.” The only possibility of an early reprieve for the steel and engineering industries appears to be the present high tonnages of iron ore, steel and ferro-alloys now being exported and the anticipated further rise in these exports in the future.

In the light of all these factors, and also taking into account the lag which must occur if any reflationary measures are adopted by the government, any expectation as to the possibility of a real upturn in the business cycle must be premature.
AFRICAN UNIONS

Challenge to Anglo

Yet another African trade union has approached a company to discuss the problem of workers in its factory. What gives the case added significance is that the company concerned is a subsidiary of Anglo American, whose chairman, Harry Oppenheimer, has publicly stated that "there is nothing in law to prevent employers from recognising (black unions) and negotiating with them."

- The union is the Reef branch of the Metal & Allied Workers' Union (MAWU), while the firm is Zinchem, a Reef-based subsidiary of Zimro (Zinc Chemical & Industrial Mineral Resources (Pty)), which is in its turn wholly-owned by Anglo.

MAWU says it was approached earlier this year by a group of Zinchem workers who felt they were not adequately represented by the company's liaison committee and therefore wanted the union to raise a number of "grievances" with Zinchem management.

Zinchem told the union that the "queries" raised had been dealt with by the committee Zimro MD "Buck" Buchanan says the union was satisfied that the queries had been dealt with by the committee and that the company's "exchange of letters with the "sensible, level-headed" union representative was "most cordial.

He adds that, while the company has not yet formally met MAWU, it is "only too happy to deal with it. We are waiting for it to submit its constitution and a list of its members at our Benoni plant."

Zinchem wants to retain its liaison committee but, says Buchanan, that doesn't preclude a relationship with the union. "Simple housekeeping matters like canteen facilities would be liaison committee issues, but broader problems like pay-scales would obviously be a union matter."

He points out that, as an Anglo subsidiary, the company adheres to "policy documents" drawn up in head office.

In terms of these, Anglo companies are expected to deal with African unions which approach them.

Between 50 and 60 of the 250 Africans at the plant are members of the union. Some of the liaison committee members are also union men.

A spokesman for the union disputes some of the points raised by Buchanan, however. He tells the FM that the company's reply was discussed earlier this week at a meeting of union members, who were not satisfied with it. He adds that the members have now instructed him to go back to management and report that they do not accept that the matters raised have been adequately dealt with by the liaison committee.


Seifsa reports trend in demand levelling

JOHANNESBURG — Reports to Seifsa of business conditions in the metal and engineering industries in July indicate as yet no revival of demand for capital goods. Since March, however, the general downturn of demand, although not of production, has showed signs of levelling out.

Some slight improvements in the expenditure of households is discernible, with motor vehicles remaining an exception. Orders by the motor vehicle assembly plants on the component manufacturers continue to be poor.

The rate of cost escalation in the first half of 1977 has slowed appreciably, compared with the previous two years. Official cost indices for mechanical and engineering industry materials rose 2.9 per cent and 1.9 per cent respectively during this period, compared with 12.1 per cent and 10.1 per cent respectively in the full year 1976.

Steel costs have remained generally unchanged, and the price of the non-ferrous metals have weakened, except for aluminium.

With the conclusion of the metal and engineering industries' wage negotiations, labour costs will shortly increase, but not on the scale of recent years.

The current phase of relatively low escalation of costs may not, however, continue for the remainder of the year in view of the import duty surcharge and the export and rail tariffs increases, which occurred earlier in the year and whose full impact has not yet been felt. Price control, administrative decisions and severe competition have tended to suppress their full impact so far.

Iron, steel and ferro alloys; it remains difficult for the steel mills to find adequate overseas markets for the surplus onages of rolled steel products, which cannot be sold in the South African market. Competition and trade obstacles affect the ferro alloy sector, and have lowered price levels.

Building industry suppliers: the sector comprises plumbers' brassware, builders' hardware and metal doors and windows, and a slight strengthening of demand is apparent, according to reports. Consequently, production reports are also slightly more favourable.

Electric cables: business conditions are severely poor, but are not currently deteriorating further.

Electrical machinery: somewhat improved conditions were reported for July in the case of electric motors, transformers and switchgear. A similar improvement in the flow of orders was reported by the domestic appliance manufacturers, and the slow trend continues.

Foundries: the steel, iron and non-ferrous foundry sectors, which reflect the general business situation within the Seifsa sectors, report exceptionally weak demand and substantial under-employment of foundry capacities. Many iron foundries are working a four-day week.

General engineering: activity in this large sector is declining at a significantly lower rate than earlier in the year.

Heavy engineering: July reports were generally poor, despite an improvement in orders for railway rolling stock. The recent decline in production levels has been steep.

Light metal manufacture: although the downward trend appears to have levelled out in the second quarter of the year, business conditions in the sector remain exceptionally poor.

Plastics manufacture: the flow of orders has strengthened in recent months and July reports were markedly more favourable.

Structural steel and reinforcing steelwork: Power Station, SASOL II and other public sector projects provide important support for this sector which would otherwise be in considerable difficulty. The general level of demand and production remain nevertheless well down on normal levels.

Tubes and pipes: July orders were lower than previously although well below plant capacities is reportedly improving.
Grim estimate of steel exports

JOHANNESBURG - The ability of Highveld Steel and Vanadium to maintain last year's good profit performance will depend on an improvement in the demand and price of the company's products on local and overseas markets.

In his report for the year to June, chairman, Mr W G Boustedt, says that the additional iron, steel and ferro-sally production facilities should all be fully commissioned and available during the current financial year.

In addition, the commissioning of the plate mill will allow the company to participate in a new section of the local market and produce higher steel sales.

However, tempering these comments is Mr Boustedt's rather grim assessment of the potential for exports, which made up 65.5 percent of total turnover in the past year.

Referring to the international steel market, Mr Boustedt says that unless there is a strengthening for capital goods and construction, there must be some doubt about the depth of the American recovery.

"Europe, and to a lesser extent Japan, remain depressed with little expectation for improvement in 1977."

During the past financial year, European industry was particularly depressed, which led to reaction against steel imports from Japan, Spain, Australia and South Africa.

This resulted in a reduction in South African steel exports to EEC countries. "This buying protectionism in the larger steel consuming countries is of major concern and it is not in the long-term interests of the world steel industry."

The additional vanadium production facilities that have been introduced by Highveld and the major American and finish producers has resulted in over-capacity at a time when demand is depressed.

Accordingly, Mr Boustedt believes that because of this additional capacity, the Vanadium market will be well supplied for some years ahead.

In the year to June, profits rose encouragingly to R20740 000 from R15908 000, equivalent to earnings of 27.9c on the increased capital against 30.6c previously.

---

Ironmental Studies

8 1978

Cants equal opportunity ended programme before finally 8. This will be done at the
definitely intend to pursue and submit the necessary appli-
end to apply for admission

1 probably have to limit his reason we would like to

R.F. Fuggle
Shell Professor

RFF/afa
HIGHVELD STEEL AND VANADIUM CORPORATION LIMITED

Review by the chairman, Mr W. G. Boustred

In today's difficult trading conditions it is pleasing to report that the corporation's consolidated profit before providing for deferred tax and minority interests showed an improvement on the previous year rising from R28 041 000 to R33 107 000. After providing R1 041 000 for deferred tax and R1 420 000 for minority interests the net profit of R20 740 000 represented a 30 per cent increase on the 1976 result of R15 908 000. The net profit for the year was achieved after providing for interest charges of R2 797 000 and depreciation of R5 780 000.

During the year the capital shares capital rose by R8 534 740 from R88 180 030 to R97 714 770 as a result of subscription rights being exercised in respect of 6 342 240 shares by the holders of option warrants attached to the Deutsche Mark and US dollar bonds, and the issuing of the 65 per cent shareholding in Transalla (Proprietary) Limited and 72 500 issued to participants in the corporation's share incentive scheme for senior employees. The closing date for option warrant holders to subscribe was December 31, 1976 and a total of 10 600 000 shares 72 per cent were eventually subscribed for during the full currency of the option warrants. The European investment decision to subscribe is an encouraging sign in the current political-economic climate and it, we believe, is an indication of their continuing faith in South African industry. Despite the 16 per cent increase in property, plant and equipment the corporation has continued to earn R223 000 of profit on R10 000 000 of unconsolidated profit in 1976.

Dividends and Earnings Per Share

In view of the improved results your board decided to declare a final dividend of 10 cents a share which makes a total of 15 cents a share for the year an increase of 20 per cent over the 1975 12.5 cents dividend. The total dividend for the year will absorb R16 580 000.

The group results for the review period are not strictly comparable with the previous periods as they include for the first time the profit of Transalla (Proprietary) Limited which was R6 007 000 before tax.

The additional production facilities in the iron and steel plant and the plate mill have been brought into operation in the first six months of the new financial year thus completing the first product expansion. The fifth furnace at Transalla was successfully commissioned in June 1977. It is noteworthy that the furnace and the equipment which had been purchased from the United States as part of the acquisition of the corporation.

As a result of the adverse economic conditions both in the Republic and in the rest of the world, particularly in the second half of the year the difficulty was encountered in the marketing of all the corporation's products. This necessitated production cutbacks in the Vanadium division and at Transalla. The output of rolled products was reduced and the surplus steel was exported in the form of continuously cast slabs. The lower export prices associated with the continued high rate of cost increases reduced the profit margins as illustrated by an improvement in pre-tax profit of only 18 per cent over the same period in turnover. Sales revenue was R144 450 000 and the value of exports at R104 723 000 represented 65.6 per cent of the total turnover compared with 48 per cent last year. Pre-tax earnings showed a 77 per cent increase on the 1976 figure of R53 031 000.

Deferred tax

A provision for deferred tax was introduced by Highveld in the 1974 financial year and in the years 1975 and 1976 the calculated provisions amounted to the then ruling rates of company tax as applied to the corporation's profits. A tax rate of 38 per cent is applied to the 1976 financial year to Highveld's unconsolidated profit. As the new rolling mill facilities will be commissioned during the next financial year and the investment is expected to become available, the charge should, it is expected, be less than for the 1976 financial year.

Steel

Another difficult year was experienced by the steel industry in 1976. The apparent recovery in the world economy levelled off in the third quarter, the steel industry took a downturn in the fourth quarter. While free world production in 1976 increased by 7.0 per cent over the previous year it was 8.0 per cent below the 1974 recorded year and reports for 1977 to date show no improvement on the 1976 level.

The European industry was particularly depressed, which led to a reaction against steel imports from Japan, Spain, Australia and South Africa with the result that South African steel exports to Europe have been reduced. This growing protectionism in the European consuming countries is of major concern and it is not in the long-term interest of the world steel industry. Local steel demand remained low throughout the financial year, and, indeed, for the corporation's rolled products amounted to no more than 60 per cent of capital is available for the production of the long products in order to accommodate the demand. As a result of the additional steel mills and a lower margin throughout, the sale of semis, in the form of continuously cast blocks was at a high level of 193 000 tons.

As expected, the heavy export steel load in both semis and rolled products has put extreme pressure on the African port facilities. The corporation continues to make full use of Maputo despite operating difficulties which have resulted in delays and increased costs. However, progress has now been made for the construction of the corporation's exports to be handled through Durban which will ensure continuity of supply to our customers.

The steel market in the USA began to improve in the second quarter of 1977 mainly as a result of a strong demand for automobile products. However, this improvement is similar to that witnessed in 1976 and unless there is a strengthening in the demand for capital goods and construction there must be some doubt about the depth and strength of the USA recovery. Europe, and to a lesser extent Japan, remains depressed with little expectation for improvement in 1977.

Vanadium market

As mentioned in last year's report the demand for vanadium was sustained by pipeline developments in Alberta, Canada, the North Sea and Russia but due to the continuing recession the demand for pipelines has also fallen off, adversely affecting sales of vanadium. During the past twelve months additional vanadium production facilities have been commissioned by Highveld and by the major American and Finnish producers. As forecast this has resulted in overcapacity at a time when demand is depressed and we believe that as a result of the additional capacity the vanadium market will be well supplied for some years ahead. Highveld's own vanadium market development division and Vanadoc the Vanadium International Technical Committee are increasing efforts to promote and develop the usage of vanadium-bearing high-strength steels against strong competition from the producers of other micro alloys mainly molybdenum and zirconium.

The demand for the corporation's vanadium-bearing slag remained firm during the review period, but port related sales were lower in the second half of the financial year to balance production against demand.
were taken out of operation in December 1976 and the fourth in April 1977. With the current lower demand for manganese and the higher supply situation the Mafita division will operate at a substantially reduced level during the next financial year.

Transalloys

The company has assessed the opportunities presented by the manganese shortage and, in particular, the need for more sophisticated manganese alloys. The company will diversify its product range to include more sophisticated manganese alloys and, in due course, expand its operations to include the manufacture of such products.

Inflation

The increase in the cost of production due to the manganese shortage will be reflected in the prices charged. The company will endeavour to keep these increases to a minimum and will strive to keep its customers informed of any changes in its pricing policy.

Expansion

The company has embarked on a programme of expansion to take advantage of the increased demand for manganese alloys. This will include the purchase of new equipment and the expansion of existing facilities.

The Highfield expansion has resulted in a steel-making and rolling mill capacity of about one million tons per annum. The new plant is expected to increase the company's production to about 1.2 million tons per annum by the end of 1977.

Gross Value of Sales and Exports

For the year ended September 30, 1977, the company's gross value of sales and exports amounted to R50 million, representing a 20% increase over the preceding year.

Environmental control

The company is committed to environmental protection and has implemented several measures to minimize its impact on the environment. These include the installation of waste treatment plants, the use of non-polluting processes, and the recycling of waste materials.

Labour

The company's workforce is highly skilled and dedicated. The company provides a comprehensive training programme to ensure that its employees are well equipped to meet the challenges of the industry.

W. G. Boustedt

Chairman

August 5, 1977

The annual report and chairman's review may be obtained from Consolidated Share Registrar Limited, 62 Marshall Street, Johannesburg 2001.
APPRENTICES

Placement problems

A potentially serious situation in the training of apprentices as some of Natal's recession hit industries have been forced through action by employers, workers' representatives and the Department of Labour.

In the metal industry, for example, 95 apprentices found themselves without sufficient work earlier this year largely because of a decline in the shipbuilding and ship repair sector. James Brown &

Hamer ran out of orders, and the reopening of Suez combined with a decline in world trade to reduce repair work.

The trades worst affected were plating, plater-boilermaking, electrical and electrical fittermentship. Unlike journeymen apprentices cannot be dismissed when there is no work, or have their contracts summarily cancelled. Equally, they can hardly learn a trade when there is nothing to do and nobody to train them.

In April an action committee was formed to see if some of the apprentices in the metal industry were transferred to other firms. Employers secured new contracts to keep another 34 in jobs, but, are still working short time, while efforts are still being made to place the remaining 12, some of whom have asked for their contracts to be cancelled.

Sefsa director Fred Drummond is not unduly perturbed. He regards Durban as a special case. As far as the country as a whole is concerned, we will still be taking on apprentices in the same numbers, he said, because there will be an upturn again and then we're going to be right back with this critical bottleneck of skilled artisans.

Shortages of skilled men

"We're still very short in certain key trades - the more sophisticated ones such as electronics, electrical, and that type of thing. We're also short of certain boilermaking trades in view of the developments which are taking place -" Koceberg, Sasol 2, etc.

As might be expected, the building industry has been most severely affected by the economic downturn. Nearly 80 (12.4%) apprentices in the Durban and Pinetown area are without sufficient work. The hardest hit have been carpenters (57) and bricklayers (12).

It has been possible to transfer only three men to other employers. Six have left the industry and are working elsewhere, 51 are working short time, and the remaining 18 are twiddling their thumbs.

Master Builders' Association president Bob Stevenson notes with concern that last year the number of apprentices registered in the Durban area dropped below
HIGHVELD STEEL AND VANADIUM CORPORATION LIMITED

Review by the chairman, Mr W. G. Boustedt

In today's difficult trading conditions, it is pleasing to report that the company has made a profit for the first time in its history. Year to year, the steel output was up by 5% and vanadium output by 10%. The net profit for the year was £1,000,000, representing a profit of £2 per share.

During the year, the company's sales reached a new high of £3,700,000. This was achieved by increasing production, reducing costs, and improving efficiency. The company's share price increased by 20% during the year, reflecting the improved performance.

In terms of dividends, the board decided to declare a final dividend of 10 cents per share, making a total of 15 cents per share for the year, an increase of 20% over the previous year. This total dividend for the year will absorb R10,188,000.

The group results for the year are not comparable with the previous periods as they include for the first time the profit of Transvaal Proprietary Limited which was £6,607,000 before tax. The additional production facilities in the iron and steel plants have been commissioned ahead of schedule and the plant will be brought into operation in the first few months of the new financial year.

The outlook for the coming year is promising. The company expects to maintain its current level of production and to continue to improve its efficiency. The share price is expected to remain stable, and the board is optimistic about the company's future prospects.

DIVIDENDS AND EARNINGS PER SHARE

In terms of the improved results, the board decided to declare a final dividend of 10 cents per share, which makes a total of 15 cents per share for the year, an increase of 20% over the previous year's dividend of £1 per share. The total dividend for the year will absorb £1,000,000.

The group results for the year are not comparable with the previous years as they include for the first time the profit of Transvaal Proprietary Limited which was £6,607,000 before tax. The additional production facilities in the iron and steel plants have been commissioned ahead of schedule and the plant will be brought into operation in the first few months of the new financial year.

The outlook for the coming year is promising. The company expects to maintain its current level of production and to continue to improve its efficiency. The share price is expected to remain stable, and the board is optimistic about the company's future prospects.
were taken out of operation in December, 1976. As a result, Transalleys in line with other ferro-alloy producers fell with lower demand in the second half of the financial year and output was reduced in January 1977. With the commissioning of the new No. 5 smelter in June, two months after the end of the financial year, output is expected to rise to about 25 per cent of the previous year's output. The smelter has been designed with the aim of reducing the rate of production and improving the economics of the smelting process.

Inflation
It is disappointing to report that operating costs in the iron and steel industry have increased by 15 per cent of the previous year's costs. This rise is largely due to increases in the price of steel. In addition, the cost of electric power has increased by 15 per cent of the previous year's costs. This rise is largely due to increases in the price of power. In addition, the cost of electric power has increased by 15 per cent of the previous year's costs. This rise is largely due to increases in the price of power. In addition, the cost of electric power has increased by 15 per cent of the previous year's costs. This rise is largely due to increases in the price of power.

Environmental control
During the year an additional gas cleaning unit was commissioned in the steel plant at a cost of R2 000 000. An order was also placed for an electrostatic precipitator for No. 5 reduction plant to replace the original multiple cleaning unit. To date R5 000 000 has been spent on emission control equipment, but in order to make it more effective a further R5 000 000 will be required over the next financial year.

Labour
The overall availability of labour has improved as a result of the recession. However, skilled workers in one or two trades remain in short supply and the long-term need to make better use of our black labour force remains paramount.

The Minister of Labour has announced plans for strengthening the liaison and works committee structure enabling black workers to negotiate with individual managers, on conditions of employment. This was welcomed as a positive step towards improving working conditions.

Safety
In the NOSA national compétition for 1976, the iron and steel works were second in the SILI/SNOSA competition, having won in the two previous years. Transalleys again entered with an entry for the best safety record in the industry, having won in the two previous years. This can be regarded as a fine achievement during a period of major reduction work on our plants, there is no doubt that significant improvements can be made in the safety programme and there remains much scope for reducing accidents and damage to plant and equipment.

The annual report and chairman's review may be obtained from Consolidated Steel Registries Limited, 62 Marshall Street, Johannesburg 2001.
Iscor grants pay rises in spite of likely loss

BY GERALD REILLY

ISCOR has granted its workers pay increases totalling R14-million in spite of an expected loss of more than R50-million for the current financial year.

The loss is expected to be announced by Iscor's chairman, Dr Tom Muller, at Iscor's annual meeting at the end of November. Total Iscor losses over the past 3 years exceed R120-million.

Isoc's increases and the increases granted recently to Escom employees have deepened dissatisfaction in the public service.

Senior public servants claimed yesterday that if the funds could be found for Iscor increases, there was no reason why public servants should not also get relief from mounting living costs.

Iscor and Escom, they say, are State enterprises and should fall under the same umbrella as State departments.

A senior Iscor official said yesterday that trade union members would get 5%, black workers 6% and other workers 4%.

Iscor was strongly advised by its economic advisers to ignore pressure from workers for increases.

However, it was pointed out that Iscor, in spite of the recession, still had a shortage of skilled workers.

The increases would make the corporation more competitive in the labour market, it was claimed.

In the corporation's annual report at the end of next month the steep rise in costs are expected to be heavily emphasised.

Iscor is a big user of power — Escom's rates have escalated by more than 80% in the past two years — and of coal.

There is, therefore, strong justification for another increase in the price of coal, and this will also be stressed in the annual report.
Pay rise for Iscor workers
PRETORIA — Iscor has granted its workers increases totalling R14m in spite of an expected loss of substantially more than R50m for the current financial year.

The loss is expected to be announced by Iscor's chairman, Dr Tom Muller, at the end of November.

Total Iscor losses over the past three years exceed R120m. It is claimed that as Iscor has a shortage of skilled workers, the increases will make the corporation more competitive in the labour market.
R80m explosion at Iscor

Steel output cut 60pc

NEWCASTLE. — The general works manager at the Iscor plant here, Mr Floor Kotze, said yesterday that the series of explosions which wrecked the R80m No. 5 blast furnace on Wednesday had cut the plant's steel production by about 60 percent.

Mr Kotze said it would be a week to 10 days before the cause and the extent of the damage could be assessed and the duration of the repair work estimated.

He said apparently molten iron had burst through the outer walls of the furnace, causing an explosion when it made contact with the wet ground outside.

Mr Kotze described the damage as "fairly extensive". No one was injured. — Sapa
Unchanged flow in orders for steel

Johannesburg — No change in the flow of orders to the metal and engineering industries was reported in August, for the third consecutive month. The flow is reportedly weak, but not worsening.

Nevertheless, trends in some sectors show slight improvement, and these include household electrical appliances, which can be attributed to seasonal restocking.

Local demand on the steel mills and on the large general engineering sector continue to decline. In contrast, there are now comforting indications that overseas demand for steel products is strengthening slightly.

Reports to Sefisa of working hours in the metal and engineering sectors signify a mild correction to the previous month's disquieting feature of an upward trend in short-time work hours.

The steady fall in the order intake from the agriculture sector is reflected in a slacking in the tempo of production. The sector, generally, is working far below capacity.

With motor vehicle sales more or less bottomed, some replacement demand can be anticipated following the introduction of the new car models. Nevertheless, business conditions show little sign of improvement, and the call-off from the assembly plants for components reflects no recovery during August.

Although it remains difficult for the steel mills to find adequate overseas markets for the surplus tonnages of rolled steel products, which cannot be sold on the South African market, there are welcome signs that overseas demands are improving. Competition and trade obstacles still continue to affect the ferro alloy sector and price levels.

— BBC

The advantages of increased accuracy and detail of colour photographs which will come as the product gains in popularity, were illustrated in the block and white (monochrome) photographs have been produced in the previous section (6.1). The advantage of increased accuracy and detail of colour photographs was therefore experimented. One criterion that can be made of the colour experimental work had been investigated. The colour processing technique which will come as the product gains in popularity, was not, however, improve with experience.

This criterion is due to small processing units and the exhaustion of chemicals compared to others which had a dark purple hue over the entire print. Some runs varied. The overall impressions of some photos was a light yellow prints is that the colour balance between groups of photos, even within the same run, varied. The overall impressions of some photos was a light yellow print is that the colour balance between groups of photos, even within the same run, varied.
SCHOOL OF ECONOMICS

ISCOR confident on coking coal

Industrial Editor
ISCOR appears confident it has found the solution to its coking coal problem in the deposits of coal that have been discovered at Ellinas and in the Venda homeland in the Northern Transvaal.

The corporation does not believe it will have to use briquette technology, which, through a blending process, will enable steel producers to use non-coking coal previously considered unacceptable for steel.

ISCOR still has the problem, however, of finding the cash to fund the exploitation of these deposits.

With the Venda deposit, estimated to be about 100 million tons, which is taken at $1 million a year, the corporation has turned to the mining industry to help. About $10 million is needed to develop a mine.

Several mining companies are carrying out investigations and they have agreed to do whether they are prepared to participate in a mining project with ISCOS. Since the Venda homeland is confident that they will.

At Grootezink in the Ellinas area, ISCOS is keen on developing a mine of its own.

But at this stage it has still to find the cash. The sale of the rail link between Sishen and Saldanha Bay to the Railways was to have offered a solution, but this is no longer the case.

It will be several years before ISCOS will be able to make use of either of the two mining prospects. The shortage of coking coal remains a problem for the corporation which will probably have to continue importing part of its needs for blending with South African low ash coal.

According to a spokesman, ISCOS is still confident it will not now have to resort to briquette manufacture to meet its coking requirements, is still keeping pace with developments in this field and believes it has as comprehensive a knowledge of the technology as any in the world wide.

This area is of particular interest in view of the growing demand for hard coal throughout the world.

The Nippon Steel Corporation of Tokyo has developed its briquette technology to the commercial stage and is marketing the process. Its first order is to the Pohang Iron & Steel Company in Korea.

The order is for a briquette manufacturing plant with a daily capacity of 100,000 tons. The plant is scheduled to be completed by November, 1978.

Nippon Steel's process diverts 30% of fine coke from the coking oven to a converter, to the briquette production facility, where blending material is mixed in and briquettes are formed by a special rolling machine.

(For the full title and publication referred to above, consult the book outline.)
HENDLER and Henders, one of the country's leading manufacturers of enamelware, is successfully exporting its products to a host of world markets to the tune of R2 million a year.

"And," says export manager Ashby Levinson, "the company is confidently looking to maintaining its export growth rate of ten percent a year.

Henders first broached the export field nine years ago, with its range of "Pondosware" (potentially clad steel) pots.

"But," says Levinson, "it is only in the last five years that the programme has really been seen in its worth. The four years before that were spent looking on doors and trying to get into this highly competitive market.

Levinson and his export team are continually promoting their brand image in the North American, European, and Australian markets to which they

of a struggle in the top end of the market. Levinson points out that only about five factories in the world are capable of the same standards of production in the high-quality field, with Germany the most aggressive of the opposition.

While rising costs, particularly the cost of steel, have been a problem, Henders have maintained their competitiveness mainly due to the lower labour costs in South Africa in what is a highly labour-intensive field.

Also of advantage is the fact that the US is not a major manufacturer of enamelware, and Henders have only to fight European competition for that market.

Other markets require more attention, and Levinson's export team is extremely active in maintaining market share in the most competitive of these. An activity which has met with success as that R2 million in foreign exchange highlights.
Iscor spend R2.5 million on better steel

Finance Reporter

ISCOR is currently spending R2.5 million for the production of 2 new desulphurisation plants, each with a capacity of 800 thousand tons a year and the installation of 2 million tons, has been planned. At the Vanderbijlpark and Newcastle works. The installation costs will be R1.5 million and R1 million and they are expected to bring about 10% of the costs in steel production costs in the long run.

A spokesman for Iscor explains that an excess of sulphur in the steel adversely affects the quality. Previously metal has been produced that could not be used in the oxygen furnaces because of an excess of sulphur content. This hot metal would then be classed as under grade, usually selling at a much lower price than steel — resulting in a financial loss to the corporation.

Sodium carbonate was also used to lower the percentage of the sulphur in the steel. But this chemical is imported, it causes pollution and it has a corrective effect on the linings of the ladles and blast furnaces.

The new desulphurisation plants use calcium carbide which is obtainable locally and causes no pollution.

The process by which desulphurisation is effected through the use of calcium carbide was developed by the steel concern of August-Thyssen Huette of West Germany from which Iscor acquired the knowledge to operate the two plants.
Heavy industry still looking for orders

BUSINESS conditions remain depressed, according to the Steel and Engineering Industries Federation of South Africa.

It says there was no change in the flow of orders in August for the third consecutive month. "The flow is reportedly weak, but not worsening," says the Serisa report, adding that trends in some sectors show slight but continuing improvement.

South African demand on steel mills and the large general engineering sector continues to decline, it says, but there are now comforting signs that overseas demand for steel products is strengthening.

Reports of working hours in the metal and engineering sectors "signify a mild corrective to the previous month's disquieting feature of an upward trend in short-time work hours." A sector-by-sector reports shows:

- **Agricultural and irrigation machinery and implements**: The steady fall in the order intake from the agriculture sector is reflected in a slackening in the tempo of production. The sector is working far below capacity.
- **Automotive component manufacture**: With motor vehicle sales more or less bottomed, some replacement demand can be expected following the introduction of new car models. Nevertheless, business conditions show little sign of improvement and the call-off from the assembly plants for components reflects no recovery for August.
- **Iron, steel and ferro alloys**: Although it remains difficult for the steel mills to find adequate overseas markets for the surplus tonnages of rolled steel products, which cannot be sold on the South African market, there are welcome signs that overseas demand is improving. Competition and trade obstacles continue to affect the ferroalloy sector and price levels.
- **Building industry supplies**: The sector, which comprises plumbers' brassware, builders' hardware and metal doors and windows shows a marked downturn in order intake.
- **Electric cables**: Business conditions are poor and August reports reflect a slight improvement in orders, but production levels, in spite of orders for railway rolling stock, remain below normal.
- **Electrical machinery**: Conditions remain steady for electric motors, transformers and switchgear, but there are improved orders in the domestic appliance manufacturers.
- **Machinery**: The steel, iron and non-ferrous foundry sectors continue to report weak demand and substantial under-use of capacity.
- **General engineering**: Activity in the large sector continues at below normal production levels, and with an insufficient order intake there are no indications that it is near a turning point in the downturn.
- **Heavy engineering**: August reports reflect a slight improvement in orders, but production levels, in spite of orders for railway rolling stock, remain below normal.
- **Shipbuilding**: Although shipbuilding yards are able to maintain near-normal production, concern is expressed at the lack of new orders. Skip-repair work remains steady, but is below normal.

- **Structural steel and reinforcing steel**: Power stations, Sasol 3 and other public sector projects continue to provide important support for this sector, which would otherwise be in considerable difficulty. The general level of demand and production remain nevertheless well down on normal levels.
- **Ames and pipes**: Production, although well below plant capacities, is improving. Order intake continues to be disappointing.
Warning of world steel trade war

Mercury Correspondent 11/10/77 (89)

LONDON — World steel industry leaders were warned that there could be a steel trade war if manufacturers resorted to protectionism. Common Market Commissioner for Industry, Vicomte Etienne Davignon made the warning on the eve of the International Iron and Steel Institute’s annual conference in Rome.

5.3.1 (vi) Asteroideae

5.3.2 The community per cent

on xeric overgrazed not usually present

cover is reduced from

and an increase in u

not usually present in

This physiological presence on the

(ggy) hue, which may

colour which is associ

The talus slopes are very

type. The xeric north

vegetation type. The

Rhus divaricata, Kiwi

fierent community, is readily

ed texture and its greyey-yellow

colour rather than a brown
cover.

a major role in the vegetation

have a scrub vegetation

ions support a limited tree

on here are Cussonia paniculata,

ntata, Myrsine africana, Clutia

pulchella, Buddleia salviifolia, Euclea lanceolata, Rhamnus prinoides and

n Dominants.

shallow

grassed

lawn

invasive species and the grass

basal cover to 1,2 per cent basal

tion in the more palatable species

ragrostis lehmanniana, Aristida

roduction of undesirable species

Aristida diffusa.

The sharp words were especially directed against United States manufacturers, who filed anti-
dumping suits against some importers.

Two big United States companies are also planning anti-dumping actions against British Steel and other European and Japanese steel makers.

Vicomte Davignon said the industry could not solve its problems by closing its markets. It would simply create a trade war.

American companies are basing their anti-dumping suits on the basis that steel imports from British, European and Japanese manufacturers rose by 16 percent.

Imports

Nearly one fifth of U.S. requirements of steel are supplied by imports. U.S. manufacturers believe that European producers are worse offenders against U.S. anti-dumping regulations than the Japanese.

Commodities Research Unit Limited (Cru), says that capacity utilization in European steel plants fell to the alarmingly low level of 54 percent during August. Cru believes that the European steel industry is in a worse plight than the industry in North America and Japan.

Vicomte Davignon designed a strategy to restore a viable price struc-
Seifisa calls for further stimulus in soft areas

MR W N Bandeli, of African Cables, was yesterday elected president of Seifisa.
Vice-Presidents are Mr C D Ellis, of Dorman Long, Vanderbijlpark; Mr R T Shaw, of Cementation Engineering (Pty); and Dr Kearney, of SA Manganese Amcor. - Sapa.

FURTHER restimulation of the economy in these sectors and industries where an oversoft situation has developed was called for yesterday by the president of the Steel and Engineering Industries Federation, Dr J P Kearney.

He told the annual meeting of Seifisa in Johannesburg that in spite of the adverse effects which oversotululation would generate it was necessary to bring about a selective upswing and to reverse the continued downturn.

This was because not only overall economic considerations, but the socio-economic implications of the growing number of unemployed

Underused capacity was the order of the day, with output decreasing, accompanied by problems in keeping labour in full employment.

In a number of Seifisa sectors, substantial lay-offs of labour had occurred and in an attempt to mitigate the social consequences, work had been spread over the available labour force in many plants. Short time had been introduced to keep people occupied.

A number of Seifisa sectors had been adversely affected as a result of spillovers affecting them, resulting in similar downturns being experienced by secondary industry in general.

These included the large-scale drop in building and construction, marked slowdowns in motor assembly plants, cutbacks and postponements in certain important capital investment projects and a drop in expenditure in public sector and infrastructure schemes.

Dr Kearney said that on the positive side, certain sectors as far as Seifisa was concerned were already benefiting from the work load from the Sasol 2 project. Certain regions were worse hit than others. The coastal areas were particularly hard hit because of the economic conditions in those areas.

The fortunes of the metal and engineering industries group as suppliers of capital plant and equipment and service industries and suppliers of durable consumer goods were particularly sensitive to and reliant on the economic performances of other groups investment and consumer demand.

Nevertheless, the groups - particularly in the iron and steel sector - had been able to increase their export performances by volume, notwithstanding a drop in South African demand for their basic products.

This had been done in spite of the difficult conditions in the international market. The ferroalloy producers had maintained, and in some cases, improved, their export performances.

The going for these two important sectors of the Seifisa group would become more difficult unless there was an upturn and a revival in the economies of South Africa's overseas trading partners.

Financing costs for investment programmes continued to be high. The economic downturn situation, as well as the incidence of corporate tax and the finding of even reduced inventories and work in progress, had put many companies into outright cashflow situations.

There was a tendency for the capital goods of overseas manufacturers to be credit financed at nominal rates of interest and to allow South African buyers to secure deferred payments terms.

Thus, he said, was particularly significant in contracts where project finance was provided. These deferred credit facilities made it difficult for contractors to compete.

If similar facilities were made available to South African manufacturers, this would equalise their competitive position, not only in the home market but in export markets.

- Reuters
Miljoene-eis in lug

Sake-RAPPORT het nou vasgestel dat Dorbyl die leveranser is wat die toerusting moes verskaf waar- na mnr. De Villiers verwys het.

Yskor

'n Woordvoerder van Sasol wou nie op mnr De Villiers se kommentaar uit- brei nie en wou nie bevestig of ontken dat daar 'n geding teen die verskaffer
SASOL KNOR
VIR DORBYL

Deur DAVID MEADES

DIE feit dat 'n Suid-Afrikaanse kontrakteur „kritiese” toerusting na lang vertragings nie aan Sasol kon lewer nie, gaan waarskynlik tot 'n geding lei waarby miljoene rande betrokke kan wees.

Hierdie toerusting sal nou ook ten duurste uit die buiteland ingevoer moet word.

Die Suid-Afrikaanse kontrakteur is Dorman Long Vanderbijlkorporasie (Dorbyl), wat op sy beurt weer 'n onregstreekse filiaal van 'n ander groot staatskorporasie, Yskor, is.

Mnr David de Villiers, vooras van Sasol, het Donderdag op hierdie korporasie se jaar vergadering bekend gemaak dat Sasol se gasuitbreidingsplan op Sasolburg 'n ernstige terugslag ondervind het.

Dit het gebeur toe dit na lang vertragings geblek het dat kritiese vergassings-toerusting nie deur die lewenrassier voltooi en aan die projek lewer kon word nie.

Om die produksieverlies so laag as moontlik te hou, moes onmiddellik reëlings getref word om toerusting wat vir die Sasol II-vergassingsaanleg bestel is, na Sasolburg te stuur. Mnr De Villiers het gesê dat aanhangig gemaak gaan word nie.

Sake-RAPPORT verstaan egter dat Sasol wel stappe beoog, 'n syfer van 'n paar miljoen rand word genoem.

Dorbyl is een van die land se voorste swaar ingenieursgroepie Internationale Pipe and Steel Investments South Africa (IPSA) het 'n belang van 56 persent in Dorbyl. Yskor het op sy beurt weer 'n belang van 50 persent in IPSA, terwyl die British Steel Corporation 'n belang van 35 persent en Anglo American 'n belang van 15 persent het.

---

MNR. DAVID DE VILLIERS

het as voorsitter van Sasol op die jaarvergadering gekla dat die vertragging in die voltooiing en inbedryfsetting van die gasuitbreidingsplan 'n aansienlike produksieverlies meegebring het, wat tot in die lopende boekjaar sal voortdure.
SOUTH Africa is heavily over-supplied with computers, according to the Computer Services and Bureaux Association (Cosba).

Not surprisingly, there’s sharp disagreement from the big companies in the business of supplying computers, especially as the rapid decline in the cost of data processing makes any surplus capacity ever less expensive.

Cosba president Dave Teron reckons that the country’s huge installed base of computers, worth an estimated R1:5-billion, is at least 50 per cent underestimated.

Mervyn Smythe, another Cosba executive member, goes so far as to say that it wouldn’t matter if there was a ban on importing mainframe computers for the next three years.

Strong views, but Messrs Teron and Smythe claim they have enough evidence to demonstrate that some users would be well advised to scrap their expensive hardware and switch to using the services of a bureau.

An example given by Mr. Smythe involved his own bureau, Elixene, Automated Business Systems.

“A client of ours, Elixene’s, has, on order a computer which would have cost them about R100,000 a month,” he said. “We were able to show them that they could get the same service from our bureau— at 60 per cent of the cost.”

Another example was a leading public company with a computer costing R24,000 a month, which is only in use for 25 per cent of the 700 hours of available monthly time.

The opposite to this is batch processing, and that’s when computer capacity is a function of the number of different users, and running continuously if necessary.

Some bureaux do not have their own computer, but buy spare time on in-house installations and thus help to reduce the costs of renting the hardware.

IT is in use during normal office hours, but is switched off at night and weekends. A bureau cuts costs by using off-peak time, sharing its capacity between a number of different users, and running continuously if necessary.

It is felt by many mainframe suppliers that the main use of computers in future will be during working hours.

Another point is that the cost of spare capacity is coming sharply down. For example, if you upgrade from an IBM 168 computer to a 3033, the latest addition to the range, you nearly double your capacity for 80 per cent of the cost.

ICL, one of the leading computer suppliers in the country, also runs nine bureaux— the most extensive network in South Africa.

ICL, of the leading computers, is also running nine bureaux— the most extensive network in South Africa.

The total turnover of the computer service industry is estimated at R30-million a year, of which 80 per cent is done by bureaux.

There are about 50 bureaux in the country, and Cosba, with 36 bureau members and 15 others, represents a substantial slice of the bureau industry.

Cosba, however, argues that computer users should not plan for peak loads, but should call in a bureau when the peaks arise.

The issue will be thrashed out at a Cosba seminar in Johannesburg on October 20 covering the advantages of using a service organisation in tough economic conditions.

However, leading mainframe suppliers are prominent by their absence from the large panel of speakers.

Mr le Roux says that both sides of ICL’s business are growing rapidly, but he doesn’t believe there is a swing from in-house computers to bureaux.

Scepticism among mainframe suppliers about the claim that there is 50 per cent spare capacity in the industry.

“It’s nearer 15 per cent, and that’s not much when you consider growth needs,” he said.

Martin le Roux, market development manager at ICL, says that while many computer users have their hardware in use only for only six hours a day, the benefits to them are greater than if they switched to a bureau.

Cosba, however, argues that computer users should plan for peak loads, but should call in a bureau when the peaks arise.
JB and H sells Broderick

JAMES BROWN & Hamer, the Anglovaal marine and industrial engineering concern in Durban, has sold its 52.7% shareholding in Broderick Investments to Dorman Long for R3 023 000. The sale will produce a capital profit of R331 400.

The cash inflow will enable JB & H to meet its loan repayment commitments and, at the same time, put it in a position by which it will be able to fund more easily any increase in the general level of business activity.

JB & H says that at this stage it is not possible to assess accurately the effect of the sale on its share earnings. However, it is expected that the Broderick dividend will be more than offset by interest savings following the cash injection.
STEEL Against all odds

Indications that Iscor will soon top last year's 5.1 Mt steel output confound the desperate downward trend of the metal worldwide.

While Japanese majors struggle to cut stocks, Europeans limp on half-capacity production and Americans push a wad of dumping charges, SA's main (13%) producer seems to be ruling the global roost with uncanny confidence.

Foreign steel scrap markets have collapsed. Yet the 100-old local scrap merchants are now dealing at prices higher than a year ago.

"We're taking all the scrap on offer and handling about 1 Mt a year," says Ferrous Scrap Distributor (Scrap Pool) GM Jack Weir. He adds that the situation isn't rosy but the market is being maintained.

Not so overseas steelmen Japanese enjoying the first tentative signs of modest recovery hope that fourth quarter output, according to October's London-based Commodities Research Unit will be "about 8.2 Mt a month or 6.9% working capacity."

European steelmakers, working at an average 54% capacity, "have moved from gloom to despair" on discovering that Japanese steel is allegedly being dumped into the EEC via stockholders and Swedish dealers.

Desperate Common Market producers are flooding the market ever more by dumping, again through stockholders, giant shipments on each other. Only in America are steelmen concentrating on international politics rather than cutting prices to match European rates which, for US steelmakers, would be suicidal.

Having forced the Japanese to restrict voluntarily exports to its shores, the US producers are turning their big anti-dumping guns on Europe with the French leading under the first salvo of indictments and the British and Italians coming into line for the second broadside.

Even with US mills retaining a 70% utilisation capacity, opposition is building up to European steel shipments which jumped this year from 19% to 36% of the metal's import market. At the same time, the Japanese, facing a backlash against their 60% domination of the import sector, cut shipments back to 41%.

Iron ore production has been maintained against of demand in local construction, engineering and motor sectors, by a timely export hike expected this calendar year to pass the 1 Mt mark.

Another indication of SA's comparatively healthy steel sector comes from the Scrap Pool's Weir, who says that the local market is absorbing all scrap steel coming through his distribution office, the price rose in July 1975 and June 1976.

Since March 1976 peak to last month, average world scrap steel prices per ton have plunged US $89 to $59 (and now to $30).
Anglovaal koop Tristeel

ANGLOVAAL gaan 'n beherende belang in Trident Steel, een van Suid Afrika se grootste staalhandelaars, teen 'n bedrag van R1 125 000 verkry.

Die maatskappy bant oor omvattende reeks staalplatte, blad en sek- sue delens. Daar is volgens maat ge- na de dries in beeld die plaatlike en die uitgerus enke Trident se huidige belaste wins om skry R1 miljoen per jaar.

Hierdie beneende en goed bestuurde onderneming is verkry van enkele aandeel- houers wat om persoonlike redes hul aandeel wou verkope. Die huidige bestuur het ingestem om by die maatskappy, te hou.

Trident Steel is in 1972 gestig en het sedertdien dra- my in oorsese en Suid-Afrika se staalindustrie. Tristeel is 'n Woon voorteel van Anglovaal het aan Sake-RAPPORT ge- dink dat geen moontlikheid hoor na die besluit om enige aandeel in Tris- teel te koop, deur te hou.

Die verkryk van Trident Steel moet binne die raamwerk van Anglo- vaal se algemene manganese en jy inheemse belange gese- n wou. Dit sal die groep monna waar.
KENNISGEWING AAN AANDEELHOUERS

Plate Glass & Shatterprufe Industries Beperk ("PG")
Placor Holdings Beperk

VSA-VERKRYGING

Onderhandelinge is aangaan om PG se internationale filiale om 100% van Sunglo Glass Company ("Sunglo") van Los Angeles te verkry wat handel dryf in 11 state op die Weskus van Amerika onder die naam National Auto Glass en West Coast Glass Distributors.

Sunglo, wat 25 jaar gelede gestig is, versprei en pas veiligheids glas vir motoreenheid - 'n onderneming wat ooreenkom met die wat reeds vir 50 jaar deur PG in Suid-Afrika bestuur word. Vir die afgelope 4 jaar voer PG na Sunglo kar-en-totwindskermers uit wat deur sy filaal in Port Elizabeth vervaardig word.

Sunglo het tans 11 pakhuise en 18 volklikehandelsafsetgebeëde wat in die jaar geleden 31 Oktober 1976 verkoep van S$14 miljard behaal het. Boonop word dit verleen aan deur 17 onafhanklike workers onder die naam National Auto Glass.

Die aankoopvergoeding van S$3.3 miljoen sal ten volle geltanser word uit fondse wat deur PG in die Verenigde State verkry word. Onderhewig aan die afhandeling van formaliteite, sal die aankoop van S$14 miljard behaal het. Boonop word dit verleen aan deur 17 onafhanklike workers onder die naam National Auto Glass.

Die aankoopvergoeding van S$3.3 miljard sal ten volle geltanser word uit fondse wat deur PG in die Verenigde State verkry word. Onderhewig aan die afhandeling van formaliteite, sal die aankoop van S$14 miljard behaal het. Boonop word dit verleen aan deur 17 onafhanklike workers onder die naam National Auto Glass.

Die aankoopvergoeding van S$3.3 miljoen sal ten volle geltanser word uit fondse wat deur PG in die Verenigde State verkry word. Onderhewig aan die afhandeling van formaliteite, sal die aankoop van S$14 miljard behaal het. Boonop word dit verleen aan deur 17 onafhanklike workers onder die naam National Auto Glass.

PG vervol E beloed om sy sake te kontrakteer en in die gebiede waarby sy vroeër veenrijkheid en kundigheid beskik - die verkoop van glas, werkhou en plonspakke en bouers en buurders - en het in 75 jaar 'n leer in hierdie bedrywige in Suidelike Afrika geword. Groeiegemeente oor die langtermyn word beskou om te leer in geografies diversifiseerde gebiede waar PG se besewe tegniese toegepaste kan word.

Hierdie beloed het die gevorderde toer 'n stadia waar by afhandeling van die Sunglo-aankoop, PG in 4 kontinentale gevestig sal wees met 286 kantore en afsetgebeëde in Suidelike Afrika.

56 in Australie
29 in die Verenigde State
3 in Europa

In die langtermyn sal hierdie internasionale bedrywighede gemeente beloed en verhoog en die groote van verdienste uit 'n verskeidenheid marke. Dit behoor by te dra om daardie skommelinge wat voorspruit uit ekonomiese onstoringe in afsonderlike lande gelyk te maak.

Dit is die beloed van PG om alle sleutelgebeëde van bedryf te behou en in die groot moontlik marke te verbeter. Ten spyte van 'n verslegging van toestande in die nywerhede wat ons in Suidelike Afrika dien, het PG hierdie jaar die randwaarde van sy omset gehandhaaf - 'n duidelike aanduiding dat die nywerhede altyd die mark teer.

HUIDIGE HANDELHOESSTEANDEN

Tans word meeste van die groep se winst in Suidelike Afrika verdien en is onontbeerbaar verbonden aan die bou-, meubel- en motorrytygnerhede. Die reserse in hierdie nywerhede is swaar en sal moontlik langer duur as wat verwag is toe die jaar 1977 se boekjaar publiseer is. Derhalwe moet my voorspelling dat wensie vir die jaar 1978 in die geheel met die tyd dalk sou wees dat die reserse saamgemaak sal word.

Op hierdie tydspan word dit verwag dat PG se verdienste vir die twee jaar tot September ongeveer 11 sent per gewone aandeel sal bedra, en dat die van Placor sal derhalwe ongeveer 3.9 sent per aandeel beloop. Ongewenste resultate en die dividende vir die tydperk van Plate Glass en Placor sal soos gewoonlik teen die einde van November publiseer word.

Die vooruitstappe vir die tweede helfte betref die verknap van die PG-jaarspreker dat dit misluk sal wees om verdienste vir die volle jaar te voorspel behalte in deel en die maand gevolg die termes, nog toepaslik. Met die oog op die huidige handelsstomme, behoort aandeelhouders nie te verwag dat die resultate vir die tweede helfte 'n verbetering op die van die eerste helfte sal toon nie.

Morris Lubner
Voorstuur
Woensdag 19 Oktober 1977
Firm to expand

DOWSON and Dobson Ltd., a member of the African Oxygen Group, is to spend R2 million on expansion.

A new office and works complex is to be built at the Krugersdorp manufacturing complex of Dowson and Dobson Engineering. This will include a large machine shop, boiler and roller shop extensions and expanded product development and design facilities.
S & L voer uit

BY enige veldtog om in Suid-Afrika 'n groter mark vir plaslike goedere te kry, bly uitvoerbevordering steeds die baie belangrike ander pool as druk op die land se betalingsbalans verminder moet word. En in hierdie opsig is daar 'n hele aantal Suid-Afrikaanse ondernemings wat hul deel deeglik doen.

'S Voorbeeld is Stewarts & Lloyds, wat die Suid-Afrikaanse Buitelandse Handelsorganisasie (SAFTO) se uitvoerder van die Maand in November is.

Hierdie groep bestaan eintlik uit 'n hele aantal maatskappe wat elk verskillende produkte in verskillende dele van die wêreld behandel. Van die dertig maatskappe in die groep is 'n sewe daadwerklik op die uitvoermark bedryf.

Tussen hulle voer hulle slike goedere soos pypleidings, gelestuie, koppie, verkoerboeë en selfs windpompe uit. Hierdie goedere kan en lande soever uitneem as Hongkong en Bolivia. Gevind word S & L verder hiermee in Suid-Afrika sot 85 miljoen per jaar.

En dit was maar eers sot twee jaar gelede dat

South African Opposition 1939-

South African State President.

Johannes Johannes van der Merwe, G.W. du

Geraniums - Eriniaphila chilomma

Die afdrywings leier is die

Geranium, Herbertsonia ca

controle.

Geranium, Herbertsonia ca

Geranium, Herbertsonia ca

Die effect van grasing op

Grahamstown, 1934-1948, p.76.

Grahamstown, 1934-1948, p.76.

The South African Opposition

The world's proudest white,

The South African Opposition

The world's proudest white,

The world's proudest white,

The world's proudest white,

The world's proudest white,
Defy to take on the refrigeration market

DEFY Industries is about to make a major assault on the domestic refrigeration market with the object of broadening its position in the home appliance industry.

Bob Symons, Defy's marketing manager, said this week that his company was about to launch a comprehensive range of fridges and freezers and hoped to secure 10 per cent of the R34-million market by the end of 1978.

Allied to its new diversification will be a promotional campaign designed to take Defy out of its low-profile stove-oriented image.

The Defy fridge range will include three single door models, two matching upright freezers, four double door versions and one fridge over freezer model.

The fridge range, Mr Symons said, was being produced by a manufacturer with surplus capacity, but in strict accord with Defy technical specifications.

He added that it was his company's philosophy first to establish a market before considering whether to venture into the substantial cost of setting up a manufacturing plant.

"The broadening of Defy's base in the home appliance industry includes its be up with the American company, Amana, in the field of air conditioning. Defy is also marketing its own brand of home air conditioner and has recently signed a deal to make and market Chrysler's Artemp units.

In the same field Defy recently made a deal with Lennox, a market leader in the United States, to distribute its range of central air conditioning units.

Mr Symons said that just over three months ago his company had contracted with Goblin BVC of Britain to market a range of floor care products in South Africa.

"Initially we have aimed at penetrating the 20 per cent of the market not held by the two market leaders. We are hoping to secure up to 25 per cent of this market within two years," he said.

Mr Symons also revealed that the company was about to launch a new range of double ovens in its popular German series.

Before moving into fridges, Defy carried out a thorough survey which revealed a 40 per cent increase in the black market in one year, giving them 20 per cent of the total in that sector.

It is Mr Symons' view that this market will increase with the introduction of electricity into black areas.

He said that Defy estimated that its diversification programme would bring an additional R2-million a year in turnover.
Manufacturing
Iron, Steel, Engineering
Mechanized Metal

Nov. 1977 - Dec. 1978
Wispeco looks to black housing for a shove

By ELIZABETH ROUSE

Wispeco Holdings can hope only for selective stimulation of the building sector — housing for blacks, for instance — for a profit improvement in the coming year.

The chairman, Mr P K Hoogendyk, is not optimistic about prospects, and says in the annual report that he can see no material change in group earnings.

This means that earnings will stay around the 3c of the past year and that dividends will be passed. Wispeco paid a 1c interim and had to pass the final as profits plunged in the second half of the year.

Liquidity has improved — the current asset ratio is 1,5:1 against 1976's 1,4:1 — but this was the result of closing some production facilities.

The group is negotiating to sell certain surplus properties. This will allow growth or diversification into activities whose markets are anti-cyclical to those of existing investments, says Mr Hoogendyk.

The directors' report shows where the group came a cropper. The steel and aluminium building products division incurred a loss of R304,000 against a profit of R61,000 in 1976.

Dividends income from non-controlled companies dropped to R11,000 from R15,000.

Hart, the kitchenware subsidiary, suffered from the consumer squeeze, but sales are looking up a little. Wispeco shares were chased up to about 22c in September on rumours of takeover bids for this Metkor-controlled group, but have fallen back to 21c.

Unless there is a bid in the offering, the counter has little to recommend it.

TRENCOR

TRENCOR'S performance for the first three months of the current financial year is "on budget" at about the levels achieved in 1976, says the chairman, Mr N J Jowell.

MOBILE

MOBILE Industries can still rely on a leasing subsidiary, Mobile Acceptances (Pty), to provide a cushion against the general economic downturn, and results for the year so far are up to budget, says the chairman, Mr Jowell.

In the annual report, he said earnings for the current year should decline because of the company's dependence on Trenco. Taxed profit in the year ending June 30 was R1 183 000 (R158 000), and dividends totalled 10.3c (9.5c).

He told the annual meeting in Cape Town that the acquisition by Barclays National Bank of a 26% share in Mobile Acceptances placed the subsidiary on a strong footing to exploit the continuing strong demand for leasing finance, reports Reuters.

COMMON FUND Investment Society is keeping up its profit growth record. Earnings are up 8.4% at the halfway stage.

Taxed profit for the six months to September, 1977, is R1 183 000 against R1 158 000 in the same time last year, equal to earnings of 10.3c against 14.84c.

Net asset value at the end of September was 288c compared with 237c at the end of March this year.

The company says a major part of income is received in the first half of the year. Certain dividends received in the second half have been included in the past half-year's figures to make them comparable with last year's results.
MALBAS

MCOMESS-BAKKE LIMITED

Directors: D V Benade (Chairman), D L Keys (Deputy Chairman), J C Halam
C H M Malemoss C J Newton, P Steyn A S Thomas G S Thomas
B S W Winberg (Sweden)

DIVISIONS

Bakke Industries

Malbak Motor Holdings

Malcomes

Group Services

PRINCIPAL ACTIVITIES

Packaging, plastics and mining supplies, Plastic raw materials
Specialised printing and box-making

Motor distributors in the Eastern Cape, Border and Orange Free State
Brake, clutch and engine rebuilders Rubber manufacturers
and tyre retreaders

Nation-wide distributon and retailers of farm machinery, and
manufacturers of farm implements
Administration, financial and investment services
Specialised road haulage

INTERIM REPORT

Half-year ended Year ended

TURNOVER

46 677 000 42 348 000 81 806 000

PRE-TAX PROFITS

2 450 000 2 637 000 5 483 000

CONTRIBUTIONS MADE BY DIVISIONS TO
AFTER-TAX EARNINGS

Bakke Industries

630 000 962 000 1 117 000

Malbak Motor Holdings Limited

132 000 162 000 449 000

Malcomes

476 000 597 000 1 179 000

Group Services

120 000 148 000 348 000

1 386 000 1 401 000 3 063 000

EARNINGS PER ORDINARY SHARE (cents)

1.2 13.4 29.5

COMMENT

DIVISIONS

1 Bakke's results were affected by a fluctuating seasonal demand for some of its products, fortunately this was partly countered by improved conditions in other markets

2 Malbak Motor Holdings continued to suffer from the general decline in the motor trade, however, a significant contribution to profits emanated from its activities in the automobile service industry
Mr Tom Chalmers was appointed Managing Director with effect from October 1, 1977

3 Malcomes continued to trade strongly during the six month period, benefiting from a good maize crop
Mr Robin Manning, previously Managing Director of Malbak Motor Holdings, was appointed Deputy Managing Director with effect from January 1, 1978 Mr Dale

3 Hillary has been appointed Financial Director

4 The transport companies of Group Services continued to perform satisfactorily, as did the contributions from other investments

GROUP

Overall, the Group's results for the year to March 31, 1978 are still anticipated to be in line with budget, this represents a slight improvement on last year

D V BENADE,
B S W WINBERG

November 1, 1977

Registered Office
7th Floor, Loveday House,
Cor. Loveday and Marshall Streets,
Johannesburg 2001
P O Box 3976, Johannesburg 2000

Transfer Office
Hill Samuel Registrars (SA) Ltd.
The Corner House, 63 Fox Street.
Johannesburg 2001
(P O Box 6318, Marshalltown 2107)
GENREC se nabelaste wins vir die ses maande tot 31 Augustus het met 21 persent gestyg tot R1 001 000. Die verdienste per aandeel is 22,15c en die tussentydse dividend is verhoog van 3c tot 5c per aandeel.

Volgens die tussentydse verklaring bly die vraag na dié ingenieursfirma se dienste redelik en verwag die direksie dat dit ondanks moeilike toestande sal voortduur.

Genrec is natuurlik in die gelukkige posisie dat hy 'n besonder groot kontrak by Sasol 11 verower het. Verder kan die jongste stiging in die goudprys aanleiding gee tot 'n oplewing in vaste investeringe by die goudmyne Genrec is tradisioneel baie sterk in dié veld.

Volgens mnr Hennie Joubert, adjunk-besturende direkteur van Genrec, is die maatskappy op die oomblik baie inkwiek en soek hy eintlik na nuwe uitbreidingammaaklikhede wat tersetdeury die basis van dit onderneming kan verbred.

Die finale dividend sal waarskynlik nie verhoog word nie, wat die totaal vir die jaar op 10c te staan kan bring. Teen die huidige prys van 190c per aandeel bied dit 'n opbrengs van net meer as 10 persent wat heeltemal bevredigend is vir 'n maatskappy met Genrec se geskiedenis — VIC DE KLERK.
OTIS HYSERMAATSKAPPY BEPERK • 1977 JAARVERSLAG

VOORSITTERSOORSIG

FINANSIËLE HOOGTEPUNTE
Syfers is as to naaste R1 000 tends anders aangedui

<table>
<thead>
<tr>
<th></th>
<th>1977</th>
<th>1976</th>
</tr>
</thead>
<tbody>
<tr>
<td>Omset</td>
<td>22 717</td>
<td>24 291</td>
</tr>
<tr>
<td>Kontrakte en bestellings gefakturier</td>
<td>7 861</td>
<td>5 669</td>
</tr>
<tr>
<td>Netto inkomste voor belasting</td>
<td>3 313</td>
<td>2 821</td>
</tr>
<tr>
<td>Bedryfsbelasting</td>
<td>4 548</td>
<td>2 848</td>
</tr>
<tr>
<td>Belasting verhaalbaar na afgeskrikte voorraad</td>
<td>108</td>
<td>390</td>
</tr>
<tr>
<td>Netto inkomste na belasting</td>
<td>4 654</td>
<td>3 238</td>
</tr>
<tr>
<td>Vorig jaar se voorrekening teruggeskryf</td>
<td>4 654</td>
<td>3 645</td>
</tr>
<tr>
<td>Netto inkomste beskikbaar vir verdeling</td>
<td>3 740</td>
<td>3 060</td>
</tr>
<tr>
<td>Dividende vir die aandeleerder</td>
<td>914</td>
<td>585</td>
</tr>
<tr>
<td>Netto bates</td>
<td>8 030</td>
<td>7 118</td>
</tr>
<tr>
<td>Uitgereike aandele (dusende)</td>
<td>3 400</td>
<td>3 400</td>
</tr>
<tr>
<td>Verdienste per aandeleer - sent</td>
<td>136,9</td>
<td>95,2</td>
</tr>
<tr>
<td>Netto inkomste voor aandeleer per verdienste - sent</td>
<td>129,7</td>
<td>107,2</td>
</tr>
<tr>
<td>Dividende per aandeleer - sent</td>
<td>110,0</td>
<td>90,0</td>
</tr>
<tr>
<td>Dividenddekoningsverhouding</td>
<td>1,24</td>
<td>1,06</td>
</tr>
<tr>
<td>Netto betawarde per aandeleer - sent</td>
<td>236</td>
<td>209</td>
</tr>
</tbody>
</table>

Verdeelde jaar het ek aan u berg dat die maatskappy die mees gestigde jaar by in genoekties beleef het. Dit skyn vir my baie groot genoeg om o nou te kan meen deel dat ons daadlik resultate in die ongestoor boekhou oortref het. Die neto inkomste na belasting en al die aanassings van R5 645 000 wat en verdienste per aandeleer van 107,2 sent verteenwoordig aanegroei na R5 564 000 n verdienste van 136,9 sent per aandeleer. In die voorlopige inkomnestatistiek wat op 27 September 1977 uitgeki is is in neto belaste inkomste van R4 260 000 vooraal. Hierdie tyler is oorleis omdat die verdienste van 107,2 sent verteenwoordig in gestigde jaar en heelwat meer as die omset of die geïsoleerde bedraad Die groei van onse dienstespanning het gedurende hierdie tydperk die bruisings hoedeweers waar die geïsoleerde bedraad is ons wye gebiede gekrome het omvormings van ons onse bedraad van die gebied van modernisering. Terwyl die afloop van die verkoop van nuwe huisyke steds dalf werk om ons neto omstuur en jaarlikse jaar omset deel van die spoelstel van alle geïsoleerde en bestellings, grootskop die hyke van die omstuur en jaarlikse omset deel van die spoelstel van alle geïsoleerde en bestellings, grootskop die hyke van die omstuur en jaarlikse omset deel van die spoelstel van alle geïsoleerde en bestellings, grootskop die hyke van die omstuur en jaarlikse omstuur en jaarlikse omset deel van die spoelstel van alle geïsoleerde en bestellings, grootskop die hyke van die omstuur en jaarlikse omset deel van die spoelstel van alle geïsoleerde en bestellings, grootskop die hyke van die omstuur en jaarlikse omstuur.
Huletts Aluminium Limited

Interim Report for the six months ended 30 September 1977

The unaudited net income after taxation of the group for the six months ended 30 September 1977 is as follows

<table>
<thead>
<tr>
<th></th>
<th>1977</th>
<th>1976</th>
<th>1976/77</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Six Months</td>
<td>Six Months</td>
<td>Twelve Months</td>
</tr>
<tr>
<td>April-September</td>
<td>(unaudited)</td>
<td>(unaudited)</td>
<td>April 1976 - March 1977</td>
</tr>
<tr>
<td>Turnover R000</td>
<td>38 203</td>
<td>31 947</td>
<td>62 765</td>
</tr>
<tr>
<td>Consolidated net income before taxation</td>
<td>2 571</td>
<td>2 437</td>
<td>4 594</td>
</tr>
<tr>
<td>Taxation R000</td>
<td>496</td>
<td>436</td>
<td>861</td>
</tr>
<tr>
<td>Consolidated net income after taxation</td>
<td>2 375</td>
<td>2 002</td>
<td>3 733</td>
</tr>
</tbody>
</table>

(1) Note

Following the decision in March 1977 to change the basis of valuing aluminium stocks (see "Change in Accounting Policy" below), the comparative figures for the six months ended 30 September 1976 have been re-stated to facilitate comparison. The change for income tax has also been re-stated to recognise an appropriate proportion of the tax allowances in respect of the new sheet mill plant and equipment which was commissioned by the holding company during the year ended 31 March 1977. The unaudited net income after tax of the group for the six months ended 30 September 1976 previously reported was R21 040 000.

Interim dividend 7.0c
Final dividend 7.0c
No of shares issued 760 000
Earnings per share 31.7c

The income after taxation of the holding company itself for the six months ended 30 September 1977, is R2 177 000 compared with R1 688 000 for the six months ended 30 September 1976. The unaudited net income for the latter period as previously reported was R1 741 000.

Change in Accounting Policy

Aluminium stocks for the above periods have been valued on the Last-In First-Out (LIFO) basis in accordance with the change in accounting policy referred to in the annual financial statements for the year ended 31 March 1977. The interim statement of 2 November 1976 relating to the six months ended 30 September 1976 reported the net income for that period on the previous basis of aluminium stock valuation namely the First-In First-Out (FIFO) basis.

Capital Expenditure
Capital commitments incurred by the group at 30 September 1977 amounted to R5 972 000 (30 8 76 R10 470 000), and by the company at 30 September 1977 R5 200 000 (30 9 76 R10 088 000). The sources from which funds will be derived to meet this expenditure are
1 Long term loans
2 Funds derived from operations

Review of Operations
Consolidated net income before tax increased by R134 000 or 6 per cent to R2 571 000 compared with the corresponding period in the previous year. Due to the benefits of the tax allowances referred to below, consolidated net income after taxation increased by R373 000.

An appropriate proportion of the estimated tax allowances on new sheet mill plant and equipment which was commissioned in the holding company during September 1977 and which will apply to the whole financial year ended 31 March 1978, was taken into account in calculating the taxes for the group for the six months to September 1977. In the case of the holding company this resulted in an estimated assessable loss of R3 162 000 for the period of six months (30 9 76 no assessable loss). Any tax relief arising from the estimated assessable loss is dependent on there being future taxable income of sufficient amount. The investment allowances had a beneficial effect to the extent of R4 700 000 (30 9 76 R6 430 000).

Prospects for the Year
We are experiencing more difficult trading conditions in the current six month period and therefore at this stage it is expected that net income after tax for the year will be only marginally higher than that of the previous financial year.

Interim Dividend
An interim dividend of 7 cents per share has been declared which is the same as the interim dividend in respect of the corresponding period last year.

Signed on behalf of the Board
C J SAUNDERS
Chairman
N E DUNCAN
Managing Director
Declaration of Interim Dividend – No. 28

Notice is hereby given that an interim dividend of 7 cents per share has been declared payable to shareholders in the books of the company at the close of business on 2 December 1977. The dividend is declared payable in the currency of the Republic of South Africa. Dividend warrants will be posted on or about 13 January 1978 in terms of the Republic of South Africa Income Tax Act 1962, as amended; non-resident shareholders’ tax at the rate of 15 per cent will be deducted by the company from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa.

The Transfer Books and Register of Members will be closed from 3 December 1977 to 9 December 1977, both days inclusive.

By order of the Board
M. D. HOWES
Secretary

Registered Office: Edendale Road,
Pretoria, 3201
P.O. Box 74, Pretoria, 3200

Pretoria
1 November 1977

Transfer Secretaries: Central Registrars Limited
P.O. Box 61042
Marshalltown 2107

Directors: C J Saunders (Chairman), N E Duncan (Canadian) (Managing Director), R H Addison, P J Elton (British), D V Kromberg, R E Rossne (American), W M Shorten, Dr C van der Pol, D A J Pinn (Bantu) (Alternate)
SOME sectors of the steel and engineering industries show an increase in production over last year's figures at the stage of the year but others are still well behind, according to the September production report of the Steel and Engineering Industries Federation.

Steel works produced 5 600 000 tons for the first nine months of 1977. This is an increase of 3.1% on the 5 513 300 tons in the same period a year ago.

Production of pig iron was 4 155 300 tons in September for a total of 4 626 100 tons for January to September, 1977, a gain of 8.5% over the 4 264 500 tons in the corresponding period last year.

Production of ferrochrome, ferromanganese and other ferroalloys was 68 300 tons in September, bringing the output to 626 000 tons for January to September. This is an increase of 10.6% over the 565 900 tons in the 1976 period.

- Steel foundries produced 11 500 tons of castings in September for 98 600 tons in January to September — a decrease of 16.3% from the 118 100 tons in the same period of 1976.

Production of iron castings was 19 500 tons in September and 173 300 tons for the nine months. This is a drop of 27.3% from the 238 200 tons in the corresponding period a year ago.

September production of non-ferrous castings was 1 055 tons comprising 210 tons of sand castings, 221 tons of the castings, both of copper and copper-base alloys, and 624 tons of other non-ferrous castings.

Production for January to September was 9 400 tons, a decrease of 26.5% on the 12 700 tons for the corresponding period of 1976.
ISCOR

What's R49m?

In the face of an almost unprecedented world slump in steel, Iscor's year end loss of R49m isn't all that bad. Consider the facts:

- Last year, in straitened market conditions, the Corporation lost R30m, the previous year, when demand was relatively buoyant, it lost R35m.
- This year there is a global steel crisis. Japan is at 64% working capacity, European steelmakers at 54% capacity, the US hovering around 70%. British Steel, for example, is losing R2m/day.
- Due to SA's recession, local demand has dropped by 23.7%. At the same time Iscor has rounded off its expansion programme (for which contracts had already been placed) and financing charges during the current financial year have risen from last year's R87.7m to R103.9m. Justifying expansion under today's difficult conditions, the Corporation argues "Extensions were to prevent the Republic's ever again becoming dependent to the same extent in the past on expensive imported steel for eliminating local shortfalls".
- Of course, at the present time, a country without its own steel industry is in the pound seats. It can buy at well below cost price from virtually any producer. And dumping is reaching alarming proportions, so much so that US and European producers are demanding protection.

- Iscor has kept its mills rolling and its workers at its furnaces by hard sell exports (it has been accused by EEC countries of dumping) Yet exports, expected to reach 1.5 Mt in the calendar year, are not profitable other than in the sense, as Iscor explains, that "it is more advantageous to export steel at lower prices rather than withdraw expensive equipment from production and retrain skilled employees".

Export earnings from steel and iron ore (through Saldanha Bay from Sishen) are currently around R500m/year which, from a balance of payments viewpoint, is a vitally important contribution to the economy.

Nevertheless, Iscor's fundamental problem remains the relatively low domestic price of steel, which, together with its high gearing, has dogged it a constantly over the last decade.

Admittedly, however, today's conditions are hardly the moment to hit local users with another price hike.

Right now, it's hard to look at any SA supplier of a vital raw material without considering the UN arms embargo and threats of general trade embargoes. Under these circumstances, one cannot view Iscor's performance with a totally critical, business-like eye.

On the subject of self-sufficiency, Iscor comments: "During the year under review, Iscor contributed 74.7% of the total supply of steel products to the domestic market while other SA producers jointly delivered 22.3%. Only 2% was imported, in sharp contrast with the importation of 21.1% of the domestic market's requirements two years before."

- ... and substitution effects (Lipsey on this). Understand the Hicks-Slutsky and substitution effects can be used to apply income, leisure, inferior and giften goods.
- do we bother to study the H-S analysis?

Bilas pp 70-73

A&A Ch 3 pp 60-73

Consider:
- speculation stabilising or destabilising?

6 Theory of production. Production functions (linear homogeneous and otherwise), isoquants, isocosts, ridge lines, product possibility frontiers, total product curves, reversibility.

Euler's theorem. What does it say? What are the special assumptions?

What does it tell us about income distribution?

Ferguson: Microeconomic theory

Bilas Ch 2

7 Costs

Bilas Ch 7, A&A Ch 13

Consider: what is the relationship between long and short run average cost curves?

Market structures:

8 Perfect competition technical knowlede of the model assumed from ECON I. (See Bilas Ch 8). Consider some of the wider implications, and examine some of the assumptions in more detail.

A&A Ch 17

J.A. Schumpeter: The dynamics of competition and monopoly (in Hunter, ed. Monopoly & Competition)

Consider: Is perfect competition a good thing? Is this a meaningful question?
METAL BOX

Walvis disaster

The effects of the 45% cut in the fishing quota certainly had an impact on the results. Net operating income, in the six months to end September, fell to R6.3m (R7.1m) before adjustment for hfo.

The effects of the loss were concentrated in the six-month period. Cans were pre-stocked prior to the fishing season, and the total loss at Walvis Bay was about R1m. In addition, the tax charge has virtually doubled to R1.7m (R0.9m), as the loss could not be offset against earnings, at this stage.

After the hfo charge, which is some R1.2m less than last year’s, net operating income is slightly higher at R4.9m (R4.5m), while taxed profit is only slightly lower at R2m (R2.1m). Earnings per share amounted to 11c on 18.1m shares, compared with last year’s 11.4c, while on increased capital (24.9m shares) it has fallen to 8c.

The dividend has been maintained at 7c, and with the increased capital, there must have been some additional pressure on cash flow.

The outlook for the year will be affected by the size of the fishing catch and consumer demand for food and beverages. Managing director Nigel Gilson says that steps have been taken to reduce the effects of lower production at Walvis Bay, including price increases and staff reductions, and an improvement in this area is expected. Metrol’s earnings, which have not been included in an

improved group total this year according to Gilson, and should compensate for any fall-off in the fishing sector.

Certainly, the Metrol acquisition should reduce sensitivity to fluctuations in the fruit and fishing sectors and should contribute about 6c per share. On this basis, group earnings for the second half should be about 16c.

Meanwhile, the share has put on 5c to 260c since the interim statement. Cover is likely to be reduced but on a 22c total dividend the shares yield 8.5%. They are fully valued until the market moves ahead.

Marguerite Christie
WHAT'S BEING DONE AT ISCOR

In the past three financial years Iscor, the State steelmaker, has shown net losses of R35m, R30m and now R49m. Nevertheless, compared to most world steel companies, some of which are operating at 60% capacity and suffering losses in hundreds of millions of rands, Iscor, with its positive cash flow, isn't doing all that badly.

FM: How does one pull Iscor out of this chronic loss-making position?

Muller: Losses should be seen in the right perspective. Iscor has adopted the very wise policy of making provision for the eventual higher replacement costs of production units. This provision amounted to R49m in 1976 and R64m in 1977. Apart from one Australian primary producer, Iscor is the only steel company in SA and overseas, as far as we are aware, which is charging this provision to production costs. In other words, if we had adopted the accounting practices of practically all other producers, we would have declared a profit of R19m in 1976 and R15m in 1977.

As far as I can see, the only real solution (to losses) would be the recovery of the domestic market. If Iscor's full production for the year ended June 30 could have been sold on the domestic market, the additional income would have been between R70m-R80m. This would have obviated the loss position.

Is it also necessary to increase the local price of steel?

We must have regular price increases to take care of cost escalations. These price increases have not always been forthcoming in the past and I must make it clear that, at this particular point in time, the price is not pitched to give Iscor automatically a satisfactory return on capital employed.

(Muller is obviously referring to most price-controlled industries which operate on an agreed formula giving them a percentage, usually 15%, return on capital. We estimate that to give Iscor even a modest 10% return on capital employed of R3 039m, Iscor would have to make pretax profits of R200m. This would mean an increasing revenue by over a third. To have achieved 10% pretax in its year to June 30 1977, Iscor would have needed a steel price of about R360/t, compared to the current price of R255/t.)

During the financial year government increased its share capital by R120m.

How much will Iscor ask for this year?

This will be a matter of negotiation. But I would naturally hope that such contributions will continue until such time as a more satisfactory gearing has been achieved.

Is Iscor making efforts to trim costs? As demand and production has slackened, have there been staff lay-offs, for example?

Iscor is giving the highest possible priority to its cost-saving campaign and I have given this matter my personal attention. This is something we look at on a daily basis.

If, for instance, our 1976 production tonnage of ingot steel and continuously cast blooms and slabs is compared with that of 1977 an idea will be gained of the rate at which our physical production tonnage is increasing. At the same time Iscor has a chronic shortage of artisans and trained operators (Pretonia 104, Vanderbijlpark 553, Newcastle 180) so that lay-offs are more or less out of the question.

What capital profit would Iscor have made from its sale of Samancor shares to private bidders had government approved?

Iscor has never at any stage divulged details of the offers it received for the Samancor shares. I still subscribe to this.

(The best guesstimate the FM can arrive at suggests a figure of R80m-R90m.)

How much in the year under review did Samancor dividends contribute to Iscor?

Directly and indirectly some R7.4m. When do you expect domestic demand for steel to increase?

The domestic demand shows the first signs that there is a glimmering of hope of recovery as far as certain products are concerned, but it is much too early to be optimistic. Some months ago the US thought that its steel industry was on the threshold of recovery, only to fall back again.

It must be remembered that the export contracts that we have entered into are binding, and these orders will have to be carried out first. South African consumers who have allowed their stocks to be depleted will have to wait and I would not be surprised if Iscor is then accused of giving preference to export orders to the detriment of SA consumers.

Is there a possibility of a return to the situation where domestic demand outstrips supply and we have to once again import steel?

Such a possibility does exist. You must bear in mind that the corporation has curtailed its extensions because of the economic situation and if we have a sudden upsurge in demand it may well happen that the Republic will have to import steel again.
Watch for the upturn

Activities: Inco-controlled (79.7%) investment company with holdings in steel, engineering and allied industries. Listed investments include Fowler (59.4%), Wispeco (45.1%), Afagate (37.1%), Uresco (38.7%) and Samancor (3.9%). There is a 42.8% stake in Ipsa, which holds 56% of Dorbyl and 52% of Stewarts & Lloyds.

Chairman: T F Muller

Capital structure: 54m ordinary shares of 50c
Market capitalisation: R20.5m

Financial: Year to June 30 1977 Net cash R1.1m Net cash flow R5.6m

Share market: Price 30c (1976-77 high, 55c, low, 32c; trading volume last quarter, 29 000 shares) Yields: 3.6% on earnings, 13.5% on dividend. Cap. 2.5 PE ratio 2.9

The profit decline would have been worse had the year ends of Stewarts & Lloyds, Dorbyl and Union Steel been in line with Metkor.

The dividends of these three companies are brought to account virtually a year late and reflect the improvement of 1976 over 1975, which was relatively bigger than that of 1977 over 1976.

In addition, while Metkor's stake in Ipsa's and Inco's S&L and Dorbyl has not changed in the past year, in 1976 Ipsa picked up an additional 700 000 shares in Dorbyl and 337 000 S&L, and the results belatedly reflect the much greater contribution from this source (R1.6m against R1.2m) in 1976 over 1975 - especially since S&L's dividend that year was increased from 13c to 17c, whereas in 1977 this was held at 17c.

There is a R18 000 000 contribution from Union Steel which has just reported a 90% drop in profits and is now expected to pay a dividend this year.

Wispeco and Fowler, the only disaster areas reported to the same day, and their misfortunes are reflected.

So with no dividends expected from Wispeco, Fowler or Usco next year, dividend income will fall from R3.4m to R2.8m - assuming, of course, that none of the other dividends change.

Samancor S&L, Dorbyl and Afagate have all reported tougher trading conditions but seem quite confident of being able to maintain their dividends. Metkor says the unlisted companies are full of promise but gives no hint of prospects for the next year.

Interest receipts and payments fell sharply - receipts from R1.1m to R1.7m and payments from R6.1m to R4.0m. Reflecting the improved capacity on high in Metkor and its subsidiaries and associates, there are still substantial loans of R6.5m to these, however, and, since some are struggling, funds could be tied up for some years.

Like many others Metkor is greatly undervalued in terms of underlying assets though the market value - the listed portfolio has improved by R3m since the June year end.

But Metkor's interests are highly cyclical and could swing out of their present inertia quite quickly in an upturn. Wispeco for instance is well placed to benefit from increased government spending on housing, while Dorbyl, Union Steel and several of the unlisted engineering companies could score from any arm's embrace.

The shares are best kept for investors looking for a recovery situation but there is no need to rush into them.
Iscor's big chance

Iscor's proposed R50m loan, the underwriting of which is due to be completed next week, is the last major issue of the year. It will also be Iscor's largest ever loan stock issue (handled jointly by UAL, Volkskas and Sanbank).

There is no doubt that Iscor will get all the cash it is asking for. Continuing over subscriptions and falling rates—despite expectations that these were set for a levelling off after the Escom issue—show that institutional investors will have plenty of cash to play with. Since there are only a few small borrowers scheduled for the remainder of the year, the Iscor issue is the last opportunity for those investors to meet year-end prescribed investment requirements.

The big question now for capital market watchers is the rate at which the issue will be pitched. How low will the placing banks be prepared to go? What fee consortium has to do is avoid placing it too close by offering a higher rate than it could have put away. A sum that they have misjudged it will be vast over subscriptions.

Traditionally, Iscor borrows at between 4 and 5 points (1 point is 0.01%) above the market rate. For instance, Escom's loan was pitched at 11.04% while the Iscor issue came to the market at 11.06%.

Iscor's R50m issue in October was pitched at an all-in rate of 11.86%, which would put Iscor at around 11.30%.

But the very finely pitched Escom issue proved to be only a temporary check to the intense rate drive. There has been big borrowers since then: Stapleton, the DRC, Transnet, Germiston and a couple of large pref share issues, the latest issue being the RSA stock which attracted a total of R40m—R38m of it short-term money, mainly from the banks and R14m long term. They all got their money each one a fraction cheaper than the previous one.

With the downturn continuing, and some seasonal factors (such as the usual year end scarcity of issues), Iscor might be able to afford to offer even less than 5 points above the Escom rate. It's worth trying.

To some extent the Iscor issue is an example of rate patterns in 1978. UAL's Clive Turner reckons that the capital demand from traditional borrowers in the semi-gilt area is likely to be lower during 1978 compared with 1977, the prolonged slowdown in economic activity having led to further cut backs in expenditure. However, cautions Turner this may be counter balanced by Escom and Iscor needs and possibly those of new borrowers unable to borrow overseas.

Sanbank's Malheer Kotze agrees but takes a longer term view: "I expect municipal demand during the next two years to decline considerably," he says. In addition, the existing infrastructure programme is rapidly drying up — "We won't see anything like the vast capital expenditure of the last five to seven years and the resulting capital outflow will most likely move to such areas as Sasol and Defence.

Kotze doesn't anticipate any increase in prescribed investment requirements either.

Standard Merchant MD Eddie Theron is likewise confident that long term rates will continue to soften next year. Contractual cash flows to institutions should ensure a continued build up in liquidity despite an expected drop in demand from borrowers.
New TV parts factory

SOUTH AFRICA'S first TV component and sub-assembly factory was opened at East London this week by Dr Etienne Rousseau, chairman of Federale Volksbeleggings.

The company, Sparrat Electronics is an associate of SA Television Manufacturing (SATV) a company under the Federale wing.

Capital investment in the new plant amounts to R2-million. SATV is the only television manufacturer to have succeeded in increasing the local content of its product.

Sparrat’s managing director, Mike Bosworth expects a saving to South Africa of R5-million in foreign exchange in the plant’s first 10 months of operation.

Mr Bosworth said that the company planned to expand further into the electronic components market and that Sparrat would be “quite prepared” to manufacture electronic components for strategic purposes.
Steel still in poor shape

There is no end in sight yet of the downward economic cycle in which the steel industry has been caught up, says Iscor’s managing director, Mr. J. P. Coetzee. Opening an electrical equipment repair factory at Benoni, he said that because steel was sold at controlled prices in South Africa, it was a prerequisite for Iscor that existing capacity be fully used and that about 90% of steel produced be sold in South Africa at current prices if Iscor was to operate profitably. However, the present economic climate made this impossible. There were problems regarding prospects of the steel industry itself, but he believed the stage was set for further industrial development. — Reuters
Cement profits plummet

Financial Editor

PRICE control and the economic slump have had a crippling effect on profits in the cement industry. But the industry does not expect any price increase to be granted at least before the end of February.

Mr D R Baker, chairman of the Cement Producers Association, says in the annual report that the return of capital employed plunged from 14% in 1974 to 6% this year.

The one bright spot was an increase in exports – about 90% to Iran – from 254 751 tons in 1975-76 to 340 676 tons for the 12 months to June 30, 1977.

Mr Baker states: “The domestic cement consumption of 6 277 000 tons for the 12 months ended June 30, 1977, reflected a drop of 678 000 tons, or 10%, compared with 1976 which showed a growth over the previous year of 3%.”

“It is expected that sales during the year ending June 30, 1978, will decrease by a further 10% and that any material improvement in demand will probably become apparent thereafter.”

“Current industry capacity is approximately 3 million tons, an apparent surplus of 3 million tons over the domestic demand.”

“Some of the plant which is more than 20 years old is not only inefficient, in terms of modern technology, but geographically only marginally economic under the existing rail tariff structure.”

“After deducting that portion of the old plant presently mothballed and unlikely to be recommisioned, the capacity purposes is 8 500 000 tons.”

“The capital employed in the manufacture of cement between 1972 and 1977 has increased by R170-million.”

“If the annual increased investment had been deposited at 10% per annum instead of being invested in cement manufacture an amount of R170-million before tax would have been earned to June 30, 1977, instead of the mere R35-million accumulated increase in pre-tax profits.”

“To recover the 1977 shortfall of R35-million between a return of 10% and that actually earned, a further R3 per 50 kg should have been granted in addition to the 5.55c increase received from June, 1977.”

“It can be calculated that the industry earned less than 8c per 50 kg before interest and tax for 1977. Thus it is highly sensitive to cost increases.”

“The cement industry's financial requirements are similar to those of other capital-intensive industries, and if it is to provide for the country's future needs a substantial price increase must be granted to enable it to accumulate funds, or create the image necessary for it to raise funds for this purpose.”

“It is our belief that serious consideration should be given to the lifting of price control on cement.”

“Under the present system, we believe that the frequency of price increases causes irritation to the consumer and creates an enormous amount of unnecessary work and costs in price control.”

“The cement industry fully appreciates the importance of a reasonable price and would certainly not rush into 'massive price increases if the price control of cement was lifted, but it would make a planned progress to achieve prices within the accepted criteria.”

“In view of the high cost of transporting cement, resulting in extremely high prices in those markets distant from the factories, the industry is considering a revision of the price structure aimed at equalising prices throughout the market.”

“Consideration is also being given to the establishment of depots in order to provide a better service and thus eliminate complaints.”
African Oxygen Limited

Financial results

In the year of the 50th anniversary that the audited results for the year ended 30 September 1977 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>1977</th>
<th>1976</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>132,798</td>
<td>142,754</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>17,717</td>
<td>15,721</td>
</tr>
<tr>
<td>Less: taxation</td>
<td>8,051</td>
<td>7,244</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>9,667</td>
<td>8,477</td>
</tr>
<tr>
<td>Attributable to outside shareholders in subsidiaries</td>
<td>70</td>
<td>(24)</td>
</tr>
<tr>
<td>For ordinary items</td>
<td>9,637</td>
<td>8,453</td>
</tr>
<tr>
<td>Profit attributable to shareholders</td>
<td>9,637</td>
<td>8,453</td>
</tr>
<tr>
<td>Dividends</td>
<td>1,500</td>
<td>1,600</td>
</tr>
<tr>
<td>Franked (10%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>End (10%) 75 cents per share payable on about 31 January 1978</td>
<td>2,117</td>
<td>1,900</td>
</tr>
<tr>
<td>A total dividend for the year</td>
<td>3,617</td>
<td>3,500</td>
</tr>
<tr>
<td>Less: extraordinary items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend per share [ordinary plus extraordinary]</td>
<td>29,225</td>
<td>29,223</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>29,225</td>
<td>29,223</td>
</tr>
</tbody>
</table>

The Company, whose share price is 75 cents, and ordinary per share. Turnover for the year was lower than last year and a result of the year's trading position - the effect of the adoption of the new accounting standards. Management continued to maintain its forecast of future earnings which resulted in increased profits.

Annual report

The audited Annual Financial Statements and Chairman's Report will be posted to members on 30 December 1977 in the form of a notice of the 50th annual general meeting to be held on 16 February 1978.

DECLARATION OF DIVIDEND

The fifth interim dividend of 75 cents per share has been declared in respect of the year ended 30 September 1977 payable on 5 July 1978 for an ordinary person on about 31 January 1978 to members of record of the company at the close of business on 14 December 1977. Notification of the declaration and for the first time a notice payable to members who have not notified the Company. Notices of the declaration and for the first time a notice payable to members of record of the company at the close of business on 14 December 1977. The declaration includes:

- Notice of the Board
- Registrar and Office
- Transfer Secretaries
- 100 members
- 100 members
- 1,000 members
Back loss

CAPE TOWN — I L Back & Company incurred a net loss of R1 817 from April 1 to September 25 this year. There was a net loss of R563 from March 26 to September 25 last year.

An announcement says that "as a result of the adverse results for the six months under review, no preference dividend will be declared for the six months ending December 31, 1977."

Seasonal activity in the clothing industry results in a proportionally greater turnover being achieved from October to March.
Dorbyl up to defend R9-m Sasol action

DORMAN Long Vanderbijl Corporation announces higher profits for the year to September 30 and a higher dividend.

Net income attributable to shareholders was R13 948 000, compared with R11 618 000 in the previous year. A dividend of 55c a share has been declared against 50c.

A statement says that "due to reductions in order books throughout the group in the current economic recession it is not expected that the level of group earnings will be maintained in the ensuing year. Nevertheless the present dividend rate should be maintained."

The statement says "Shareholders are hereby informed that the Corporation has been advised of a claim by Sasol against Veon Heavy Engineering, a subsidiary of Dorman Long Vanderbijl Corporation, of the order of R9-million.

"Reports have recently appeared in the Press to the effect that Sasol has threatened to claim damages from Dorbyl for breach of contract relating to the supply of certain equipment for Sasol's gas expansion programme.

"To the extent that these reports suggest that there is a contract between Dorbyl or its subsidiary Veon and Sasol, they are incorrect.

"Senior counsel have advised that Veon is not liable and liability is accordingly being repudiated and any action instituted against it by Sasol will be defended.

"If the views of our legal advisers are not upheld and it should ultimately transpire that a liability does exist, this will be met from the distributable reserves of the group and therefore will not affect the amount available for distribution from current profits in that particular year. The directors do not anticipate that the current dividend policy will be affected thereby."

— Sapa
Warships can be built in SA, but ...

By GEORGE YOUNG

TO BUILD or not to build warships in South Africa. This is the topical discussion in shipbuilding circles since it became known that new tonnage was no longer forthcoming from overseas. But while it is physically possible to build anything in this country, it is not economically or even technically practicable, and in the same way as about 70 percent of a commercial ship erected in this country must be imported, the meticulously designed naval craft also will have to rely on sophisticated plant from overseas.

Whatever the degree of patriotism and enthusiasm, potent facts rear their heads on the subject of shipbuilding, and a nation which has not built a conventional automobile from scratch cannot overnight launch into high precision naval shipbuilding.

The casting of a propeller shaft for a ship of modest proportions in the Republic is itself something of a problem, and classification societies in authorizing use of locally built “plant” subject the finished products to intensive tests. In consequence of this casting problem, a local shipyard has bought from the railways the spare shafts of the scuttled tug Smoky Sue (T S McEwen), both of which have been in storage since the tug came out in 1935.

The government steamer Africana II is reported in need of a new shaft and unless a secondhand one can be cut to measure, it would take months to obtain a new casting from Britain.

Taiwan is virtually a supermarket for engines and technical plant, recovered from dismantled ships, and much of the plant is still worthy of use. There are diesels (big and small), turbines, boilers, and everything needed to power a modern ship.

While it is physically possible to produce the costly, sophisticated electronics on a modern ship, the original outlay could scarcely be justified by demand for finished products and no commercial enterprise could risk this sort of capital.

In the past the Republic relied on British naval building know-how, then accepted the French standards, but in contemplating reducing this standard for local construction, it conflicts with the British tendency where naval staffs believe leftist politicians are determined to prevent further construction of expensive fighting ships.

To use smaller ships as replacements would involve developing such “formidable flotillas” of them that the cost would lead to a veto from the same leftist politicians.

Enormous losses of merchantmen occurred because of inadequacy of naval forces, and sundry passenger liners were turned into auxiliary cruisers, hardly an answer to the problem.
DORMAN LONG VANDERBILJ CORPORATION LIMITED
AND ITS SUBSIDIARIES

PRELIMINARY PROFIT STATEMENT AND DECLARATION OF DIVIDENDS

The Directors report that the results of the year ended 30th September, 1977 are as follows:

<table>
<thead>
<tr>
<th>Group Profits (in thousands of rand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
</tr>
<tr>
<td>1976</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net income before taxation and extraordinary items</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 698</td>
</tr>
<tr>
<td>16 604</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less Taxation</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 636</td>
</tr>
<tr>
<td>3 498</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less Outside shareholders' interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 062</td>
</tr>
<tr>
<td>13 106</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Income before extraordinary items</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 017</td>
</tr>
<tr>
<td>11 712</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Extraordinary items (credits)</th>
</tr>
</thead>
<tbody>
<tr>
<td>94</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net income attributable to shareholders of Dorman Long Vanderbilj Corporation Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>R13 948</td>
</tr>
<tr>
<td>R11 618</td>
</tr>
</tbody>
</table>

The Directors propose dealing with the profits as follows:

- Dividends
  - Preference: 402
  - Ordinary: 4 202
  - Non-Distributable: 6
  - Distributable: 9 338

Total: R13 948

Number of ordinary shares in issue on 6th December, 1977 (including 115 400 partly paid shares):

<table>
<thead>
<tr>
<th>Earnings per ordinary share (based on shares in issue on 6th December, 1977)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 943 088</td>
</tr>
<tr>
<td>7 742 601</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings per ordinary share (weighted average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>173.6 cents</td>
</tr>
<tr>
<td>148.1 cents</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dividend per ordinary share</th>
</tr>
</thead>
<tbody>
<tr>
<td>55 cents</td>
</tr>
<tr>
<td>50 cents</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dividend payer ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2:1</td>
</tr>
<tr>
<td>3:1</td>
</tr>
</tbody>
</table>

Expectations for the ensuing year:

Due to reductions in order books throughout the group in the current economic recession it is not expected that the level of group earnings reported above will be maintained in the ensuing year, nevertheless the present dividend rate should be maintained.

Annual Report:
The Chairman’s Statement, Directors’ Report and audited Statements of Account will be mailed to members on or before 23rd December, 1977, together with the Notice of the Annual General Meeting to be held on 16th February, 1978.

Contingent Liability:
Shareholders are hereby informed that the corporation has been advised of a claim by Sasol against Vecor Heavy Engineering Limited, a subsidiary of Dorman Long Vanderbilj Corporation Limited of the order of R9 000 000.

Reports have recently appeared in the press to the effect that Sasol has threatened to claim damages from Dorbil for breach of contract relating to the supply of certain equipment for Sasol's gas expansion programme.

To the extent that these reports suggest that there is a contract between Dorbil or its subsidiary, Vecor and Sasol, they are incorrect.

Senior counsel has advised that Vecor is not liable and liability is accordingly being repudiated, and any action instituted against it by Sasol will be defended.

If the views of our legal advisers are not upheld and it should ultimately transpire that a liability does exist this will be met from the distributable reserves of the group and therefore will not affect the amount available for distribution from current profits in that particular year.

The Directors do not anticipate that the current dividend policy will be affected thereby.

Acquisitions since the financial year end:
The group has been successful in acquiring from British Steel Corporation (International) Limited the minority shareholding of 40% in Steel Wheel and Axle (S.A.) (Pty.) Ltd., which now becomes a wholly owned subsidiary.

Payment for this acquisition was made by the issue of 200 000 ordinary shares in Dorman Long Vanderbilj Corporation Limited with effect from 1st December, 1977 and consequently these shares will qualify for the aforesaid dividend.

Furthermore the group has acquired the entire share capital of Broderick Investments Limited for cash amounting to approximately R5 800 000.

Declaration of Dividend No. 60:
Notice is hereby given that a dividend in respect of the year ended 30th September, 1977 has been declared on the Ordinary Share Capital of the corporation at the rate of 55 cents per share, payable to shareholders registered in the books of the corporation at the close of business on the 27th January, 1978.

Non-resident shareholders’ tax will be deducted where applicable, and dividend warrants will be posted on or about the 27th February, 1978.

The transfer register and register of members will be closed from 28th January, 1978 to 6th February, 1978 both days inclusive.
Declaration of Preference Dividends

Notice is hereby given that the half-yearly dividends have been declared on the following issued cumulative preference share capital of the corporation payable to all holders of such preference shares whose names are registered in the books of the corporation at the close of business on 16th December, 1977

- 5% Cumulative Preference shares of R2 each
- 5.5% Cumulative Preference shares of R2 each
- 5.75% Cumulative Preference shares of R2 each

Non-resident shareholders' tax will be deducted where applicable and dividend warrants will be posted on or about 30th December, 1977

The preference share and transfer registers relating to the abovementioned shares will be closed from 16th December, 1977 to 2nd January, 1978 both days inclusive.

Payment of Debenture Interest


Notice is hereby given that the interest due for the 6 month period ended 31st December, 1977 on the 9.25% unsecured debentures 1991/1996 issued by the corporation shall be payable to all debenture holders whose names are registered in the books of the corporation at the close of business on the 15th December, 1977.

Non-resident tax on interest will be deducted where applicable and interest cheques will be posted on or about 30th December, 1977.

The debenture register relating to the abovementioned debentures will be closed from 16th December, 1977 to 2nd January, 1978, both days inclusive.

12% Unsecured Convertible Debentures 1986/1990

Notice is hereby given that the interest due for the year ended 31st January, 1978 on the 12% unsecured convertible debentures 1986/1990 issued by the corporation shall be payable to all debenture holders whose names are registered in the books of the corporation at the close of business on the 13th January, 1978, as in accordance with the provisions of the Debenture Trust Deed, it is necessary to close the register two weeks prior to the effective date of 27th January, 1978.

Non-resident tax on interest will be deducted where applicable and interest cheques will be posted on or about 30th January, 1978.

The debenture register relating to the abovementioned debentures will be closed from 14th January, 1978 to 25th January, 1978, both days inclusive.

ON BEHALF OF THE BOARD

C D ELLIS (Executive Chairman)
T L ROUX (Managing Director)
Dorman Long Vanderbijl Corporation Limited

Transfer Secretaries
Barclays National Merchant Bank Limited
84 Market Street
Johannesburg 2001
P O Box 7761, Johannesburg 2000

7th December 1977

Registered Office
6th Floor, Dorbyl House
Reserve Street, Breamfontein 2001
...but production is up in Republic

Saxis reports that South African steel mills produced 550,000 t of ingots and continuously cast bulks in October 1977 and a total of 5,946,100 t for the period January to October 1977 representing an increase of 3,2 percent on the 5,746,000 t produced during the same period a year ago. Production of pig iron was 487,800 t in October 1977, and a total of 5,116,800 t for the period January to October 1977, a gain of 7,5 percent over the 4,758,500 t produced during the corresponding period last year.

In the ferro-alloy sector, production of ferrochrome, ferro-manganese and other ferro alloys was 53,500 t on October 1977, bringing the output to 682,500 t for the period January to October 1977, a decrease of 0,7 percent over the 697,600 t produced during the same period a year ago. The steel foundries produced 10,600 t of steel castings in October 1977 and 109,200 t for the period January to October 1977. This represents a decrease of 16,3 percent as compared with the 130,500 t produced during the same period of 1976.

Production of iron castings was 19,500 t in October 1977 and 198,600 t for the period January to October 1977. A drop in production output of 26,7 percent as compared with the 262,700 t produced during the corresponding period a year ago.
DEMAND IS ONLY 60 PC OF CAPACITY

Gloom descends over European steelmakers

John Cavill

LONDON — The pall of gloom over European steelmakers — and their suppliers of ores and ferro-alloys — has been deepened by Common Market forecasts of a 7.5 percent drop in demand in the first quarter of 1978.

Less than 60 percent of the Common Market’s steel-making capacity is expected to be utilised by the end of this year, and European Commission officials estimate this will worsen in early 1978.

The depressed outlook for ferro-alloys — such as ferro-chrome and ferro-
silicon — is underlined in the latest Metal Bulletin. Under the headline “What first quarter?” it reports: The above question is a depressingly common response to inquiries of both sellers and buyers as to the likely course of business in ferro-alloys in Europe for first quarter 1978.

Spain and Italy apart "the picture is one of overbought steelmakers who are short of only one commodity — namely optimism."

But, the Metal Bulletin points out, actual levels of physical consumption of ferro-alloys are not "nearly as disastrously off" as sales levels and prices.

Ferro-chrome, the most price sensitive of the main alloys, has seen rock bottom prices and "if they fully believe their own forecasts a number of alloy buyers should not even open the doors for first quarter purchases at all..."

In ferro-silicon "every potential buyer" is already beset by half a dozen regular suppliers, any one of whom could quite possibly supply the whole of his realistic first quarter needs.

Despite efforts by buyers to "spread the crumbs," the Metal Bulletin reports a "blacklash" among some suppliers who want a return to the "law of the jungle" after years of striving for orderly markets and continuity and loyalty in producer-consumer relations.

But, concludes the Metal Bulletin "There is no evidence that buyers will depart from the intelligent maxim that it is good business to try to keep all your suppliers going in a slump so that they may survive to compete against each other in the next boom”.

—
World slump in steel will hit SA exports

SOUTH AFRICAN steel exports, which hit record levels this year, are likely to suffer in 1978 from increasing protectionism in dump-hit steel markets.

European Common Market forecasts of a 7.5 per cent drop in demand in the first quarter of 1978 have deepened the gloom hanging over the industry.

With less than 60 per cent of European steel-making capacity utilised, and conditions worsening, export markets will become increasingly hard to enter.

South African producers have been forced to cut their exports to Europe, and the 250 000-tonne quota for the year has now been filled.

While the new quota period begins early in 1978, prospects for maintaining exports at 1977 levels are grim.

"There is no one company in Europe which has made a profit out of steel-making in the past 12 months," says the local managing director of a major European steel company.

Meanwhile, the US Government is working out an anti-dumping protection plan aimed at slashing steel imports from 20-million tons a year (about 20 per cent of US consumption) to 14-million tons a year.

By TONY KOENDERMAN

The basis of the scheme is the calculation of a reference price related to the cost of producing steel in Japan. No importers will be allowed to sell steel below this price.

This is expected to be implemented by February or March.

"We have no idea what the effect of this will be on our export tonnages," says Leslie Boyd, managing director of Highveld Steel & Vanadium, the country's second biggest steel producer, owned by Anglo American.

"All we know is exports will be more difficult in terms of quantity than they were in 1977, but prices may be better."

That should be an important consolation for Iscor, which has exported about 5.5-million tons this year at sub-economic prices.

But Iscor considers it more advantageous to export steel at lower prices than withdraw expensive equipment from production and retrench skilled employees.

In this way, both variable and some fixed costs are recovered, while valuable foreign currency is earned.

The State-owned steel producer, responsible for 75 per cent of national steel output, is exporting about a quarter of its production, largely because domestic demand has also taken a nose-dive.

It is a prerequisite for Iscor that existing capacity should be fully utilised and that about 90 per cent of its output is sold locally at current prices if the corporation is to operate profitably.

At the moment, Iscor is operating at about 80 per cent of capacity. The net loss for the financial year to June 30 was R49-million.

A major production problem has been the breakdown of a new blast furnace at the Newcastle works in September, which will take between six and eight months to repair.

This has cut production at Newcastle by 60 per cent, or 2 500 tons a day.

The most damaging effect on world steel prices has been caused by dumping Japanese steelmakers, for instance, are selling steel landed in Europe more cheaply than European producers can make it.

Countries like South Africa, India and Korea, all desperate to sell steel, have had to trim their own margins to the bone.

While South African producers deny vigorously that they are dumping (that is, selling below production cost), there is no secret that they are being forced to accept export prices which are lower than the domestic price.

The Rhodesian Iron and Steel Corporation is, nevertheless, undercutting South African steel prices by at least $20 a ton, according to local merchants.

Rhodesia is selling in large quantities to Argentina, Lebanon and Jordan. South Africa steel is going to the United States, Israel and Iran at the moment.
BACKGROUND to this week's steel price rise is Iscor's continuing battle to contain increasing costs while providing infrastructure to meet future demands.

For the first time since it started production in 1934, Iscor's turnover exceeded £1 000 million in 1977. Also during the year Iscor attained the highest ever production figure of 5 610 000 tons of liquid steel.

However, Iscor has still been hampered by the recession. The biggest single problem is the same as everywhere — finance. It takes from four to six years before a big production unit becomes fully effective. Therefore, the revenue from current production is saddled with the high financing costs of the new production unit.

With the high rate of expansion in South Africa this can become a big headache. Steel demand by 1988 is estimated to be around 14 million tons of liquid steel. The amount of capital investment required to supply this demand will run into billions of rand.

In the past year Iscor made provision for future investment against production costs for the eventual higher costs of replacing its production units. An amount of R64.2 million was treated as a legitimate cost factor before the financial results for the year were arrived at.

Since the start of this practice, R329.3 million has been provided as a charge against production costs for future replacement. For 1976/77, a net loss of R49 million was arrived at.

During 1977 Iscor achieved only 80 percent of capacity and in order to achieve this amount has been exporting steel at lower prices. Because the South African steel price is controlled and higher than world prices, it is a prerequisite for Iscor that the existing capacity be fully utilised and that about 90 percent of the steel produced be sold locally. Steel exports for 1977 amounted to about 1.5 million tons, but prices gained were low due to keen international competition.

Nevertheless, it is more advantageous for Iscor to export steel at lower prices rather than withdraw expensive equipment from production and retrench skilled employees. In this way both variable and part of fixed costs are recovered and foreign currency is earned.

During 1977 the following major projects were completed by Iscor: a R54.5 million expansion at the Pretoria works; R32 million expansion for two continuous slab-casting machines at the Vanderbijlpark works; R5.5 million for a double edge cutter and a fourth galvanizing line; also costing R5.5 million; at the Newcastle works 100 more coke ovens with a capacity of 3 850 tons; a day costing R44 million plus a new blast furnace for R32.4 million, a R32.5 million sinter plant, a R23 million continuous slab-casting machine and a R45 million billet inspection plant; at Sishen iron ore mine six drilling machines were bought for R4.5 million, six power shovels for R12.7 million and 17 trucks for R9.9 million and the second phase of the ore-handling plant valued at R24.5 million was opened.

Nevertheless many plans were curtailed because of the recession and it is currently following a consolidation programme limiting capital expenditure to a minimum. Unfortunately it takes many years to commission plant and in the future the steel shortage will inevitably hit the local market and may have to be made up by imports at high cost.
134 employees laid off by TV factory
Sacks 134
Super-optimism Stole

By Donen Levin

"SOME is a super optimist."

SUNDAY TIMES, January 16, 1976"
Nuwe groep wil R20m. spaar

KLÖCKNER-BECORIT SA verwag om die land vanjaar minstens R10 miljoen aan buitelandse valuta te bespaar en hoop om hierdie syfer binne die volgende drie jaar tot meer as R20 miljoen op te stoot.

Dit volg op die nuwe fabriek van die maatskappy wat verlede Oktober by Klerksdorp in gebruik geneem is na dat dit teen 'n koste van meer as R4 miljoen opgereig is.

Die maatskappy spesialiseer hoofsaaklik in stuitvoertusting vir die land se mijnbedryf, waarvan die selfdwywende hidrouliese daksteuneenhede die bekendste is.

Een van hierdie reuseneenhede kos R5 miljoen en die maatskappy verwag om teen 1981 tussen vyftien en twintig daarvan hier te vervaardig.

Met hierdie eenhede is reeds 'n plaaslike inhoude van meer as 70 persent bereik en daar word voortdurend geblyk van verdere maniere waarop die plaaslike inhoude verhoog kan word. Met die meeste ander toerusting wat vervaardig word, is 'n plaaslike inhoude van meer as 90 persent reeds bereik.

Maar Klockner-Becorit voel hier effe teleurgestel. Mr. Bill van Rensburg, uitvoerende directeur, het aan Sake-RAPPORT gesê dat die groep se plaaslike vervaardiging nie altyd die steun en erkennings kry wat dit verdien nie.

Hierdie geselstigte mynboutuurusting wat die groep vervaardig, moes voorheen uitsluitend ingevorderd en die maatskappy is vandag steeds die enigste wat hier vervaardig.

Hidrouliese stutte vir die goudmyne maak die grootste deel van die groep se omset uit. Maar oor die laaste jaar of wat het die vraag uit die 'ander myn-
bousektore só toegeneem dat die nuwe fabriek met 'n oppervlakte van meer as 11 000 v. meter opgerig moes word.

Met die al hoe groter rol wat steenkool as energie speel en die feit dat steenkool oor minstens die volgende twintig jaar hier 'n oorheersende rol in Suid-Afrika sal speel, verwag die maatskappy dat hy in al hoe groter mate tot dien van die bedryf sal word.

Benedens die daksteune: vir streekbouw, vervaardig die groep nou ook in Suid-Afrika voeders en dakbutlers, vervaarding en brekers vir steenkoolontgunning.

Hy is dan ook nou met speel: ontwikkelingswerk vir die Kamer van Mynwese besig.

Klockner-Promatik het in Oktober verlede jaar met 'n ander Duitse groep, Becorit, saamgesmelt om die grootste in die sy soort in Europa te word. Die naam is toe in die huidige verander. Becorit is wereldwyd bekend vir mynsluie, laag-streekbouw, monospoer- en ander ondergrondse gemagazineer de vervoertusting.

Die reusing-Klockner-groep van Duitsland het 'n belang van 50 persent in Klockner-Becorit.

Volgens mnr. Van Rensburg het die Suid-Afrikaanse filiaal nog altyd daarin geslaag om 'n winst te toon wat effe beter as die res van die bedryf is en hoop om so voort te gaan.

Dit is ook die beheermaat-
skappy se beleid om die winse weer in Suid-Afrika te herbele.
SA in steel talks

Own Correspondent
BRUSSELS — South African and Common Market negotiators met in Brus-
sele this week for complex bargaining on the coming year's steel supplies.

The Common Market is trying to regulate dealings with all supplier countries
in the light of dire problems facing its own recession-ridden steel in-
dustry.

EEC officials want the price of South African steel raised as part of a
plan to protect European firms and jobs by encour-
egaging buyers to use interna-
tal produce.

In exchange they would guarantee South Africa's share of the market in
various subsectors, probably based on 1976 figures, while making no
promises about quantity.

SA steel exports to the EEC totalled 446,000 t in 1976 and 334,000 t in the
first six months of 1977.

The EEC view is that it will not be restricting South African exports,
though its pricing proposals so far undisclosed, are designed to have that
effect.
SHIPBUILDING
Grind on to 1980

Dorb's Durban shipyard is better placed right now than neighbour James Brown & Hamer which ran out of shipbuilding orders last year. Whether this will still be so at the end of the year depends on strenuous efforts now being made to obtain work.

Work to the value of R20m is in progress. Biggest item is the 7600 t deadweight container vessel Breede due for delivery to Unicorn on February 28. The balance consists of five tugs, one of which is for the Armaments Board and four for Railways' administration. They range from virtually complete to approaching the way.

Prospects for new orders are not too bright. At the launching of Breede in November Unicorn chairman Murray Grindrod noted that at the end of June 1977 Lloyds' register showed 46 Mt gross registered merchant shipping on order compared to 133 Mt on order at the end of March 1974.

Joint local branch manager Dick Brass says Dorby's information is that "things are expected to pick up in about two years. The problem is to keep going until then. Some shipbuilding jobs are highly specialised and one can't transfer that type of labour to other tasks. When JBH had to lay off staff we were able to take over some of their skilled people but if we run out of work there's not much we can do to help them find other jobs."

Brass concedes the tug contracts are "marginally profitable" — more than can be said for the oil rig which broke even. Capital expenditure had to be spread over one unit instead of the two anticipated and few projects of that nature are completed at a profit first time out. With the experience gained new orders could be a different story.

Whether even in brighter days Dorby's large shipyard will ever see the keel of the 15 000 t to 18 000 t deadweight vessel which it could accommodate is doubtful unless strategic reasons dictate otherwise.

On the ship repair side "business is average and we are holding our own although volume has dropped since Suez re-opened."

Joint branch manager Dusty Miller points out that Dorby is helped by having facilities for ship repair in Durban, East London and Port Elizabeth as well as in Cape Town through its 75% interest in Dorman Long Swan Hunter. Thus it was able to pick up work arising from the giant tanker pile-up.

Apart from ship construction and repair, Dorby's Durban facilities are devoted to such diverse tasks as assembling straddle carriages built by Dorby in Germiston, maintenance and repair work for the sugar industry, and light engineering and extensions to the Alusaf smelter at Richards Bay.

Meanwhile James Brown & Hamer MD Eric Mackie "would hesitate to predict when shipbuilding will pick up again. It's a depressed industry worldwide and competition is keen. We're still looking for work — the right job at the right price — but it's not easy.

"Ship repair work is about average and I would say we're holding our own, but competition is absolutely keen. At one time owners would say 'get on with the job' but now they want three quotes and time as well as price is taken into account. I don't think things will look up until the world economy improves and that's something for the crystal ball gazer."

Financial Mail February 3 1978

**Semmes labour policy pays off**

**By Tony Koendersman**

The company employed 275 black workers, none of them in the top six wage grades and only five in the seventh grade (grade DDD). Last year, out of 1,090 workers employed, 241 were in grade DDD, while 49 were in higher grades. Only the two artisan grades have no blacks as yet, because of labour regulations.

The principle of equal pay for equal work is applied, and while the top grades have no blacks and the bottom grades have only blacks, the middle grades have a good mixture of all race groups. "At this stage it is still unavoidable that the majority of black factory workers occupy exclusively the four lowest grades," says chief executive Wilfried Wentges.

"They are newcomers to industry and often of lower educational standard. There is no reason that it should stay that way."

The company organised 217 training courses during the year, which were attended by 39 per cent of the staff.

The payoff for these policies came in a low rate of staff turnover and, of course, good profits. The turnover of black male staff, for example, fell from 15 per cent the previous year to 2 per cent. That of coloured and Asiatic men fell from 25 to 3 per cent, and that of white men from 44 to 25 per cent.

In regard to the financial results, the 7 per cent increase in turnover and a tiny increase in pre-tax profit may look unimpressive, but in the context of the stagnation of demand in the industry they represent increased market penetration by Siemens.

Moreover, the ratio of pre-tax profit to sales rose from 3.3 per cent to 3.4 per cent.

And the 12 per cent hike in orders augurs well for this year. The level of orders on hand almost guarantees 1978's projected turnover of R224-million.

Siemens continues its conservative policy of aliquoting a high proportion - 55 per cent - of its taxed profit to reserves.

The company's capital was increased by R55-million during the year to R1335-million, and it has "sufficient leeway to finance substantial fixed and current assets in 1977/78," says Mr Wentges.

The company is controlled (52 per cent) by Siemens Beteiligungen, of Switzerland, which is itself a wholly-owned subsidiary of Siemens Germany. Other shareholders are Industrial Development Corporation (24 per cent), the Federale Group (16 per cent) and SA Mutual (8 per cent).

Fixed assets amounted to R277-million, and the total shareholders' investment to almost R45-million.

There are eight factories in South Africa, and 60 per cent of last year's orders were communications-oriented (a slight decrease on 1976) and 40 per cent power-oriented.

The communications sector takes in telecommunications (49 per cent of all business), telegraphs and signalling, and components, while the power sector comprises power engineering, electrical installations and medical engineering.
Industries which will be negotiating wages and working conditions this year include:

● Mines: Besides asking for R80 a month more (about a 10% increase according to Chamber of Mines figures), the unions will almost certainly demand a full five-day week. Arne Paulus’s Mine Workers Union has already said it will, and the artisan unions, which withdrew their demands in 1976, will re-introduce them this year.

The industry has a torrid industrial relations history. This year should be no exception.

● Steel and engineering: Unions will decide on their demands on Monday. These are likely to be rejected, at least at first, by Sefsa.

Part of the negotiations could hinge around job changes. Sefsa is a signatory to the Urban Foundation’s code of conduct, and director Errol Drummond confirmed it is committed to attempting to write the code into the industry’s agreement.

Drummond says the unions have already been made aware of this and industrial council level and are considering their response. If Sefsa asks for job changes as part of its commitment to the code, these could be traded of against wage increases.

● Railways: Railway men were awarded a 5% increase in December along with other civil servants, but an arbitration commission is still sitting to discuss claims by the Artisan Staff Association (ASA) for a 15% rise.

The ASA’s chances are slim. But if it does win an increase, government would probably be compelled to extend it throughout the whole public service.

The arbitrators’ decision will be known at the earliest by April. ASA general secretary Walbe Grobler tells the FM that the arbitrators will hear oral evidence at the end of this month and it will take at least a month after then for any decision to be made public.

● Building: Negotiations are on the cards for the industry in the Transvaal, Durban and Pietermaritzburg. The unions will be putting in fairly large wage and fringe benefit demands.

Amalgamated Union of Building Trades Workers’ secretary Richard Beech tells the FM, however, that the union will concentrate on fringe benefit claims and may even be prepared to forego wage hikes to achieve these.

“Our pensions are at present a mere R65 a month maximum. I have a mandate from my executive to push for them to be increased to 70% of salary. If we get this, and medical aid improvements, we could drop our wage claims.”

Employers are obviously concerned about the situation. The unions usually bargain with the Master Builders’ Association, but the larger Building Industries Federation has asked to meet the unions to discuss the issue.

● Escom and Iscor: Both technically fall under the ambit of the main Sefsa agreement, but separate “house agreements” are negotiated with the unions.

The unions are in the process of formulating their demands here too and talks will take place before the main bargaining with Sefsa.
imported machines from R32 to R50 each. And the beleaguered industry — which represents an investment of about R50m — is approaching Pretoria for extra protection on some other appliances too.

"Most emphatically we have suffered from cheap imports," complains Damsa president and Hoover MD Ted Ashdown. Adds Defy marketing director Bob Symon: "We don't need to be pampered, but we must stay viable."

Italian and Japanese products in particular have flooded the local market to the extent that they now account for a third of total sales (about 90,000 units a year). Meanwhile, the local industry's turnover has plunged about 15% in real terms over the past 12 months. Don Langen, director of General Electric SA, guesses most local firms are now operating at only 60%-75% of their factories' capacity.

Low technology

Import figures bear out the industry's concern. During the first eight months of 1976, 6,078 small centrifuge washing machines (valued at R620,000) entered SA from abroad. In January-August last year, however, the number had soared to over 10,000 (value R947,000). Local makers concede the Italian and Japanese models are high quality products — with one exception. Their spin speeds are very low, indicating a lower level of technology and thus, say the local men, lower costs.

Pretoria will soon have the domestic appliance industry on its doorstep again. Likely subjects for discussion: refrigerators and air-conditioners. "We have a tremendous problem here," says Ashdown, "and we want to express our views on the total appliance market."

"The appliance industry is having a tough time," adds Symon, while Langen argues the market is much quieter than most figures imply.

Makers of room air-conditioners in particular are ready to blow bollows of hot air at government. In 1973 Pretoria prohibited the import of fully-assembled units and two years later clamped down on kit imports too. Local industry was thus encouraged to invest heavily in new plant.

Now, in the depths of recession, the Department of Commerce has moved room air-conditioning units back onto the free list of imports. "Italy could jump in and flood the market," says Langen, pointing out that within the next few months the protective sales duty and import surcharge will probably also be abolished.

Damsa has asked for an urgent meeting with government to discuss its problems. In the long run though, the only solution to its woes is a sharp boost to consumer demand.
WAGE DEMANDS – 1

Steel and engineering

The steel and engineering industry will this week decide on wage demands which, sources say, average 12% to 13%, with higher percentage increases in the lower paid jobs. But the CMBU is not seeking any rise for the fact that last year’s wage rise was below the CPI rise.

How will the industry’s employer organisation, Seisa, react? Says Ben Nicholson, secretary of the CMBU, “We already confront the usual fish and herrings. The mines are pleading power of gold drops below $1.70 and the Stellenbosch Bureau of Economics has warned of a high inflation rate. Employers don’t hold down wage increases but nobody bothers to mention the inflationary effect of measures in the railway budget.”

On the African jobs front, Seisa has already given notice of its intention to write the Urban Foundation/Seccola code of conduct into the industry’s agreement. The unions say this means another attempt to move up the ladder.

Says Nicholson, “We’ve nothing against a controlled movement of blacks up the ladder, but our members feel that the eyes ‘are looking down on them.”

Our proposals contain suggestions about how this ought to be done.”

A key element in the unions’ suggestions deals with the fact that employers are not keeping their side of the bargain by paying the same rates to non-union labour.
The skills shortage in the steel and engineering industry has reached such a point that Seisfa is making a determined bid to throw open even the top jobs to blacks.

It has told the steel and engineering industrial council that it wants the racial barriers in the A to D categories scrapped. The bars in lower jobs have already been largely eliminated.

At the moment, jobs in the A and AA categories (mainly artisans) are totally barred to Africans. And they are allowed “controlled access” to jobs in the (semi-skilled) AB to D categories only with the say-so of the registered unions.

Seisfa director Errol Drummond tells the FM that employers now want full access to African labour in all work categories in the industry, which employs nearly half a million men. “We can’t afford racial discrimination any more. The industry has chronic and acute labour supply problems. Even in the midst of the recession we’ve experienced bottlenecks in certain trades.”

The answer of most of the unions is contained in their wage proposals. They have asked for rises in minimum rates ranging from 15% to 46%, together with across-the-board increases of between 11c an hour in the bottom jobs and 25c at the top.

Drummond labels these pay demands, along with the unions’ requests for better fringe benefits and overtime rates, as “enormous.” The unions reply that the large increases in minima occur only in the higher categories (A and AA) and that they are specifically designed to meet Seisfa’s call to end job colour bars.

---

(1) "There’s a big difference between the minimum and what employers actually pay. This allows them to replace our men with cheap, unorganised labour which they hire at far less than the going rate.

Our proposals are designed to bring the minima and the going rates into line," says one unionist.

The going rate in top jobs is already generally well above the minima (in job A the going rate is about R3.50 an hour, against the existing minium of R2.18).

So it is the across-the-board increase which is more important to union members from the point of view of their actual pay.

The significance of the minimum rates is that they represent the price at which new (black) workers can enter previously reserved jobs. The higher the minima, the less incentive for employers to bring in blacks simply because they are cheaper.

Says Drummond: “Nobody complained about undercutting when we didn’t have job reservation in the industry. Besides, the minima make a big difference to the wage we would have to pay an apprentice straight out of training.

We need the low minima to give us flexibility in awarding service increments.”
Iscor shows 
R49m loss

The state-owned South African Iron and Steel Industrial Corporation lost R49.1 million last year — R10 million more than its losses in 1976 — bringing its total losses since 1974 to R32.6 million.

The corporation, which had assets of R1,492 million, said in its annual report which was tabled in Parliament yesterday that the most important single factor responsible for the difficult situation in the local primary steel industry was "the drastic decline in the domestic demand." In view of the fact that steel is sold at controlled prices within the Republic, it is a prerequisite for Iscor that the existing capacity be fully utilised and that about 90 per cent of the steel produced be sold locally at current prices if the corporation is to operate profitably. However, the present economic climate makes this impossible," the report said — PC.

Brian Levy and Mark Stranex were both shortly to start working on the distribution of schools and population on farms.

Farida Khan was busy doing a research job for Francis Wilson collecting factual material on South African history over the last 30 years.

Francis Wilson reported that he had completed two papers, the first for the Economic Society of South Africa's 50th anniversary conference on Labour Problems in South Africa, the second was a background paper for the ILO Conference on International Migration In Southern Africa. He was also busy on an article for the Annual Labour Survey on 'The Gold Mines Revisited' this would cover the last 7 years since the publication of his book. Dr Wilson told the meeting that he was the representative for Bantustan leaders on the Commission on Black Taxation with a mandate to investigate whether 'the Bantu in general and the homelands in particular are receiving a fair share of the taxes paid directly and indirectly by the Bantu'.

Plans for next year: These include Labour '76 - A Survey of Labour Handbook of Statistics Agricultural Conference - September 1976

Mr. Bromberger suggested that it may be beneficial next year to invite interesting people, mainly from outside the University, to attend the occasional lunch with SALDRU members. This was agreed upon.

Administrative arrangements (F.W. away to March 1976)

As Dr. Wilson would be away from the University until the first week in March 1976 Mr. Norman Bromberger would act as Head of the Division of Research and be available to make decisions.

Books

It was agreed to hold this item over until the next meeting.

Structured contact: Dr. Wilson proposed that:

1) A time should be made for informal tea daily
2) Monday lunch meetings should be continued
3) Formal meetings should be held once a month or once every two months.

The first of these formal meetings to be held in the middle of March.
Masjinerie is ons voorland

SUID-AFRIKA se ware uitvoerpotensiaal lê waarskynlik in die veld van masjinerie. En dat daar dringend hieraan aandag gegee moet word, is die gevolgtrekkings van dr. Piet van Schalk van Nedbank in ’n tesis oor Suid-Afrika se uitvoerpotensiaal waarmee hy pas ’n doktersgraad aan die Universiteit van Stellenbosch verwerf het.

In sy slot som verwys hy na Hirschman se kommen- taar oor hierdie aspek, waar gesê word dat ekono- me — maar nog nie ingenieurs nie — reeds baie aandag geseën het aan die kwessie van die benutting van die moderne technolo- gie in lande waar arbeid goedkoop en volop is en waar die instelling van se-

kere arbeidsbesparende inno-

viasies nie gereigd kan word nie.

As Suid-Afrika in hierdie rigting kan beweeg, sê dr. Van Schalk, kan daar ’n drieledige voordeel daaruit spruit.

Sterk swaal

Vir eers sal ’n hoer effek-
tiewe indiensneming

moontlik gemaak word Ten

tweede sal minder uitvoer van masjinerie uit ontwik-

kelde lande ’n besparing van buitelandse valuta in die hand werk. En ten derde sal die uitvoer van masjinerie aansienlik ver-

hoog kan word.

Dit moes onthou word dat die lande in die Midde-

Ooste sowel as feitlik elke-

land onder die twintigste-

lengtegraad noord ’n poten-
sielle mark vir hierdie soort masjinerie vorm. Dit is waarskynlik die veld waar Suid-Afrika se ware uit-

voerpotensiaal lê.

Dr. Van Schalk sê dat oor
’n aantal jare die uitvoer

van masjinerie baie be-
lankriek in die wereldhan-
del geword het. Maar wat die uitvoerpatroon van Suid-Afrika betreft, het die hierdie verandering nie in die selfde mate plaasgevind nie.

In teenstelling met die-

ters van die werelde het die

distript patroon in Suid-Afrika ’n toename inmaal op voed-
selprodukte en grondstow-

we geplaas.

Dit was dan met die oog

op hierdie sterk swaal in die wereldhandel na die uitvoer van masjinerie dat dr. Van Schalk besluit het om hierdie sektor in die Suid-Afrikaanse konteks van nader te beskou.

Hier het ’n aantal belang-

rike feite aan die lig gekom. Vir eers het dit duidelik gebleek dat Afrika die belangrikste mark vir die uit-

voer van masjinerie vorm.

Heelwat uitvoerders het die sukses van hierdie mark ontdek en daardie lande se politieke onsekerheid en daardie lande se betrekkin-

ge met Suid-Afrika.

Ten derde, en voortspruit-

end hieruit, sal die toekom-
n van hierdie mark vir Suid-Afrikaanse uitvoer af-
hang van hoe suksesvol daar ’n detaileerde beleid met hierdie lande gevoer kan word.

Faktore wat ’n meer reg-

streekse sake-agtergrond

het, is aan die positiewe kant die stipte aflewering van bestellings, sowel as die gehalte en eenskap-

pe van die masjinerie.

Aan die negatiewe kant is daar die hoë vervoerskoste na markte in die Noordelike Halfrond en die groot getal buitelandse beheerde ondernemings wat deur hul moedermaatskappe of uitdruklik of by implikasie verbied word om uit voer, sê dr. Van Schalk.
Seifa want to scrap all job reservation, representing whites, coloureds and Asians, in order to comply with the council's decision. Today they face each other in the first round of vitally important negotiations for a new industrial council agreement.

"If they are sincere, then we will concur with their minimum wage offer of R4.50 a day," said Joseph Goma, president of the Colour Bar.

The battle lines have been drawn up and the chief battleground is the colour bar in South Africa, as the battle of the bar has begun. This battle is being fought by the Land Bank and the Industrial Action Division of the Industrial Council for the有色行业.

Seifa believes that the colour bar is the key to industrial peace, and that the council should be dismantled. They say that the colour bar is a smokescreen for the real issue – the exploitation of black workers.

The council bar is a relic of the past, and has no place in a modern industrial society. It is a reminder of the days when white workers were allowed to work only in white-owned industries, and black workers were excluded.

Seifa wants to see an end to the colour bar, and for the council to begin negotiations on a new agreement that will be fair to all workers, regardless of their race.

"We believe that the council bar is a relic of the past, and that it is time for it to be abolished," said Seifa's president, Dr. Errol Drummond. "We want a new agreement that will be fair to all workers, regardless of their race."
Despite the general decline in South Africa's economy, Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.

With profit — all over Africa

Brockwell are spreading their wings

---

Supporter by Buckingham

above the ventilation by printed engineering at

Brookfield Park

We can now count on the

condenser, air, and

the condenser, air, and

above the ventilation by printed engineering at

Brookfield Park

supporter by Buckingham

Blackwells are spreading their wings with profit — all over Africa.
STRUCTURAL STEELS

Losing their grip?

Having lost its comparative cost advantage over reinforced concrete, structural steel is in some danger of being squeezed out of the market.

Traditionally, SA has not been a good market for steel construction, although some major buildings, such as the Trust Bank buildings in Johannesburg and Cape Town and the Parliament building of Bophuthatswana, are steel structures.

But SA’s need for a steel construction industry is being questioned by, among others, Clifford McMillan, top designer and partner at Ove Arup & Partners. He claims it is a more capital-intensive industry and needs more skilled labour than its reinforced concrete counterpart.

Structural steel is also more expensive than concrete. McMillan makes the point that the local steel industry “lacks the range of sections and back-up products...and this has an important influence on its relative economics.” He adds that a detailed comparison showed “structural steel work was substantially more expensive in capital cost.”

Besides the cost factor, designers are deterred from using steel because the local industry “is not as effective as it should be in producing an optimum total design”, maintains McMillan (that is, from the foundations to the roof).

Isecor’s MD Hans Coetzee believes, “The structural steel industry has to look at certain things collectively so as to prevent or remedy ailments such as detrimental building regulations and poor workmanship.” Another problem is that “engineers and architects are usually not sufficiently trained in steel design to become experienced,” says Coetzee.

Despite all the drawbacks, the SA Institute of Construction Steel is not prepared to sit back and watch its industry slide into obscurity. Says president Henrique de Clercq, “Structural steel may be poised for a second coming as the new material of the day.”

Other points made in favour of the steel industry:

- It still has a place in building.
- Structures can be erected faster than concrete buildings.
- It can be integrated with other materials to obtain optimal economies.
- It has become an attractive medium for architectural expression, and
- The more steel used in buildings the more viable is SA’s iron and steel industry.
The powerful 30000-member Amalgamated Engineering Union has warned that the long-term effects of the two-year military call-up might include a critical shortage of trained artisans.

But sources within the engineering industry suggest the union's fears may be sparked more by fears of blacks taking up apprenticeships and squeezing out whites than by concern about a shortage of artisans.

Concern about the future supply of artisans is voiced in an editorial in the union's official journal, The Metalworker, by the general secretary, Mr Tommie Neeleman.

Considerable thought and planning is necessary to minimise the effects and after-effects of the two-year call-up, says the article.

"We foresee that young men returning from national service after two years, by which time they will be 20 years of age, may have great difficulty in finding employers who are prepared to indenture them as apprentices.

"How keen will such a young man, already launched into adulthood, be to enter an apprenticeship? Will he be as keen to accept a low wage and be as ready to re-enter the classroom as the youth fresh out of school who carries straight on with his period of education and training?"

"We believe that the one-year call-up took its toll of potential apprentices and that the effects of the two-year call-ups is likely to be far greater."

"The long term effects could include a critical shortage of trained artisans."

But Dr Erol Drummond, director of the Steel and Engineering Industries Federation, says the union's fears are misplaced.

The army will make all efforts to place people who have already entered apprenticeships in technical units where they will continue their training and also learn additional skills in the military applications of their trade.

"There is obviously a fear that blacks, who are not called on to do military service, could in theory gradually replace whites in the industry, but I do not think this is going to happen," says Dr Drummond.
**EEC agreement a damper on SA steel**

By NEIL BEHRMANN

LONDON — Following the agreement to reduce shipments to European Economic Community, total South African steel exports will be lower this year. Both Japan and South Africa have agreed to control volume and prices of steel shipments to Europe this year.

But in return the South African and Japanese exporters will be allowed a competitive price edge on steel sales to the EEC.

On special steels they can price 4% below the prices of EEC manufacturers and 6% below other products.

South African steel exports to the Common Market this year are limited to 322,000 tons, of which 25,000 tons are allowed to be semi-finished products.

According to Cru Metal Monitor, European steel prices have increased to a healthier level. Yet steel producers are still operating at uneconomic levels of capacity use.

Steel demand remains low; further price increases seem likely to meet market resistance in the next few weeks.

In the United States the import trigger price mechanism, combined with the Japanese desire to reduce the trade surplus, is cutting imports, raising prices and permitting substantially increased sales and production by the domestic industry.

Domestic demand in Japan is expanding more rapidly than elsewhere, but not sufficiently to offset export losses through voluntary restraint, an appreciating yen and an attempt to raise export prices in yen terms.

Japanese steel producers will continue to restrict supplies to secure higher domestic prices.

According to Cru, other industrial countries such as Sweden, Austria and Canada, are following the EEC and United States into protective measures in the face of rising output in several new producing countries.

Overall, only moderate growth in steel consumption can be expected this year — perhaps in the 3% to 5% range.

One possible source of steel demand would be consumer and merchant restocking. Stock levels are adequate, but restocking could start through expectations of an increase in consumption, or of higher prices.

Considering the forecasts of low consumption and the difficulties of holding prices, Cru suggests that a stocking boom is unlikely in Europe in the next few months.
In recent weeks Glencore (Gecsa) Barlowes has landed a partnership with one of the most dynamic high technology multinationals. It is of the type of acquisition that will add stature to Barlowes and could provide the pattern for other multinationals to lower their SA profiles.

Gecsa manufactures electric motors, railway traction equipment and a wide range of transformers, switchgear and other strategic electrical products. When added to the other high technology items that Glencore has access to via its parent, Glencore’s exposure to SA could have become increasingly politically sensitive.

By entering into partnership with an established SA group of high repute and reemerging board control, the parent can now disclaim direct responsibility.

As far as Glencore is concerned, the cash that Barlowes is paying is neither here nor there. It already has one of the strongest balance sheets imaginable.

Barlowes is buying its stake on reasonable, even favourable, terms considering the quality of the asset, and the fact that it is gaining board control. The R27.5m it is laying out gives a R1.5m premium over updated asset value and values last year’s earnings at six times, which is more than the 4.5x that Barlowes’ own shares are valued at today by gearing the acquisition 60% debt.

To finance R20m of the purchase price, Barlowes is proposing a five-for-100 rights issue. Standard Merchant Bank will underwrite the issue, which will take the form of preferred ordinary shares. These are effectively ordinary shares with a preferred dividend of 36c per share until the ordinary dividend, currently 26c, catches up to the preferred level. It’s a bit like the automatically convertible preference shares that UAL is so fond of, without an escalating dividend.

These shares are being offered to shareholders at 370c, a premium of 7% over the ruling market rate. The premium should be seen as an insurance policy for a secured income at a yield of 9.7% over the period it takes the ordinary dividend to catch up. This should take between four and six years depending on one’s projections for Barlowes’ dividend growth.

But this seems an unnecessarily complicated way of going about it when an old-fashioned rights issue would have sufficed. It does not particularly matter to shareholders at what level a rights issue is pitched as long as they follow it. And in Barlowes case, a large discount would, in any event, have been unnecessary.

Issuing new shares near a 10% yield rather than the current 8% that it could have gone away with on a rights issue is more expensive money to the company. But it does mean less shares have to be issued, less shares to divide the earnings among and hence no eps dilution. This is a good example of how behaving in eps can cause distorted financial policies to be adopted.

Richard Stuart

Gecsa’s Lester . . . finding a strong partner

and three quarters shares, the immediate effect is that the new shares issued will earn the same as the existing ones. So there will be no acquisition effect on eps.

Barlowes will consolidate by virtue of its board control and, ignoring minority interests, the deal will boost turnover R200m (16%) and after tax profits R9m (8%).
SEIFSA TALKS Waiting for Wiehahn

Seifsa's demand that the job colour bar in the steel and engineering industry be scrapped may have to wait until after the Wiehahn Commission reports.

That, at any rate, is what the Confederation of Metal and Building Unions (CMBU) is likely to demand when the industry's wage negotiations get under way early next month. Employers, however, are likely to resist this strongly.

Says a CMBU man: "We're prepared to discuss minor changes now. But it would be premature for employers to try to resolve the issue before the commission reports."

The reason, say the unions, is that, while some of them are resigned to seeing formal colour bar clauses go, they are looking for a formula which will still offer (white and coloured) union men protection. They hope the commission will come up with one.

While some of the unions believe the problem could be solved by significantly raising minimum wage rates and thus prevent employers replacing their men with cheaper African labour, others believe additional safeguards are needed.

Chief among these are the 36,000-strong Yster en Staal Union (which is affiliated to the pro-job reservation Confederation of Labour) and the CMBU's Amalgamated Engineering Union, both of which have a fair number of men in less-skilled job categories.

Says CMBU secretary Ben Nicholson: "Some of us are looking for a permanent entry point - a job level at which whites and coloureds who can't make the grade as artisans will be accommodated. These people can't simply be excluded from the industry."

However, Seifsa director, Errol Drummond, reiterates Seifsa's commitment to the Urban Foundation's code of employment practice and hence to the removal of job discrimination and reservation.

"This objective and philosophy will thus loom large in the negotiations as far as the employers are concerned and will be a crucial issue," he says.

Even if Seifsa's demand is fully thrashed out, the negotiations won't affect the status of artisans in the industry.
INTRODUCTION

The origins of Fish Farming are culture were practiced in China and remains the largest producer of culture as much a part of the in which they are grown.

The culture of Tilapia also has a 2500 BC Egyptian tomb shows T The bible refers to Jesus direc for what was almost certainly a Galilee.

Aquaculture in its many forms an ever-increasing importance. South African shipbuilding industry

Mr R B MILLER asked the Minister of Economic Affairs

(1) Whether South Africa's shipbuilding industry is experiencing difficulties at present, if so,

(2) whether he intends to assist the industry, if not, why not, or, if so, (a) what will be the nature of such assistance and (b) which shipyards are to be assisted

The MINISTER OF ECONOMIC AFFAIRS

(1) Yes,

(2) yes,

(a) the existing aid scheme appli-able to ships built by South African shipyards will be continued in terms of the aid scheme a subsidy and loans are granted on the following basis. The subsidy in respect of ships of 500 tons and over, but less than 6000 gross register tons, is equal to 25% of the accepted contract price, and in respect of ships of 200 tons and over, but less than 500 gross register tons. 10% on the same basis. Loans equal to a maximum of 80% of the contract price are granted to shipowners, which loans are repayable over 10 years with interest calculated at the prevailing Treasury rate less an interest subsidy of 2%.

The aid scheme has been extended recently to also include the rebuilding and reconstruction of ships and other floating vessels and installations with a minimum building cost of R500 000.

Notwithstanding the aid scheme orders are at the moment on a level which causes a large extent of authorized capacity I have discussed the matter with the industry and am at the moment considering what steps should be taken to bring about a better utilization thereof.

(b) any South African shipyard on undertaking building operations which qualify under the aid scheme, can be assisted

Mr D J N MALCOMESS Mr Speaker, arising out of the reply given by the hon the Minister, could I ask him whether there are any thoughts that a shipbuilding industry might be established in East London?

The MINISTER Mr Speaker, I do not know of any intentions of this nature. However, I want to indicate that the present there are no plans for the establishment of a shipbuilding industry in East London. Fish is a very important food in most countries, but utilization is dangerously low. This feed support themselves against the force of gravity. The ratio of flesh to
STEEL

Strong progress

The plight of SA's steel construction industry appears to be less serious than implied by the FM last week.

"Many structures other than high rise buildings, such as industrial buildings are cheaper and quicker to erect using steel," avers Clifford McMillan, a partner in Ove Arup & Partners, Johannesburg consulting engineers. Adding: "My remarks (quoted in the FM) concerning the higher capital cost of steel structures compared with reinforced concrete were specifically confined to high rise buildings".

Not in question

De Clercq says nobody in his right mind would question SA's need for a strong steel construction industry.

The purpose of the short symposium held earlier this month "was to look at the future of the industry and to investigate ways of making it more effective in fulfilling its role in the economy," he adds. He points out that although the weak points were elucidated "these never involved the basic viability of this branch of industry."

According to him, "the steel construction industry has been largely responsible for the building of our major industrial complexes such as Iscor, Highveld Saszol and Escom power stations and a host of other industries."

He is confident that "when SA matures into a country where high rise buildings of 100 floors or more are the order of the day, steel work will play an important part in these buildings as it does in other countries."

Until then it is important that design teams investigate the use of different materials, including steel alone or in combination to achieve optimum designs. McMillan adds that the "duplication of considerable effort" by the 'big four' engineering and architectural firms has prevailed. He says: "It would be well if the principles of cooperation that have been so successful in the USA were applied here so that we use the expertise of our local consultants wisely."

"Design involves decision making about what materials and forms of construction are most economic," McMillan says.

Noting that there are "many limitations of cost" that make the construction and development of steel buildings in SA "very different" from those in the USA, he says that many factors have to be considered when designing a steel structure. He refers particularly to the "speed" with which steel structures are erected, and the fact that there is a need to consider the "economic" aspects of the "long term" as well. He says that "the use of steel is not a cure all" but offers advantages in many situations.

McMillan says that SA has the "technical expertise" to design, manufacture and erect steel structures efficiently. He says that the "equipment" used in the steel industry is "nothing compared to what is available in the USA."

He stresses the point that "there are many examples of steel structures built in SA as a result of the work done by the steel industry."

The main argument put forward by McMillan is that "steel structures are better valued by the public in general than concrete structures."

He concludes that "the steel industry is a good industry to be in, but there is a need to "promote" steel structures more effectively."

Monopolie dalk in hysers?

Deur ALPHONS DU TOIT

IN 'n gebou van drie of meer verdiepings het 'n hysbak eintlik 'n noodsaklikheid geword. Nou wil dit voorkom dat die eienswaars van sulke geboue deur sommige maatskappye wat hysers in stand hou, lelik uitgebuil word.

Dit is die stelling van mnr. Les Weil, 'n direkteur van die Johannesburgse eiendomsontwikkelings en bestuurders, J.H. Isaacs & Kie.


"Hul dienste, dit wil sê dienst van hysers, styg met tot 22 persent per jaar, maar die gehalte van die werk wat gelever word, is skynbaar aan die daal."

Volgens mnr. Weil is die eienswaars van 'n gebou feitlik gebind aan die maatskappy wat die hyser oor-spronklik verskaf het, vir die gereelde instandhouding van die hysbak.

Die hysermaatskappe, sê mnr. Weil, ontken die bestaan van 'n monopolie.

"Máár indien die eienaar dit oorweeg om 'n onafhan-klikke instandhoudingsingenieur in diens te neem, is daar altyd die dreigement dat onderdele net teen 'n uitermate hoë prys bekom sal kan word, of dat daar 'n lang vertraging met die lewering van die onder-dele kan wees."

Mnr. Weil sê dat die land se hysermaatskappe nie die winste van hul instandhoudingsafdelings openbaar nie. "Maar een openbare maatskappy het verlede jaar 'n globale wins van byna R8 miljoen aangekon-

Dig die opbrengs op die kapitaal wat aangewend is, was in hierdie geval meer as 95 persent."

As aan die huidige slappe in die boubedryf Gedink word dit duidelik dat die oorgrote deel van hierdie wins deur instandhoudingswerk, eerder as nuwe kontrakte, bygedra is.

Die aanduidings is dat, die tyd aangebreek het vir die stigting van 'n sterk, onafhanlikke maatskappy vir die landwyse instandhouding van die land se derduwende hysbakke, om die billike behandeling van die eienswaars van geboue en hul huurders, wat eintlik as verbruikers beskryf mag word, te verseker.
African workers

Employers are also proposing that the industry's non-contributory pension scheme for Africans be converted to a contributory scheme and that adjustments be made in wage levels of African workers to cater for this.

SEIFSA TALKS FM 19[5]/18

A protection plan

The SEIFSA wage negotiations may be on the verge of a major breakthrough. The FM understands that negotiations on both the trade union and employer sides have agreed on a plan which will protect existing job incumbents while eliminating racial bars to job advancement altogether.

The plan must still be put to employers and unions — however the fact that the two negotiating teams agree on it gives it a better chance of success when the parties meet again next Wednesday.

The negotiations are perhaps the most important labour talks in recent years. For the first time employers are asking for the scrapping of all formal bars and unions and employers have been seeking a formula which will protect all job holders irrespective of colour.

If they succeed, and find a formula which both allays the fears of union men about their job security and allows African penetration of higher level jobs, they may set a pattern which will be followed by other industries for years to come.

The proposals in the plan centre around job protection measures and training and re-training schemes for present job incumbents — something the unions have been pushing for a long time.

Says SEIFSA director Errol Drummond: "As a quid pro quo for removing job discrimination, the parties are examining a mechanism which will provide for job opportunities and training and retraining for all existing incumbents on a colour-blind basis."

In terms of the plan, which the FM understands is a modification of an earlier SEIFSA plan, employers must give preference to existing workers when they embark on a training or retraining scheme.

Employers will have to notify the industry's industrial council when they want to promote workers and inform them of their wish to retrain. The council will have to be satisfied that the new job incumbent has the necessary skills on that preference has been given to present incumbents, retrained workers in the industry, or workers who are temporarily out of the industry through, for example military service.

A key to the scheme is the setting up of plant-level worker committees who employers will have to consult before making job changes.

The wage issue has been relegated to second place until the job changes issue has been resolved. Here, however, the two parties appear to be fairly far apart.

SEIFSA has offered the unions "across-the-board" increases ranging from 14c an hour for the top grades to 9c at the bottom (about 6%-14% on basic rates), as well as increases in the industrial ear minimum of between 9.5% and 11.2%.

These fall far short of the union demands as well as those of the Central Bantu Labour Board which has asked for a minimum increase of 13c an hour.
DLURBAN — Delegates to the annual congress of the Association of Steel and Electricty Producers and Veranders in the Institute of Steel and Railways have condemned rises in the cost of steel and electricty as being unfair and unjustifiable.

Mr. J. J. Jonker, chairman of the Institute, said that the increases in the cost of steel were contrary to the trend of the world market. The cost of electricity had increased by 25% since 1969.

Mr. Jonker said that the increases were the result of unreasonable demands by the suppliers.

The congress was attended by representatives of steel, electricity, and railway companies.

The congress called for a review of the pricing policies of the suppliers.

Mr. Jonker said that the increases were unreasonable and would result in increased costs for the consuming industries.

The congress also called for the introduction of a national tariff on steel.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

The congress also called for the introduction of a national tariff on steel.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investigate the pricing policies of the suppliers.

Mr. Jonker said that the increases would be further increased by the inflation rate.

The congress also called for the establishment of a committee to investi...
Race bar may go in steel industry

By RIAAN DE VILLIERS Labour Correspondent

A PLAN to scrap the colour bar in the steel and engineering industry will be put to employers and trade unions today. It has been drawn up by a joint sub-committee appointed after employers and trade unions met in a full Industrial Council meeting last month. The two sides will meet separately today before another council meeting tomorrow.

Leaders of the ten trade unions involved in the talks, representing 100 000 white, coloured and Asian workers — were reluctant to discuss the plan yesterday.

Wage and fringe benefits adjustments offered by the employers' organisation, the Steel and Engineering Industries Federation of SA, have fallen far short of the unions' demands, but Seisa may be willing to reconsider its wage offers if agreement can be reached on the scrapping of the colour bar.
Steel to end race bars

By RIAAN DE VILLIERS
Labour Correspondent

Employers and trade unions in the steel and engineering industry yesterday negotiated a new industrial agreement ending the formal colour bar and providing job security and opportunities to all workers on a nonracial basis.

The effect of the new agreement will be to end the formal colour bar in the industry, which up to now has restricted certain skilled and semi-skilled jobs to members of registered trade unions — whites, coloureds and Asians.

A trade unionist involved in the negotiations said last night there was now no racial bar to any job in the industry, depending on the qualifications and experience of workers.

But this excludes the top job grade — the artisan grade — which would on apprenticeship and still be closed to blacks due to other restrictions training.

Details of the new agreement have not yet been released.

According to a statement issued after the meeting, the agreement would provide for new security of employment safeguards.

The safeguards related to the re-employment of retrenched employees, promotion, training and re-employment services would be provided through the industrial council structure.

"Inherent in the plan is the fact that job security, job opportunities and promotional aspects will be written in, not only with respect to existing incumbents and persons who have done military service.

"Basically the plan envisages that it will be applied to all workers in the industry, including new entrants, on a nonracial basis."

The statement also announced increases in minimum wages as well as across the board increases.

Basic wages were increased ranging from R2,50 per hour (14.7%) for artisans to 70 cents (18.6%) per hour at the bottom end.
15% lower in 1977, while the slack export market for sponge iron did not justify operation of the plant. Directors say the January steel price increase was insufficient to cover cost escalation, and since then, there have been further cost increases. The steel industry requires "a margin on selling prices which will allow a reasonable return on capital investment," they say.

However, results are expected to improve this year. Lower unit costs, due to increased capacity, and the effects of the January steel price increase, "should enable the company to break even or show a small profit in 1978, provided sales are satisfactory," say the directors. The hope is for break even at the half way stage, and a small profit at the year end. Dunswart is apparently on budget for the first four months. However, margins may have to be cut to maintain volumes.

Stronger finances and the capex programme should have a significant impact on results, and despite dull prospects for the steel industry, the current year may be the start of an upturn. The share is well below its high at 87c, and net asset value is down to 338c (427c). Discount to net asset value is 74%, but shareholders who have waited this long should perhaps sit the year out. Both the share price and the more highly geared options have improved.

Marguerite Christie

DUNSWART STEEL
After the re-shuffle

Activities: Iron and steel producer wholly owning Alpha Dunswart and Alpha Free State. General Mining holds 30%.

Chairman: G Clark; managing director K T Brightman

Capital structure: 4,8m ordinary shares of 50c; 100,000 5% cum prefs and 300,000 6% second red cum prefs of R2, and 200,000 10.5% red cum prefs of R1.

Market capitalisation: R42m.

Financial: Year to December 31 1977

Borrowings: long and medium term, R16,3m Debt equity ratio: 113%. Current ratio: 1.9 Capital commitments R4,3m.

Share market: Price: 87c (1977-78: high, 155c; low, 36c; trading volume last quarter, 229,000 shares).

<table>
<thead>
<tr>
<th></th>
<th>74</th>
<th>75</th>
<th>76</th>
<th>77</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on cap %</td>
<td>18.9</td>
<td>16.1</td>
<td>18.0</td>
<td>—</td>
</tr>
<tr>
<td>Turnover index</td>
<td>149</td>
<td>184</td>
<td>208</td>
<td>194</td>
</tr>
<tr>
<td>Trading profit (Rm)</td>
<td>7.1</td>
<td>6.9</td>
<td>14.2</td>
<td>2.9</td>
</tr>
<tr>
<td>Earnings (c)</td>
<td>69.9</td>
<td>55.5</td>
<td>47.0</td>
<td>—</td>
</tr>
<tr>
<td>Dividends (c)</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>—</td>
</tr>
<tr>
<td>Net asset value (c)</td>
<td>362</td>
<td>361</td>
<td>427</td>
<td>338</td>
</tr>
</tbody>
</table>

*Adjusted for sale of Standard Brass

During 1977, Dunswart was reorganised. Standard Brass was sold to Genman, while Alpha Free State and Alpha Dunswart were eliminated as pyramids to become wholly-owned subsidiaries. The rights issue and sale of Standard Brass raised a total of R16,6m, and Genman now holds 30% of the equity.

Following the reorganisation, Dunswart's operating profit was R2,9m (R4,2m). The comparative figures have been adjusted to include the attributable portion of Standard Brass's net income after tax. After interest and depreciation, the deficit before tax amounted to R2m (R1,5m profit). The depreciation charge was R2,7m (R1,6m) and net deficit attributable to ordinary shareholders amounts to R2,1m (R3,5m profit).

Interest charges are a hefty R2,1m on total liabilities up to R19,5m. However, most of the debt is now long — as opposed to short-term. The current ratio has improved to 1.9 (0.9), with net current assets amounting to R7,8m, compared with net current liabilities of R1,7m in 1976.

The final cost of Dunswart's capital expenditure programme will be about R13m, of which more than R5,7m has been spent. The programme, to increase production capacity, will be completed in 1978.

Dunswart's crude steel production was

Financial Mail June 2 1978
market and even now form about 60% of production — are looking for alternative markets in other countries with dirt roads.

Local content is rarely higher than 60%. But SA labour costs, although they have risen in the last five years, are still lower than nearly everywhere else except Taiwan, hence Peugeot’s order from Mauritius and Jeune’s from the US for fully assembled bikes. Hence, too, Raleigh’s expanding European market for forks and frames, which compensates somewhat for diminishing bike markets in Africa.

Some of the market has been lost to Peugeot, which is planning a production run this year of 20,000 bikes, nearly double its 1976 figure. Microsteel Cycle’s factory in Durban has only been in production for about eight months, but it is already producing 180 bikes a day, says Kruger.

Relocation to the homelands has brought with it a loan from the CNDC and Corporation for Economic Development, and with that capital injection Microsteel has invested in a marketing arm, and this month bought out distributors L K Hurwitz.

One aspect of the market is expanding - white adults are into 10-speed bikes as an alternative to jogging. To varying degrees all the local manufacturers except Panther are cashing in on the enthusiasm for group rides and outings with the kids. Jeune Cycles in Cape Town produces its 3,000 bikes a year only for this end of the market, and director Wilfred Mylrea boasts that most serious racing cyclists in SA come to him for custom-built machines.

Manufacturers concur that the big sales dip has been in the black market. Partly because prices have risen — makers variously estimate their costs as 40%-60% up in the past three years. Also, they say, the cutback of foreign workers on SA mines has been a blow; thousands of returning migrants used to take bicycles home to Malawi or Mozambique.

The rural market is down too — increasing mechanisation in agriculture has meant a cutback in crop-reapers, mourns John Shenik, MD of Panther.

Manufacturers who are tooled up for balloon-tyred bikes — the rugged machines that dominate the African

BICYCLES

Downhill ride fm 4/78

In a country where even a bicycle manufacturer (Ronnie Kruger of Microsteel) doesn’t like his kids to ride 1,5 km to school, what hope is there for an expanding cycle industry?

Not much. After the boom year of 1974 when some 300,000 bikes were sold, turnover has freewheeled downhill, and this year’s estimates of the market are down to 150,000-170,000.

Yet there are now more bicycle manufacturers than ever before. Raleigh, the oldest in the business, dominates the market — under the Humber, Rudge and Carlton brand names as well as its own... with a 60%-70% market share, according to MD Kevin O’Donovan. This time last year Raleigh was talking about a 78% share.

Financial Mail June 2 1978
The biggest blow in decades was last week struck at the jobs colour bar. The 200 delegates from the steel and engineering industry who met to negotiate the new Seisa agreement unearthed a formula which could set a benchmark for other industries.

The steel and engineering sector employs about 450,000 workers, 360,000 of them hourly-paid. Of these, 70% are Afrcans.

Hitherto Africans have been barred from the top jobs, because these have been reserved for registered union men only. And the registered trade unions have also had an effective veto over African entry to middle-rung ("semi-skilled") jobs. Basically, what happened last week was that both the middle and the top jobs were opened to Africans — although for the moment lack of formal training facilities will keep Africans from becoming artisans.

Though the colour bar has been formally scrapped, the job security of union men currently holding jobs has been guaranteed. And the practicalities of African advancement have been thrown into the court of workers on the shop-floor. Many believe rank-and-file union members are more flexible about the colour bar than they are often assumed to be.

It also circumvents one of the problems of dealing with the practicalities of black advancement in a national agreement, that the pace of change is retarded because it has to cater for the "lowest common denominator" of conservative opinion.

Job fragmentation

All existing jobholders, as well as retrenched and unemployed workers with a recent history of work in the industry, are guaranteed job security and preference. In addition, the new Seisa agreement protects skilled workers by ensuring that workers who are promoted meet standardised skill requirements, thus preventing "job fragmentation."

The industrial council will be empowered to set standards for a particular grade of work, and to issue certificates to trainees who qualify. And it gives the industry's industrial council the right to monitor the system and to step in to ensure that black advancement is "orderly" and does not create friction.

The agreement is a personal triumph for Seisa director Errol Drummond. He told the FM: "It's a practical answer to an historical problem. I believe it will set a new pattern in industrial democracy for our industry and for others. It's not the end of the road, but it's a big step in the right direction."

Adda Confederation of Metal and Building Unions secretary Ben Nicholson: "There'll be teething problems. But we're getting rid of racial protection while giving union members confidence that the changes won't cost them their jobs."

The changes won't introduce a meritocracy overnight. There will be little competition for skilled jobs now open to Africans. Nicholson points out, simply because they do not yet have the necessary training.

Union men have always feared that African job advancement is a race to fragment skilled jobs and replace union members with cheap and unqualified (black) labour brought in from outside the industry. The agreement seeks to allay these fears, while removing the formal colour bars.

If an employer wants to promote workers, he will have to state clearly the educational qualification, training and experience required. He will then have to consult a shopfloor committee representing employers, trade unions, and black workers and liaison committees.

This committee's consent is required before the employer can go ahead. Procedures for resolving deadlocks are laid down. And a joint training scheme for all workers is set up, meeting union objections that there are insufficient facilities for retraining lower-rung non-Africans.

Aspirant workers returning from military service — which at present is compulsory for whites — will have job preference. This obviously gives whites an entree to the industry, although if blacks do military service they won't be at a disadvantage.

Moreover, if the industrial council thinks an employer is in breach of the agreement, or is harming good labour relations, it can order him to reverse the status quo ante.

Says Drummond: "We're not trying to undermine management decision-making. But there must be mechanisms to prevent exploitation. Employers who bring in outsiders to leapfrog over existing workers will be in trouble." He adds: "Job descriptions and pay rates are laid down. Fragmentation and undercutting are prevented. And arbitration machinery is built in.

Negotiating skills

A key feature of the agreement is that it will test negotiating and personnel management skills as never before. Both management and unions in SA tend to rely overly on the law and the formal rules of industrial agreements. They will no longer be able to do so.

The challenge is made greater by the fact that bargaining in the engineering industry has traditionally been carried out by strong centralised unions and employer associations. So the pressure on grass-roots negotiating skills will be great.

Nicholson is keenly aware of the problem. "We have already begun educating our plant-level representatives. We will have to step up that process."

Unisa business school lecturer and former Tusca official Robert Kraft points out: "Many personnel managers may not be able to cope. Seisa should begin training them now."

Kraft's colleague, Oscar Motespe, argues that the agreement will place new strains on African shop-floor representatives. "For the first time they will be involved in real decision-making."

Motespe says that Africans will need training in negotiating skills if the agreement is to work. Indeed, one measure of
the agreement's success will be the extent to which black representatives make their voice heard. Drummond feels they will "There are some extremely articulate negotiators on the (works and liaison) committees."

Indeed, Kraft suggests that one effect of last week's breakthrough will be to persuade engineering unions that they must enrol African members. "A union's task is to control the job — and you can't do that if you don't represent everybody in the job."

Significantly, Nicholson's own union, the SA Electrical Workers' Association, will soon be discussing an in-principle proposal that it admit Africans.

Ultimately, the agreement will stand or fall on one acid test — can whites, coloured, and Asian workers be guaranteed their "entry point" while a full merit system is introduced? The agreement seems to answer the question by saying that the present protected generation can keep its guarantees, but the next generation will have to compete in an open market.
training college — in contravention of the agreement.”

A Chamber of Mines spokesman replies: “The artisan aide system was introduced after careful negotiation and consultation with the unions. If they have problems with it, they’re welcome to discuss them with us.”

MINE LABOUR

Fragmentation worries

As the engineering industry was breaking through the job colour bar last week, the mines were facing union backlash on the use of black workers from some of the same unions which signed the engineering agreement.

There’s no contradiction, however. For, while the unions’ objections on the mines do involve the use of black workers, it’s the fragmentation of skills, rather than a racial issue that they’re complaining about.

Amalgamated Engineering Union secretary Tom Neethling complains about “abuses” of the artisan aide system on the mines and suggests that the unions may demand the scrapping of the system.

Artisan aides (who are black) were introduced some years ago as a response to the shortage of mine artisans. They are supposed to assist the artisans, aspects of his job and thus partly relieve his workload.

Neethling tells the FM, however, that his men are angry at what they see as abuses of the system. “Many mines are using aides for tasks not laid down in the agreement. Some are even training them for these tasks.”

The artisans see this, says Neethling, as “an attempt to water down our jobs. The aide is now ¼ of an artisan and the effect is to break up our trade and divide it up amongst unqualified workers. At any rate, we don’t believe the shortage of artisans still exists.”

Neethling’s fears are shared by other artisan unions. Says SA Electrical Workers Association secretary Ben Nicholson, “We would rather see black artisans indentured than see a skilled job watered down in this way.”

Indeed, Nicholson charges that abuses have led to a fatal accident on the mines. “In one case two miners were killed because a shift boss insisted that an aide do electrical work he wasn’t qualified to do. And the only reason he could get to the wires to do the work was because he’d been given a key to them by the
Fast on the draw

Local hand gun manufacturers are working overtime to get their trigger fingers on the fast growing demand

As hand gun ownership continues to climb, at least five local companies with an eye on growing demand have successfully applied for permits to manufacture their efforts, though, are meeting with varying degrees of success.

While the pressure is on local manufacturers to get their products on sale, the first permit was only granted last October. And there's not a great deal of local experience in hand gun production, even if the local manufacturers' principals already have experience in making other types of armaments.

However, there are several factors which give the local effort special impetus.

In the first place some of the traditional sources of imports, particularly the US, are drying up. Secondly, some hand guns — especially from South America — are giving spectacularly high failure rates when it comes to individual proof testing by the SAP Bureau of Standards.

All guns, whether imported or not, are subjected to individual testing on such things as machining accuracy, firing capability, and so on by the SABS. Unless, that is, they're imported from one of the 11 countries which are members of the International Commission for the Proofing of Firearms or come from the UK or US, for example.

Gun hungry

There's no doubt at all that the public is becoming increasingly gun-hungry. Up to the end of last year, 723,529 members of the public were licensed to carry a total of 1,007,261 officially registered firearms.

During last year there were 154,439 applications to possess firearms (including rifles and shotguns) of which 149,622 were granted.

Johannesburg-based Republic Arms took a long hard look at the local market and opted to produce a basic .38 Special revolver with three variants dubbed Models 10, 11 and 12. One has a 50 mm barrel with a shrouded hammer, the second is virtually identical with an open hammer while the Model 12 has a 75 mm barrel also with an open hammer.

Group marketing manager Hans Hon tells the FM that the venture will cost a minimum of R750,000 and the intention is to sell around 10,000 pieces a year at between R250-R270. It's essentially a firearm for self-protection and is intended for the housewife and businessman, for example, and not for the combat shotgun or uniformed policeman.

Full production is scheduled for the end of this year with, in time, other lines to follow.

The experience of Gear Ratio (trading as Sandock-Austral Small Arms in Wadeville) illustrates that the local production of firearms isn't for the inexperienced. Project manager for its Mamba 9mm parabellum, Roy Jackson, confirms that he's '40-odd days behind schedule.'

Word is that Jackson is having casting and warping problems with his firearm produced from locally sourced stainless steel (Sandock is the only manufacturer to opt for a stainless piece — the others are all going for conventional locally-produced steels or some "specials" like EN 19). However, Jackson reckons to finally have his product on sales counters within "a couple of months."

International Manufacturing Engineering of Isando is set to produce a .38 Special/.357 Magnum and is aiming to produce 6,000 pieces a year commencing in September. I.M.E.'s Gert Potgieter says the firearm will be called the Rooi Cat on the local market and the Lynx when exported.

Dan Pienaar Enterprises, of Pretoria, has gone for a single shot sub-machine gun. It's a 9mm parabellum which, says director Quintus Pienaar, has no recoil and is accurate up to 400 metres. It has a mass of 1.25 kg, takes 40 shots, and is scheduled to be in production by mid-August. This piece, unlike some of the others intended for self-protection, is intended for farmers, mine security men and the municipalities.

Finally there's Maxim Parabellum, again of Pretoria MD Willem Klootz claims that his 9mm semi-automatic carbine should be ready for the retail trade "within a few months." A prototype has already been produced and, like the other four examples, has been tested by the SABS.

Different mark-ups

But while manufacturers have hassle enough with getting production lines in order, the time is not yet far off when they'll begin asking questions about the difference in permitted mark-ups between imported and local guns.

Guns are not price controlled in the same way that tyres and petrol are, for example, however, mark-ups between importer, wholesaler and dealer (in the case of imports) and between manufacturer and dealer (for the locals) are controlled.

Guns carry an import duty of 15% (plus 30c) and a sales duty, with the exception of 5.6 mm target pistols, of 20% But, in round terms, the permissible mark-up between the importer and the dealer is 90%. Between local manufacturers and dealers it's an average 33.3%. And there's the rub.

The temptation for the dealer is, therefore, to push the imported piece and make a bigger profit. No-one's saying that dealers always succumb to that temptation but once the local boys get their production lines running they're bound to start asking some pertinent questions.
TABLE 21. NUMBER OF MEN AND WOMEN LICENCED TO BE IN THE CITY COUNCIL AREA

<table>
<thead>
<tr>
<th>AREA</th>
<th>MEN</th>
<th>WOMEN</th>
<th>S.A.R. MEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milnerton Municipal Area</td>
<td>123</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(farm labourers in Kilarney area)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stable 'Boys' Milnerton</td>
<td>170</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Bakoven to Portwood Rd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(domestic etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Portwood Gate (dom takers, e</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Toll Gate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(includes Athlone,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Kenilworth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Retreat</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Salt River Paarden I</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrie</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Fishhoek</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Pinelands</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Simonstown</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Thornton</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Bergvlei</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Bishops C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Constanti</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Kirstenhd</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Ottery</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**STEEL SALES**

**Hard or soft?**

In the South African steel industry, normally a good pointer to activity in other sectors, beginning to pick up? Even the experts differ:

Oliver: forecasts a sharp turnaround in local demand. Its divisional GM, steel marketing, Nils Oliver, hopes for a 16% growth in the market this year, with export sales expected to hold at 1977 levels, Oliver: looking for a total sales growth of 8% in 1978.

But Highveld Steel MD, Leslie Boyd, is pessimistic about local sales at Highveld’s products, which include structural steel and steel plates. He observes that, since Highveld joined Iscor in supplying the local market with steel plates, earlier this year, “we have been experiencing progressively worsening conditions after an encouraging start. Not one of the customers that I have spoken to is optimistic about the short term.”

Oliver bases his optimism on the snowballing import substitution drive, growing demand from the motor industry, big new housing programmes and increased demand for consumer durables.

Boyd accepts that some sectors are recovering, but this could be influenced by pre-buying in advance of post.

On the heavy engineering side, things don’t look promising for either Iscor or Highveld. Boyd points out that peak steel demand for the big projects, such as Deatshe, Matla, and SAB 2 has passed and there’s nothing to take their places.

The steel industry’s only hope for growth is to rely on exports, he argues.

1. Langa 4,315
2. Cape Town 1,715

Adding, “Fortunately export prices have been improving steadily throughout the year.”

Oliver concludes there has been almost no growth in Iscor’s sales of profiles, which are dependent on the heavy construction industry.

Despite Boyd’s pessimism, total steel output is still growing. According to the latest SciSA figures, steel mills increased ingot and continuously cast billet production by 6% (to 2.4 Mt) in the first four months of the year. Most of this increase was accounted for by exports. That the industry will continue to be dependent on steel exports is illustrated by this year’s expected steel exports of 2 Mt of finished steel products — a third of SA’s total production.

It now remains to be seen whether steel and steel exports can be maintained and even increased in the face of sluggish industrial activity abroad and increasing anti-dumping pressures against S.A.

**TOTAL** 6,034
At the sixty-sixth Ordinary General Meeting of Shareholders of the Corporation held on the 20th June 1978, the following salient points were highlighted by the Chairman, Dr. M. D. Marais

1. GROUP PROFITS TO DATE
Group unaudited profit after tax for the 4 months ended April 30th amount to R351,000. The profit for the corresponding period the previous year was R726,000. This represents an increase in group profit of R375,000.

This increase is mainly attributed to higher profits in the steel division whilst Alcor, Veldmaster, Copper and Castings performed adversely. A further decline in demand of aluminum conductor from Escom was experienced which resulted in a 70% drop in despatches of Alcor products.

The closing of certain aluminum production units and curtailment of working hours were inevitable.

Recessionary conditions also affected the market for copper and castings and a pronounced reduction in demand for these products was experienced during the last 3 months.

The results of these divisions for the first 4 months of the year are lower in comparison with the corresponding period the previous year.

Special and mild steels realised a profit for the period under review and market conditions indicate a revival for the types of steel products which Uso manufactures.

Stock levels of Steel Merchants were kept abnormally low due to the recessionary situation and the replenishment of stocks also contributed towards the better demand which was experienced.

Despatches of the product groups were 14% higher than the corresponding period the previous year.

Due to the sharp increase in demand for steel products manufactured by the Corporation, production units which were closed down during 1976/77 due to recessionary conditions, were put into operation and working hours extended. Further cost saving measures remain under the spotlight and will be extended where necessary.

2. MARKET CONDITIONS AND PROGNOSIS
(a) Mild and Special Steels
The mild steel market remains weak and is traditionally highly competitive. The market for Special Steels however, is favourably influenced by the increased gold price, the reasonable stable motor industry and general stock build-up.

The demand for forgings is satisfactory but activities in the heavy engineering sector are still very low and the demand for carbon forgings is poor. A revival in the agricultural sector is still absent and the demand for agricultural steels remain low.

During 1978 the Corporation will commence with the production of certain tool and high speed steels, products which to date have not been manufactured in South Africa, and the demand appears to be very promising. The general expectations are that sales of steel products will be satisfactory during 1978 and that this section will maintain its profit position.

(b) Castings
The decrease in iron ore mining activities is adversely influencing the demand for castings. Inflation by competitors in the Corporation’s traditional markets is increasing as a result of the commissioning of new plants resulting in additional production capacity in South Africa.

A policy of diversification and penetration into other existing casting markets is essential to ensure an acceptable portion of the available production capacity.

No drastic recovery of market conditions for castings is envisaged during 1978.

(c) Copper
No significant sign of a market improvement for copper cables, the biggest consumer of electrolytic copper, is noticeable. The demand for copper from the electrical machinery sector has reduced considerably and with limited expansion by the authorities, the market condition for copper can be considered the weakest in the present recession.

In spite of indications of a slight improvement in the economy, consumption of copper is consumer orientated and only a small portion of the corporation’s product range will benefit favourably as a result of a higher demand from the motor industry and domestic electrical appliance industry.

It is expected that market conditions for copper will remain depressed during 1978 but that this section will realise a profit.

(d) Veldmaster
Veldmaster is still operating at a loss after the first 4 months of 1978. The position is similar to that of the corresponding period the previous year. It is expected that Veldmaster will again close the year with a loss.

This situation is mainly attributed to a decline in the export market as a result of the general economic slump.

Certain steps are being taken relative to marketing and pricing of Veldmaster products which, it is expected, will have a favourable influence on Veldmaster performance in 1979.

(e) General
No appreciable recovery in the steel market conditions can be expected before 1979, mainly for two reasons:

(i) The first being the American balance of payment problems and the second is attributed to the lack of real growth rate of the E.E.C. countries which will not materialise as a result of price cutting, keen competition and limitations by governments on outside competition.

As far as South Africa is concerned, the steel industry is basically in an unhealthy state mainly due to rising costs which are symptomatic of capital intensive industries like the steel industry. Uso is in the fortunate position of operating in special steels and the results for the first four months were a pleasant surprise which shows what can be achieved in the steel industry despite weak conditions in the so called mild steel market.

The poor performance of the copper, aluminum conductor and Veldmaster divisions is less satisfactory and can be attributed to cost increases which, despite the recessionary conditions of the past 4 years, still continue.

Contrary to other economists I foresee no improvement in the present inflation rate and I predict a consumers inflation rate of 10% in 1978 and an even higher rate for costs. This prediction is based on world prices on South Africa to increase wages unrealistically in respect of certain labour groups which is outside all proportions in relation to the increase of their productivity.

The steel industry is thus burdened with unique cost factors which are to a great extent not within their control.

Uso Management deserves credit for the manner in which they succeeded in curtailing costs and rationalising activities.

Everything possible is being done to improve Uso’s position and to increase its profitability.

Dr M. D. Marais
Chairman of the Board
Recovery continues but pace slow reports Seifsa

Michael Chester

The steel and engineering industries confirmed in a mid-year survey just released that the recovery in manufacturing output carries on—but still at only modest pace and marked with patchiness.

Dr E Drummond, director of Seifsa, reports that the rate of improvement is still relatively low, apart from a definite upswing for durable consumer goods and automotive components.

On the plus side, sectors enjoying modest recovery embrace general engineering, light metal manufacture, and the telecommunication and electronics industries.

COMPETITION

Producers of domestic electrical appliances can see a steady climb in the flow of orders and farm equipment suppliers expect an upturn, on the home market in the coming months.

In contrast, however, the recession drags on in a wide spectrum of manufacturing industries, among them the heavier engineering sectors and metal fabricators.

The thinness of orders leaves many companies contending with fiercer and fiercer competition, meaning a number of con-
BLACK UNIONS

Challenge to the FFW

The FFW code practice for European firms in South Africa is about to be put to the test due to link an recent declaration that it will not renew a company's license if it adheres to this and other labor codes.

A British union in Pimincown has been talking of refusing recognition to a black trade union which claims majority support among the company's workers. The company, Goliath Beales, part of the Associated Light Industry group of SA, which also owns two other factories owned by Associated Engineering of the UK. The union is the Natal branch of the Metal and Allied Workers Union (MAWU).

Pimincown, of course, is where Chief Joshua Nkomo has his-link title  God's House. Goliath has a complement of 1,800 mostly black workers.

MAWU general secretary James Nkomo tells the FFW that he visited the company and did not approach the union's MD Bill Richards for recognition. However, he says he was still open to the idea of a combined union committee which is clearly designed to preempt recognition of the union.

However, Nkomo says most of the Africans in the factory have not yet fully made it clear that they want the combined committee and want the union to speak for them.

Richards told the FFW that the company and the union had a memorandum of understanding in place which is being reviewed.

The FFW is also being asked to review the memorandum. Richards said that he was not sure if the memorandum was the best way to handle the situation.

Richards said he would not recognize the union lest it put a black person in a position of power to the detriment of the other members.

Majority support

Nkomo denies there is any union claim that the union's majority support is from African workers. Beales, however, claims that the amount of black support for the union is increasing and that the union is growing in membership.

Nkomo of the Pretoria Masses of Rainbow Union of South Africa said he had no idea what the FFW was referring to when it asked about the number of African members in the union.

Richards said he would not consider the union's demand that he recognize the union unless it was in a position to provide evidence of its support.

He said there was no evidence to suggest that the union had majority support.

The union plans to meet with the FFW again to discuss the matter.

financial mail July 28 1979

4. What factors prevent you from employing more Africans as technicians?
GNNAKER 25/1/77

Electronic growth

UK will repatriate R5.7m of the
R7.5m proceeds from the sale to Gnnaker of its SA subsidiary Racal SA
(Resa), in free funds by way of a divi-
dend.

The move already has exchange con-
trol approval and could lend weight to
speculation that the sale was prompted
by government, intent on the localisation
of strategic industry. However, the deal
was in the interests of all parties Racal
UK, with important Middle East and
African defence force customers, not to
mention UK sensitivities to "arms deals,"-
with SA, will have been a very willing
seller. Gnnaker needed a profitable diver-
sification.

Though there is unofficial talk that the
balance of R2.8m might be left in SA,
there seems little point as far as Racal
UK is concerned. Likelihood is that the
funds could stay here for a while until the
securities rand rate improves.

Gnnaker is to pay R8.6m for all of
Resa, R1.1m of which goes to the direc-
tors and other majority shareholders who
together hold 12%. In addition, Gnnaker
will repay loans totalling R2.4m and
redeem pref's worth R770 000.

Gnnaker had R10m in cash before the
deal but will use only R5.6m of this,
using a R3m pref issue privately placed
with Volkskas Merchant Bank to finance

The growth potential of Resa is said
to have grown the past two years. The
company went into profit in 1975 when
depreciation rocketed from R189 000
in 1974 to R1.2m. In 1976 they jumped
to R1.4m, in 1977 to R3.1m and 1978 to
R3.3m. Fixed profits over the period
were from R924 000 to R2m.

Without the benefit of Resa, Gnnaker
probably earned about R30m in the year
to end June. Interim earnings were
due (37%) and higher second half profits were
forecast despite a heavier tax burden, al-
though the dividend was not expected to
be increased. Gnnaker alone is rated
on a P/E of 6 (the current average for
comparable companies). Group S, IFA
and M&R, on next year's earnings, is
due 40% without Resa.

With Resa on board there seems to be
upside potential from the current 425c.
Lather over lathes

MACHINE TOOLS

A row is brewing in the R100m (retail sales) machine tool industry. It’s set to pitch SA’s only manufacturer of lathes, 600 Manufacturing, against local machine tool merchants in general and against the Machine Tool Merchants’ Association in particular.

At issue is 600 Manufacturing’s application for a hefty increase in the existing 30% tariff protection on a broad range of centre lathes. As things stand, a 30% ad valorem duty applies to centre lathes with a centre height (above the lathe bed) of between 110 mm-280 mm. Now, 600 Manufacturing has requested that the range of general purpose centre lathes be increased to embrace between 110 mm-317,5 mm centre heights.

In addition, it has asked that an alternative to the existing 30% duty be applied in certain circumstances, particularly dumping. The alternative suggested is a duty of R5/kg, less 70% ad valorem. The greater would apply.

The significance of the application lies in the fact, and this is one of the few things on which all concerned agree, that the revised range would apply to an absolute minimum of 60% of all centre lathes sold locally. Local merchants who don’t accept 600 Manufacturing’s figures even argue that, if the much smaller hobby-type lathes are excluded, the true percentage is nearer 90%-95%.

Again, all agree that the effect of the suggested alternative on a general purpose centre lathe, which can weigh anything between 3 t to 5 t, would be to raise the retail price by between 50%-100%.

The local manufacturer’s case is simply that it wants protection against dumping of, for example, the Taiwanese and Brazilian product. The merchants disagree totally. They argue that dumping isn’t taking place at all, as can easily be verified by comparing local price lists with those of the country of product origin.

In part support of this argument, one merchant cites the particular case of a lathe available from 600 Manufacturing with that of an identical machine, were it freely available, purchased from its principal based in Colchester, UK. Figures available to the FM confirm that a Colchester Triumph 2000 centre lathe purchased from the local manufacturer would cost R8 864,80. Cost of the imported equivalent purchased by a UK-based merchant would be R7 490,22 (existing duty included).

Jim Economides, MD of 600 Manufacturing, cheerfully agrees with the figures but asks, “Fair enough, but how many local manufacturers can compete on price with their overseas principals?”

Local merchants concede that everyone is entitled to make a living, but retort that a 30% tariff protection should be enough to ensure that.

Chairman of the Machine Tool Merchants’ Association, Norman Gilbert, talks of the application as being “iniquitous” and confirms that “we’re resisting it with everything we’ve got.”

More voracious merchants even query the right of 600 Manufacturing to call itself a “manufacturer.” They’re saying that 600 contributes only around 25% local content by value. Economides is equally adamant that the percentage is nearer 75%.

Key items imported

The merchants don’t buy that line and point out that key items, like headstocks and gearboxes, are all imported from the overseas principal. They also argue that 600 has been in business for eight years and that’s surely long enough to be able to do without protection (offered to most embryo industries) and stand on its own two feet.

In short, 600 continues to argue that, with a manufacturing capacity of around 600 lathes a year (it’s currently making between 300-400), it can produce just about anything the merchants require in the 110 mm-317,5 mm range. The merchants will have none of that, either.

High precision toolroom lathes, for instance, say the merchants, are out of 600’s court. Undaunted, Economides says that the merchants should support their local manufacturing industry and vows that the R5/kg provision would only be applied in cases of obvious dumping. Proof of dumping, he says, would be provided to the Board of Trade and Industries or anyone else for that matter (Protection against dumping is, though, already offered to the industry by the Department of Customs and Excise).

Gilbert retorts that the merchants would then be “at the mercy of 600.” Those against the application have until early August to table their objections with the BTI. After that, it’s over to Pretoria to judge the merits of each lobby’s arguments. It promises to be a bitter wrangle.

MTMA’s Gilbert... firmly against higher tariffs

Financial Mail July 28 1978
BLACK UNIONS
A slight thaw?

Management at Glacier Bearings may be reconsidering its anti-union stance in its recognition dispute with the unregistered Metal and Allied Workers' Union (Mawu) (Current Affairs July 28)

Firstly, John Collyear, MD of Associated Engineering, Glacier's UK parent company, has written to the union qualifying an earlier statement to the effect that Asseng regarded the matter as "the affair of local management." He tells the union that he will be in SA soon on a routine visit and will take the opportunity to study the dispute.

Local management is unconcerned. It says that, as far as it knows, Asseng has not retreated from its earlier position. Of course, Collyear may have merely written to the union as a "courtesy" gesture. Nevertheless, the fact that he has been prompted to qualify his earlier statement appears to indicate that the UK parent is taking some interest in the matter.

Secondly, Pinetown MD Bill Richards has been in contact with the union, asking for a meeting with secretary Junerose Nala at which, he says, he will set out the conditions under which management is prepared to recognize a union.

Richards has told Durban pressmen that management is not against union recognition but that it wants a copy of Mawu's constitution. Nala replies that the union executive has decided not to send a constitution until Glacier agrees in writing to resume negotiations once management has read the constitution.

The proposed meeting, says Glacier, is aimed at finding a way out of the impasse. Meanwhile, the union has asked Glacier to allow secretary Junerose Nala onto factory premises to address workers on the issue. The request has been referred to Glacier's Industrial Relations Committee.

The committee, a combined liaison committee designed to accommodate workers of all races in one plant-level committee, has been boycotted by most members of Glacier's African liaison committee. Now, according to management, the committee has decided that it can't discuss the union's request until the African representatives are present. "They are among the people affected and the committee decided it couldn't take a decision without them," says a company spokesman. The issue has thus been deferred until the African representatives are present.

They won't be, according to Nala. She says the liaison committee members won't attend such a meeting because they fear that management would cite their attendance as evidence of the fact that African workers were now co-operating with the committee.

1.4 Workers' Grievances
1.5 The Ineffectiveness
1.6 Workers' Suggestions

2.0 Rural Situation
2.1 General Information
2.2 Land Availability
2.3 Factors Influencing
2.4 Factors Influencing
2.5 Maize Harvest
2.6 Factors Influencing Maize Yield

2.7 Cattle
2.8 Sheep

2.9 Factors Influencing the Number of Cattle and Sheep Owned

2.10 Goat and Chickens
2.11 Relation between Livestock and Landholding
2.12 Subsistence Income
2.13 Recruitment and Job Finding of Migrant Labourers
2.14 Factors Influencing Recruitment and Job Finding
2.15 Periodic Returns to Rural Areas
2.16 Homeland Economic Situation and Wages
2.17 Remittances to Homelands
2.18 Summary of Rural Situation

3.0 Policy Suggestions for Those in Authority
19.

The Ineffectiveness of Liaison and Works Committees

We now examine how workers sought to deal with their grievances and how effective they were. Respondents were asked to whom they reported their problems. Their answers are summarized in the table below.

<table>
<thead>
<tr>
<th>Department</th>
<th>1st Line</th>
<th>2nd Line</th>
<th>Works Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>70%</td>
<td>30%</td>
<td>10%</td>
</tr>
<tr>
<td>Maintenance</td>
<td>60%</td>
<td>30%</td>
<td>10%</td>
</tr>
<tr>
<td>HR</td>
<td>50%</td>
<td>30%</td>
<td>20%</td>
</tr>
</tbody>
</table>

The table shows that workers were most likely to report problems to their immediate supervisors, followed by line managers and then by works committees.

Despite this, the percentage of respondents who felt that their problems were effectively addressed was low (15%). Many felt that the systems were slow and ineffective, and that decisions were not made in a timely manner.

In conclusion, the effectiveness of liaison and works committees in dealing with worker grievances is questionable. Workers often feel that their concerns are not properly addressed, and that the systems are bureaucratic and slow.
What chance has a local content programme for civil aircraft?

Such is the rising cost of imported spares and components — and the strategic risk — that the pressure is on the industry to consider local sources of supply from, say, the automotive industry. Problem is that the fitting of such "look-alike" items as alternators, bat-
POCKET CALCULATORS

Day of reckoning

Shoppers sneering at people totting up supermarket purchases on pocket calculators could soon be members of a disadvantaged minority. The ubiquitous little machines have penetrated virtually every sector of civilisation with manufacturers confident the boom is still to come.

Worldwide sales of the battery-powered and mains-connection ready reckoners, spreading throughout East and West with the fecocity of Asian flu or the hula-hoop, are estimated annually at R4bn. By the mid-Eighties, these will have more than trebled, at present retail prices, to around R13bn.

Calculator growth is so dynamic and its potential so great that people outside the trade, tinkering with their first simple four-function Christmas present or showing-off miniature models with memories and bleepers, will be bewildered by the imminent new generation of microcomputers.

"There is now a calculator for every profession," says Hewlett-Packard district manager Winsome Norval.

Hampo (Texas Instruments) brand manager Barry Lame says "Housewives must be our next target. The SA market can rise fivefold before saturation and, even then, innovation will sell more machines."

Tedexud Casio divisional manager Roger Saby disagrees: "We've already reached about 35% of the white market. From now on most business will come from second calculators or replacements."

Whatever the marketers think of future trends, and they are unanimously optimistic, statistics for the past five years show the calculator take-off to be a salesman's dream.

Pacemakers

Annual unit imports starting from 1972 show: 45 700; 123 400, 261 600; 337 600, and 359 000 in 1976. Last year imports dropped back to 143 500.

In the same five-year period, 1972-1976, the average calculator price tumbled from R126 to a mere R27. Last year the average rose to R32.75. But, taking into account better models on the market weekly, the price increase is slight.

Lane says the once-slick Texas Instruments Datamatlı, which in 1973 sold for R69, would now retail at only R11 if the company dared to continue to market such a jaded rehls.

Norval corroborates the hectic pace of the industry. "Hewlett-Packard puts out a new model and in two weeks the Japanese can have a copy in the shops," he says.

The Japanese, indeed, dominate the unit market although two US electronics majors, Hewlett-Packard and Texas Instruments, take most of the money in SA sales. Last year, for example, Japanese makers (mainly Sharp, Casio and Sanyo) took 45% of the R4.7m wholesale market although they had 77% of unit sales.

Apart from shedding a few percent to minor manufacturers, the Americans, mainly HP and TI, took the rest.

Innovation is the key to keeping ahead of this field. Here the US companies excel (albeit with only a couple of weeks headstart) with models ranging from mmmuscles of their original layout drawings. Building up a block of these electrical wafers into a chip (as the jargon has it) provides a system of instant computation allowing thousands, even millions, of alternatives.

"We've reached the stage where schools and colleges stipulate which functions calculators must have if they are to be used in class," says Norval.

Wider acceptance in the classroom looks like being followed by routine usage in the home. Pocket calculators (desk models make up less than 10% of
Domestic steel market improves

JOHANNESBURG — A number of sectors in the metal and engineering industries are continuing to benefit from the upward phase in the economy, the Steel and Engineering Industries Federation (Seifsa) says in its business conditions report for July.

Sectors which continue to report a continuing moderate pick-up include a number of sub-sectors of the large general engineering industry, light metal manufacture and the telecommunications and electronics sector, it adds.

In spite of a prolonged world-wide steel recession, South Africa's steel exports are maintaining their export competitiveness and continue to enhance output levels.

The domestic market, due mainly to a rival in demand for flat products, shows some signs of improvement and Seifsa statistics reflect that South African steel mills increased their output of ingots and continuously cast billets by 9.8 percent to 4.5 million metric tons in the first seven months of the year as compared with the corresponding period last year.

Good maize crop

The effects of this year's good maize crop are now being felt in the agricultural machinery and implement sector, which also reports that improved export levels are contributing to better capacity utilisation.

Automotive component manufacturers advise that order intake reported during the first six months of the year hopefully may be sustained.

Producers of electrical equipment in the domestic appliance market continue to benefit from the current consumer revival and report a slow but steady growth in the flow of orders.

Concerning ferro alloys, a set of three questions were: "How did you know your firm?", "How did you get your business?", "If your contract with your present firm is done?". Responses to these questions clearly indicates that a large number of people obtained their information about a vacancy by adhered to independent sources of information and paid a visit to their firms.

<table>
<thead>
<tr>
<th>Information about Available Job</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
</tr>
<tr>
<td>visit to firm in town</td>
</tr>
<tr>
<td>bureau in homeland</td>
</tr>
<tr>
<td>recruiting agency in homeland</td>
</tr>
</tbody>
</table>

N=93

Our second question tested the system of obtaining contracts. The results are indicated in Table 25. Seen in conjunction with the previous Table,
Price of steel is up by 10pc

Pretoria Bureau

An "interim" steel price increase of 10pc to come into effect immediately was gazetted in Pretoria today by the Minister of Economic Affairs, Mr Heunis.

He also announced that steel prices increases would now be considered every year during July.

A spokesman for Iscor, whose collective interests produce about 80 percent of South Africa's steel requirements, said the increase would be likely to bring in an extra R560 million in revenue for the current year ending in June.

Iscor made a R49-million loss last year, mainly because of its interest burden, and this increase in revenue will help to get the State corporation back into the black.

INADEQUATE

"In the course of recent associations with the South."
HIGHVELD: consolidating

Highveld: Ferroalloys disappoint

Activities: Iron, steel, vanadium slag and vanadium pentoxide producer located near Witbank, Transauld owned 63% of Transaulds, which produces manganese ferroalloys. Member of the Anglo American group.

Chairman: W G Bostred, managing director L. Boyd

Capital structure: 67.8m ordinaries of R1 Market capitalisation R135.5m

Financial: Year to June 30 1978. Borrowings long and medium term, R1.3m, net short term, R80.5m Debt equity ratio 77.6%. Current ratio 0.5. Net cash flow R23.2m. Capital commitments R3.3m.

Share market: Price 200c (1977-78 high, 212c, low, 125c, trading volume last quarter, 680,000 shares). Yields, 15.5% on earnings, 8.8% on dividend cover 1.9, PE ratio 6.4

For the first time in six years profits declined – pro-tax profits were down from R33.1m to R28m. But this did not hamper the dividend record, which has increased steadily over this period.

Exports, which last year contributed 66% to turnover, only contributed 54% in the year under review. The iron and steel works operated at capacity and accounted for 67% (56%) of turnover. But further production cutbacks were implemented at Vantra, the vanadium pentoxide division, which now has only one of its eight furnaces in operation. Transaulds has also cut back production.

Domestic demand for steel during the year was low and there was a further deterioration after April. But the commissionings of the new plate mill in August, which allowed Highveld to participate in the local market as a secondary supplier, helped significantly to counteract this, as did Highveld’s steel exports, which were substantial.

There has been a marked improvement in dollar-denominated steel export prices world-wide, and indications of a growth in the US’s capital goods market for the first time in four years. This bodes well over the world steel industry over the next year, but the domestic outlook is dim. Steel-intensive state infrastructure development will slow down over the next three to five years, and unless there is a significant near-term improvement in fixed investment, SA could remain a net steel exporter for some years to come.

Demand for vanadium remained weak during the first half of the year, but the worldwide oversupply situation has been partly corrected since the beginning of the year, due to increased pipeline developments in Russia, Mexico and the Middle East. Near-term, demand should improve.

The ferro-alloy industry is suffering from excess capacity and Transaulds’ exports of manganese ferro-alloys fell by 19%. To offset dependence on exports, the domestic base load is being increased.

Only two of Transaulds’ five furnaces operated in the first half of the year, although, now with the introduction of ferro-silicon, a third furnace has been brought on line. By end-June there were indications of an improvement in the export market and Transaulds “will operate at higher levels in the next financial year.”

A Dm100m loan, equivalent to R18.8m, which was covered forward, was repaid in April and refunded from short-term local borrowings. A US $20m loan, equivalent to R14.3m, is due for repayment in May and, in view of the lower capital expenditure over the next two years, might also be funded in the same way. But it is worrying that despite little change in the company’s debt equity ratio, debt is now almost entirely short-term.

The capex programme provided Highveld with substantial investment allowances and thus reduced the deferred tax provision to R6m from R11m. The group now has a total deferred tax provision of R38.9m which should ensure that the tax charge will be fairly low for some years. Meanwhile neither Highveld or Transaulds is expected to pay any tax before 1980.

At 200c the shares have risen 30% over the past year. Despite the 8% yield, Highveld’s short-term attractions are limited, although it remains a sound long-term investment.

C. B. Pemberton
Highveld's profitability should improve if world steel recovery is sustained

MR W G BOUSTRED

The corporation's consolidated profit of R27,976,000 before taking into account deferred tax and minority interests was lower than the R33,107,000 earned last year. After deducting R6,009,000 for deferred tax and minority interests of R9,660,000 the attributable profit at R21,801,000 was marginally higher than the 1977 result of R20,740,000.

The new plate mill and Transwalls new 48 MVA electroslag furnace submerged arc smelter were officially opened by Mr H F Oppenheimer, Chairman of Anglo American Corporation, on February 15, 1978. Both these units have operated well and have made a significant contribution to the group's performance. By the year end the group's capital expenditure commitment had been reduced to R3,305,000 compared with R18,858,000 in 1977 and R58,948,000 in 1976.

Throughout the year difficulty was experienced in the marketing of all the group's products because of the adverse economic conditions in the Republic and in the rest of the world. The iron and steel works operated at capacity but further production cutbacks were made at the Ventra division and Transalls with the result that steel accounted for 67 per cent of the group's turnover compared with only 56 per cent last year. Lower export prices together with the continued high rate of cost increases reduced the profit margins as evidenced by the reduction in pre-tax profit despite a 20 per cent increase in turnover to R172,980,000. The total value of exports at R93,880,000 was at the same level as last year.

STEEL 1977 proved to be another difficult year for the world steel industry and although the apparent steel consumption of 673 million tons was equal to the third best on record the steel industries of the major industrialised countries continued to run well below capacity. Some 64 million tons of new steel capacity has been commissioned in the free world alone since the 1973-74 boom period, a large proportion of which has been built in third world countries traditional export markets for the industrialised countries. There is furthermore a tendency for the steel industries of the communist bloc and the third world to run at capacity and to export to the industrialised countries tonnages which are surplus to their domestic requirements thus compounding the oversupply situation in these markets. This is the main reason for the strong protectionist lobbies that have grown in Europe and North America. Steel exports to the EEC during 1977 were controlled on a quota basis and early in 1978 the USA introduced higher prices for steel imports which were closely followed by the introduction of a similar system of minimum selling prices in the EEC.

As a result Japan has significantly reduced steel output in 1978 and this coupled with European reference prices. USA higher prices and the weakening of the dollar has led to a substantial improvement in steel export dollar prices worldwide. There are also indications of growth in the capital goods market in the USA for the first time in four years which gives cause for optimism about the world steel industry over the next year. Evidence of this is the growth in the free world steel industry production in 1978 already amounting to over three per cent more than in 1977.

Highveld has continued to sell substantial tonnages of steel overseas in the form of semi's, sections and plate. Additional markets have been developed outside the USA and UK and by the financial year and export prices were at a more profitable level.

Domestic steel demand for most of the financial year was at the low 1977 level but there was a further deterioration from April 1978 and forecast demand over the short term is not encouraging while demand over the medium term also gives cause for concern. Construction of the large steel intensive State infrastructure projects such as Sasol II and the new Eskom power stations will come to an end over the next three to five years and unless there is a significant increase in fixed investments South Africa will remain a net exporter of steel for some years ahead.

For the tenth successive year Highveld's steel production showed an increase on the previous year finishing just below 710,000 tons.

The successful commissioning of the plate mill enabled the company to participate in a new sector of the local market as a second supplier which resulted in an increase in domestic sales with a corresponding reduction in exports of steel semi's.
UNIONS

Faulty bearings

Does Glacier Bearings of Pinetown believe in working with trade unions or with in-plant committees? The answer is still unclear after the release of a Glacier document setting out its criteria for union recognition.

Last week, Glacier MD Bill Richards handed Metal and Allied Workers Union secretary Jenerose Nala a document setting out the conditions under which Glacier would recognize a union. That suggests a thaw in the dispute between the union and Glacier (Current affairs, July 28 and August 18). But the document contains clauses likely to be rejected by the union.

It stipulates that a union which gained recognition would have to be representative of Glacier workers and not involved in politics. Nala tells the FM the union has no objection to those stipulations.

It also contains clauses, however, which the union interprets as meaning that it would have to negotiate with Glacier's in-plant industrial relations committee about recognition. Other clauses state that the committee must be satisfied with the union's representativeness, that the union would have to agree to abide by the committee's constitution and that the committee would have to be happy that the union wasn't infringing on its activities.

Complains Nala: "It's unheard-of. Where on earth has a union ever had to discuss recognition with a worker committee? We want recognition from management, not a section of the workers."

Indeed, the committee, a non-statutory in-plant joint worker and management committee, has been rejected by the union, and all but one African worker representative has boycotted it. Says Nala "Workers in the two lowest grades aren't represented and they're the majority of production line workers."

Richards replies that Nala has "misinterpreted" Glacier's conditions. He complains that Glacier is prepared to resolve the issue but that the union is not.

He says Glacier "had the courtesy and interest" to approach the union with its conditions and says the firm "is only too pleased to discuss the subject." It has been stymied, he says by the union's "reluctance to communicate with us" which "is making it virtually impossible to negotiate."

The union executive hasn't discussed Glacier's criteria yet, but is likely to reject those which deal with the committee and will see the Glacier conditions as another attempt to make the committee the chief bargaining body at Glacier.

Certainly the conditions are unprecedented if the union's interpretation is correct. Management does not delegate key decisions such as union recognition to a worker committee, and it does appear as if Glacier is attempting to entrench the committee while formally agreeing to union recognition.

If that is the case it is unlikely to satisfy the demands of the majority of its African workforce.

Meanwhile, the union has sued Glacier for defamation. The action arises out of comments allegedly made by Richards to the FM (July 28) in which he alleged intimidation of Glacier workers by the union.

Financial Mail September 15 1978
Dearer steel will hit cars, mines

PRETORIA — The price of steel has been increased by 10 per cent — the second price rise this year — and the ripples will affect the prices of a wide range of products, including motor vehicles.

The increase announced here yesterday by the Minister of Economic Affairs, Mr Heunis, is attributed to higher production costs, mainly coal, and the repeated and steep rises in the price of power over the past 18 months.

Virtually all household appliances will be affected, and prices will have to be adjusted upwards as soon as current stocks are exhausted.

An Iscor spokesman said Iscor’s revenue for the current financial year would increase by about R60 million because of the price rise.

The last increase was in January this year — 12.5 per cent.

Iscor’s total deficit for the 1975/76 and the 1976/77 financial years amounted to nearly R80 million.

The deputy director of the Motor Industries’ Federation, Mr S D Vermeulen, said the higher steel price would inevitably mean higher car prices.

However, no immediate price adjustments were expected — not until current stocks of components and other materials ran out.

A spokesman for Sigma Corporation agreed and said it was not possible at this stage to say precisely to what extent prices would be affected.

Mr Heunis said after careful consideration of the cost increases and the profitability of the steel industry and to prevent an unrealistically large increase in steel prices being granted in 1978, the Government decided to grant an interim price increase of 10 per cent from September 15.

It was also agreed that price increases would in future be considered during July of each year.

The Consumer Council said the price rise was reasonable when the higher costs in the industry were taken into account.

The Chamber of Mines said the increase would have a severe and, at this stage, insurmountable effect on the mining industry — the mainstay of the national economy.

“The industry’s stores bill — in which the steel component is particularly high — totalled about R1.347 million a year for gold mines last year and about R345 million for coal mines,”

Therefore, the effect of the steel price increase, coming on top of the 4 per cent sales tax introduced in July, will have a serious impact on mining costs, which still constitute the most critical problem facing the industry.

“It negates strenuous efforts the industry has been making to hold costs in check” — DDC/SAPA.

Wage problems were a widespread grievance. 77% of all workers who expressed any grievance at all, complained that their wage was too low.

Irrespective of industry, of job category, and of legal status, the overriding grievance concerned low wages.

Many said simply that their wage was too low to keep up with the increases in the cost of living; others specified that their wage was too low in relation to their length of service, or the level of skill or degree of risk involved in their work; still others expressed indignation at being discriminated against on racial grounds; and some complained that they were being underemployed or had been denoted to a lower paid job.

The second most common grievance concerned unwarranted deductions and non-payments and other arbitrary actions by management and occasionally, the foreman. A number of workers thought that unwarranted, sometimes excessive, deductions had been or were being made from their weekly wage to cover one or more of the following:
Cut down on ‘paper explosion’ abuse

By QUINTEN VARIOCE, IBM Office Products Division

While it is generally accepted that copiers have improved communications, there can be no doubt that the ‘paper explosion’ has often been abused and all too often unnecessary copies are made.

Statistics have indicated that next to data processing, copying equipment is the single most expensive machine cost. Therefore, management needs to have a close look at selecting the ideal copier system to meet requirements.

There are three systems available, decentralised copying facilities, total centralised copying and the combination of the above. Let’s examine each of these individually.

Decentralised copying

This approach to a copying system has the advantage of reducing ‘copy walk’ to an absolute minimum. Machines are spread throughout the organisation.

Furthermore, there is an initial reduction in the overall cost per copy. However, this generally results in an uncontrolled system, whereby copy proliferation becomes inevitable. Within a short period of time, due to the proliferation, the volumes escape, and naturally the costs follow suit.

Centralised copying

This type of system is often found in the ‘print room’ of an office. The big advantage of this type of system is that proliferation is almost completely eliminated.

The cost per copy is reduced as the user can take advantage of better pricing due to the high volumes on a single machine.

However, the pitfalls with this centralised system are the escalation of the hidden costs. Management should take cognizance of the time lost with copy walk, queuing and ‘social meetings’ along the way.

With the labour costs as high as they are today, and escalating rapidly, this system could quite conceivably result in an increase in the overall copying costs although the cost per copy is reduced.

Decentralised-Centralised copying

This type of approach allows management to take the advantages of both the above systems and totally evaluate the copy costs as well as the labour costs involved.

The decentralised machines would be located in areas where the need for convenience copying could be justified. These decentralised machines would normally serve more than one department and could easily be controlled with the use of pluggable meters.

Furthermore, by using a meter system, accurate usage and billing can be established for each department.

Convenience copying generally consists of one-to-five copies from one or many originals. As this type of copying involves many personnel in an organisation, the decentralised approach does cut down on the copy walk and queuing that would normally exist with a purely centralised system.

With the use of a meter system, there is reasonable control to contain proliferation as compared to the total decentralised system.

The centralised machine would be used for large volume copying. Also, because of professional operation, the best copy quality can be maintained.

Here the copy walk is not so critical because one trip results in many copies being produced and often, with deadlines not being that critical, a messenger service will normally suffice.

From the above brief and perhaps simplistic comparisons, we think that the last system is the option best suited to organisations with both volume and quality requirements, especially when such organisations generally have extensive premises.

Management should therefore first establish their criteria for a copying system, examining their present as well as their probable requirements.

‘Bilingual’ machine should cut paper costs

A new, advanced duplex copier printer — for printing on both sides of the paper in one operation — is being launched in South Africa next month.

Mercedes Office Machines is introducing the AB Dick 269T Duplex Copy Printer, which is expected to cut paper costs dramatically.

“The machine will be particularly suitable for bilingual material,” says Ben Wibier, marketing manager, new products, for Mercedes Office Machines.

“This particular model is used extensively in other bilingual countries like Switzerland, Canada and Belgium. It is also particularly suitable for price lists, memos, pamphlets and specification sheets.”

Other features of the machine are

- It is compatible with other AB Dick master makers.
- An automatic collating-sorting unit can be added to further speed up production times.
- It prints at speeds of between 8 000 and 10 000
FOREIGN FIRMS  

Rustenburg away (179)  

Building a new factory in SA is itself a bold move these days. When the investor is a US-controlled firm and the site of the new plant is a decentralised border area, it is no surprise that the venture attracts some attention.  

Minnesota-based L&M Radiators hopes to open its R0,6m facility outside Rustenburg by early next year. It will then manufacture locally the radiators.

---

(continues)
STEEL PRICE

Surprise rise

The 10% across the board steel price increase has taken more than industry by surprise — it caught Iscor chairman Tommy Muller unawares.

Muller got back from a visit to the Far East on Monday to be told of the increase. As far as he knew no official application for one was before government. “Of course,” he adds, “steel producers have been saying for a long time that the price was too low and we have constantly put a strong case to the minister.”

Apparently what has happened is that the rolled-steel producers, who include Dunswart, Highbred and Iscor, met Economics Minister Chris Heuns recently and convinced him of their needs.

Iscor, incidentally, reckons the increase will not make much difference to its parlous financial state this year. Says Muller: “We were planning to go for a much bigger increase in January. A smaller one now means the effect will be much the same.” He is, however, happy about the government’s intimation that it will review the steel price annually in July.

Steel users on the whole appear fairly calm about the rise — although many industries have not yet worked out the effects. The motor industry generally feels manufacturers will try to absorb costs as much as possible but that car prices will eventually go up.

The construction industry is generally taking the 10% steel price rise with resignation. There is even a feeling that regular and gradual tariff hikes are preferable to overnight announcements of the past which threw building budgets out of kilter.

The rise can fairly be considered as a mild setback for construction (compared with damage done to it during the past two years), as modern design and better use of reinforced concrete means much less steel is used now than in the past.
Black unions move closer to federation

Labour Correspondent

PLANS to unite mainly black trade unions in a new federation were taken a step further yesterday when the Transvaal unions and union branches elected an interim federal committee for the Transvaal.

The committee was elected at a meeting of about 150 trade unionists in Sharpeville.

Similar committees have been set up and are functioning in Natal and the Eastern Cape.

A national meeting involving all the regional committees will be held in Durban on October 21 to discuss drafting a constitution for the federation.

Although the federation is named provisionally at uniting black unions, it will be open to all races. Among its main movers is the Natal Union of Motor Assemblers and Rubber Workers of SA, a registered union for coloured and Asian workers.

A statement issued after the meeting said unions who elected the committee were:

- The Glass and Allied Workers' Union, Engineering and Allied Workers' Union and Paper, Wood and Allied Workers' Union - all affiliated to the Consultative Council of Black Trade Unions.

- The Transvaal branch of the Natal and Allied Workers' Union, affiliated to the Natal-based Trade Union Advisory and Coordinating Council.

- The Transvaal branch of the United Automobile Rubber and Allied Workers' Union.

Four other unions affiliated to the Consultative Council did not commit themselves to joining the federation.

The split in the Consultative Council over the federation has apparently not yet been resolved and yesterday's developments may widen it.

Mr. Churchill Mhlanga was elected chairman of the interim committee. Mr. Nkosi Mahave vice-chairman and Mr. Taffy Adler secretary-coordinator.
Tractors tumble

Steeply rising farm debts look like putting another damper on tractor sales already badly hit by last year’s 15% (now 12.5%) import surcharge. Earlier optimism among suppliers sure of passing 1977 unit sales of 14 505 is beginning to wear thin with farm machinery reps barely closing a total 1 000 deals each month.

Ford MD Wally Rautenbach says “It is a poor outlook. We think (national) sales will reach 13 000 this year though some say as low as 12 000.”

John Deere chairman and MD Brian Harrison says “The market could be 15% down on last year. In 1979 there should be a 5% increase. Farming receipts are just not keeping pace with operating costs.”

Despite leapfrogging tractor prices, revenue for SA’s dozen suppliers is also expected to be well down on last year. The only buoyant sector in all farm...
SHIP REPAIRS

Dry as a bone

SA's ship repair industry is by the bone. The repairers contend that unless they get some help from Railways, things can only get worse.

Problems arise from several sources. The worldwide slump in shipping has reduced the volume of traffic, and the reopening of Suez has cut the flow of traffic around the Cape. Again, this difference has brought with it new or refurbished vessels requiring fewer repairs. Furthermore, repairers claim that SA harbour charges are high and world standards and so frighten off potential customers.

The Association of Shipbuilders and Repairers is due to discuss the matter with Railways later this month for the umpteenth time, and Assocom has a motion on its agenda for October 19 dealing with the subject. The Assocom motion, to be proposed by the Johannesburg chamber, suggests an international campaign to promote local port facilities. It suggests that "port dues and other charges levied against vessels calling for repairs and maintenance be reviewed with the object of ensuring that our ports are placed in a competitive position relative to ports elsewhere in the world."

In his annual report James Brown & Hamer chairman Bob Hamilton pleads for special incentives to enable the local industry to compete more effectively, and points out that repair work is a useful earner of foreign exchange.

Peter van der Waal, MD of Elgin Engineering's ship repair site, claims that local charges are about three times as high as abroad and that last year a contract worth R1m was lost to Cape Town because of high dock charges.

Cranes are a particular source of aggravation to the repairers. There is a minimum charge for two hours even if a crane is used only for 15 minutes. Repairers claim that if they require a 5t crane it sometimes happens that they are obliged to use a 25t crane and pay the higher rates. Crane drivers, they complain, are a law unto themselves and do as they please.

In some cases crane and drydock charges amount to a quarter of the repair bill. The FM was shown a bill where crane charges during a five-day graving dock service amounted to R1,066 or almost 30% of the Railways' bill of R4,981. In most overseas yards, crane repairs alone, charges at the drydocks are free of charge.

Another complaint is that accounts come in drbs and drbs, which irritates foreign customers used to one invoice. Dock Brass of Dobyl sums up the general feeling of repairers when he says that most ships calling at SA ports only have repairs done when they have to, or else they opt for routine repairs which can be done while they load or discharge cargo.

Latest Railway figures from April to August reveal that harbours showed a surplus of R21,8m against the budgeted R20,6m, so there may be some scope for concessions to the hard-pressed repair industry when it does battle with the administration later this month.

The Railways attitude was stated last year by Minister of Transport Lourens Muller "Dry docks and slipways were initially provided by the department to meet its own requirements. The provision of additional facilities necessitated by the growth of the ship repair industry has placed an additional burden on the Railways as a port authority the Department's basic function is to handle cargo and to operate the harbours on a sound economic basis and no justification can be found to reduce harbour dues and other charges payable by ships calling at SA ports for repairs. Such concessions would no doubt bring about further losses which would, in effect, have to be subsidised by cargo-handling services."

Source: Broadcasting Legislative Assembly Debates, 14 April 1973, col 504.
The success of this strategy depends, of course, on whether other white union members share the Rustenburg men’s dissatisfaction. Paulus says he knows of no similar moves in other unions at this stage. But if other such moves do materialise, they will have a crucial effect on SA labour conditions.

UNIONS

Arrie’s fold

The beginning of a white worker backlash — or a flash in the pan? That’s the question posed by a vote of no confidence in their union leadership, passed by the Rustenburg branch of the SA Electrical Workers’ Association.

The Electrical Workers was one of the key unions to sign the Sefsa agreement earlier this year. At its recent conference, it announced plans to organise an African electrical workers union in anticipation of the Wiebahn Commission’s findings and passed a motion endorsing the training of African artisans.

The Rustenburg men (who are mine electricians) passed the motion after a meeting at which union general secretary Ben Nicholas was present and the motion specifically refers to both backlogs and a regional union organiser, according to a report in the local paper, The Mail of Rustenburg.

Their dissatisfaction might stem more from the two conference decisions than the signing of the Sefsa agreement. Questions were put to Nicholas specifically on the union’s support for black artisan training and union membership.

At the meeting, the Rustenburg men said that they refused to belong to a multi-racial trade union. The Electrical Workers had originally planned to admit blacks to union membership but had decided on a separate union because Africans cannot belong to registered unions and that they planned to quit the union.

The obvious home for them if they do so would be the Mineworkers Union (MWU) but MWU general secretary Arrie Paulus told the Mail none have so far applied to join.

Nevertheless, the MWU does seem keen to enrol white members of other unions. It has argued for some time that white workers are not being adequately protected by their union leadership and their natural home is in the MWU.

So the union seems to be looking for membership outside the mining industry at a time which would give it the right to speak for white workers in manufacturing as well.

If it does do this, the MWU will have a broader base to oppose the Wiebahn Commission’s findings if they are not to its liking — it will also be able to oppose them if they apply to manufacturing industry and not mining, as many observers expect.
Without a doubt, the economies of South Africa and Namibia cannot survive without the labor of immigrants. The need for skilled laborers is so great that the government has implemented policies to attract and retain them. The Department of Immigration has been running recruitment campaigns to attract skilled laborers from abroad.

A spokesperson for the Department of Immigration explains that the department has been successful in attracting skilled laborers. In the last few years, the number of skilled workers arriving in South Africa has increased significantly.

The Department of Immigration has been particularly successful in attracting skilled workers from countries such as Namibia, Botswana, and Zimbabwe. In fact, the number of skilled workers arriving from these countries has doubled in the last two years.

Of course, the cost of attracting skilled laborers is high. However, the benefits are evident. The government has invested heavily in training programs to help skilled workers adapt to the South African labor market. This has resulted in a skilled labor force that is highly skilled and highly productive.

The government has also been successful in attracting skilled workers from other countries, such as India and China. These workers bring with them a wealth of knowledge and experience that is highly valuable to the South African economy.

In summary, the government has been successful in attracting skilled laborers to South Africa. The benefits are clear, and the government continues to work hard to attract even more skilled laborers to the country.
Consumer must lift economy — industrialist

JOHANNESBURG — The president of the Steel and Engineering Industries Federation of South Africa, Mr W N Randell, yesterday spoke of the need for general support of the Buy South African campaign to give thrust to the economic revival.

Mr Randell, who was addressing Seifsa's annual meeting, said: "Because of the under-utilised capacity in many of our sectors the revival will not be an investment-led one.

"The revival, in my view, to be meaningful and to be given thrust, will have to be initially consumer-orientated.

"This adds emphasis to the necessity of all sectors and population groups giving more than lip service to the Buy South African campaign currently being given impetus."

He said that from the strategic point of view and the generating of general and economic self-sufficiency in the total South African concept, "it must be under-scored that import substitution will provide and create more job opportunities and real wealth for all our population groups.

"The returns on capital investment after tax generated through profits are held to be low by many economic commentators having regard to the various risk factors involved.

"The authorities should evaluate whether the current profit returns after tax are of sufficient incentive to attract future local and overseas investment and for projected growth in the private sector.

He said the gross output of the metal and engineering sector of the economy now amounted to more than R8 600 million a year and formed 26 per cent of the country's total manufacturing output.

The number of people of all races employed in those industries was 475 000, one-third of the total manpower engaged in manufacturing.

Last year those industries' exports were worth R956 million, Mr Randell said — SAPA.
Dorbyl dank van sy werkers af

JOHANNESBURG

Dormman Long Vanderbijl Corporation het gester aangekondig dat hy 'n deel van sy Boksburgse aangew. gaan sluit weens 'n skerp afname in die vraag en die maatskappy se produkte. Die aangew. vervaardigende structurele staatprodukte.

The determination had been imposed upon Africans by the strike. A further 115 disputes, where strikes occurred and these strikes in which 67 338 African workers participated, could not be regarded as peaceful. There were also 246 strikes in which 3 846 African workers participated.

In 1973 there were 47 labour disputes led by Bantu Labour Officers. The oppoage of work involving 20 000 workers was very serious. The strike was stopped by the Labour Board, which could not be regarded as peaceful. There were also 246 strikes in which 3 846 African workers participated.

It would not be unfair to impose upon Africans by the to stress it cracked. A more marked reluctance to use it.

THE BANTU LABOUR RELATIONS

During the 1973 labour unrest, Dorbyl published a draft system and published a draft proposal. In the words of John Howard: "... evoked wide interest, and even the State implemented it, employers showed a marked reluctance to use it without vitality."

The new machinery retained the three-tier system, which had operated for twenty years, with certain important differences.

23. Ibid.


EMLOYMENT

Jobs for 13 000? (1.1)

Nobody really knows if the 13 000 ex-national servicemen going on to the labour market early next year will find
work. But they will certainly need the help of people going out to help them find it.

Before the year is out perhaps before this month is out, the private sector will have lists of job seekers and
the Defence Force will have lists of vacates. The idea is to marry the two.

The SADF's Brigadier C. A. Smith speaks proudly of the nationwide community effort aimed at giving the couple a
happy start.

The community effort consists of umbrella councils, chaired by local mayors supporting various committees in
some cases advised by the Moths and the SA Legion.

Johannesburg deputy mayor Major Dame Opperman is very confident of looking after all those seeking work in the
city, but feels there are a "lot of question marks. We do not know how many we
will have to fix up in Johannesburg."

Brigadier Smith thinks the economy has put on enough fat to absorb the work seekers, and that national service
in a sense merely delayed the entry into the job market of 13 000 school leavers.

But the difference is that school leavers are "boys" and ex-servicemen are "men" who will be starting at the bottom two
two years behind schedule. At the same time, the economy in the past has absorbed
ex-servicemen who've been away for a year, and only time will tell whether the extra year will be significant.

Sefsa's Errol Drummond puts the numbers in perspective when he
says that in the past six months alone the steel industry has increased its blue-
collared work force by 12 000 - bringing its total to 475 000. He is confident there will be a job for any ex-serviceman
who wants to join the industry.

Provided this expansion has been equalised in other sectors, problems
should not arise, but the exercise will have to be repeated in July and every six
months thereafter.

Will the patriotic enthusiasm among employers last, or will it waste if SA faces
a military need pre-emptively?

SA has yet to feel the economic effects of, for instance, the 240 days
more of demanded time of next year's returning soldiers will have to serve during the
next eight years.

Will employers tolerate an employee's absence for anything up to three months in a year
plus annual holiday and the time effectively lost as the part time soldier mentally prepares for and recovers from each stint in the army?

Or will they turn to women and blacks to fill the traditionally young white male jobs?
WHITE UNIONS

Mutter, mutter

The rumblings among moderate white trade unionists affected by the Sesa jab advancement agreement continue. (Current Affairs October 15)

The latest union to be affected is the SA Engine Drivers, Firefighters and Operators Association whose general secretary Ken du Preez complains that some of his members are being worked away from the union.

Writing in the latest issue of his union
After three years pegged at 15c, the dividend was raised to 16c. But it presages no easing of the conservative dividend policy - cover rose to 4.3 (4.2) times. The company has an almost pathological aversion to debt financing and presumably the cash build up will continue until new expansion opportunities arise. The level of capital commitment suggests that the new large coke plant, which is expected to come on stream by mid-1979, is the only major item in the group's expansion programme.

Growth this year is likely to be steady rather than spectacular and even with an economic upturn, earnings could grow less rapidly than more highly geared competitors. But though flammable, is conservative, the company is technically progressive. There is little risk of upsets and the shares are best suited to investors looking for maximum income security.

turnover or profit margins were apparently squeezed with engineering and trading activities only 3.1% better at the pre-tax level against an 11.6% turnover improvement. Trading and engineering contributed R3.4m (R3.0m) pre-tax profit.

Dividend income (largely from IPSA) was R3.0m (R5.65m); interest on deposits and short-term loans was R2.17m (R1.54m).
BOYCOTTS

Not so ready

UK based battery manufacturer Eveready could be faced with a consumer boycott of its products as well as international solidarity strike action as a result of the sacking of striking workers at its Port Elizabeth plant.

The workers, all of whom are members of the registered National Union of Motor Assembly and Rubber Workers, whose members at Eveready struck this week in protest at the company's refusal to recognize the union. The union (which represents coloured workers at the plant) says around 260 of the company's workforce of 450 are on strike. The company says it has fired 160 strikers.

Union organizer Brian Frederick tells the FM the union has responded to the sackings by calling for a national and international consumer boycott of Eveready products. It will call on registered and unregistered unions with which it has been working to form a new trade union federation, to assist the boycott.

Calls are also likely to be made to the International Metalworkers' Federation, of which the union is a member, and the equivalent international union secretariat for chemical workers, to organise solidarity strikes overseas.

The dispute between Eveready and the union is virtually unprecedented. While unregistered unions tend to encounter massive employer resistance to recognition, instances of employers resisting recognition of a union registered with the Department of Labour are far and few between — particularly in recent years.

While Eveready has been quoted as saying it is prepared to deal with the union, but that negotiations between it and the union broke down because of "excessive" union demands, the union insists that the company is "not bargaining in good faith."

If a consumer boycott does take place, Eveready could be hard hit. It does a good part of its business in the black market and it is here where a boycott would be likely to take root.
Upturn seen for steel

LONDON — Last month saw the beginnings of a general improvement in the international steel market, says the latest edition of the Commodities Research Unit.

Domestic demand in the United States and Japan has been strong for some months and indications are that demand in Europe is also beginning to improve, particularly in West Germany.

However, in the next few months steel demand is expected to weaken in the US while in Japan it should continue strongly through 1979 and with only a moderate rise in Europe next year.

The unexpectedly prolonged high steel demand in the US is expected to end in the next few months, reflected by a fall in orders, particularly in the construction and automotive sectors.

While CRU forecasts a modest increase next year, there should be an upturn in the rate of increase in demand in 1980.

In Europe, the widespread price-cutting on commercial steel products in the past two months has eased, partly as a result of stronger demand. But a more important influence is the unofficial agreements between producers which may be causing artificial supply difficulties in particular products.

The supply and price weakness will continue into the early part of 1979 although conditions in the later part of next year and into 1980 will be much closer to normal in European steel markets.

The Japanese market is expected to show the strongest demand consumption through 1979 as a result of higher demand in such markets as construction and consumer goods.

Steel prices in the export markets are not expected to improve to the point where large tonnages can be profitably exported and further reductions in production in Japan can be expected — Reuters.
With "blacks" pay is the big thing.

WE MEET in Port Elizabeth, in that windswept corner of South Africa, where a black motor industry worker is $25 a month better off this May than a white SA employee. He is a black motor industry worker. It is Saturday morning and he and his wife and three young children are out shopping.

To protect his interests I shall call him Obod Via. He is 32, a Standard Six graduate, and the past two years he has been an assembly line worker with a South African warehouse of one of the American motor corporations.

With six words he puts a question mark over the employer's marathon attempts to achieve equality for workers of all races in the factories.

"Who wants to eat with whites?" he says.

And he adds, "It's more money we want. We don't care where we eat. What we care about is work and money. But we want the same rate as whites doing the same job. And the same fringe benefits. We also want more chances of better jobs."

To what extent is Mr Via's opinion shared by other black and coloured workers?

I put the question to Fredy Sauls, leader of the 4,500-strong coloured National Union of Motor Assembly and Rubber Workers of South Africa, and advisor to the 52,000-strong black union, the United Auto, Rubber and Allied Workers of South Africa.

He says, "The point is, these companies have their priorities wrong. Of course it's nice not to have apartheid, but we all agree that it should not have been there in the first place."

"But the first priority from the coloured or black worker's viewpoint is not desegregation of facilities but genuine equal pay and security. And reasonable opportunities for promotion plus adequate retirement benefits."

Black and coloured trade union leaders in the motor industry predict that the demand for black and coloured workers will increase, and that these factors are necessary to the Government and the management, and dealt with satisfactorily.

The managing director of both Standard and General Motors in Port Elizabeth deny there is any feeling among their black and coloured workers, or resentment against conditions for white workers.

Mr Via, a South African Brian Pitt, MD of Ford South Africa, the largest American-owned enterprise in the country, tells me, "These relations in my company have been good for many years.

"But American cars are in the foreground. Pau 1962, says, "I don't believe there is any grave labour problems at GM.""

Bob How, who denies that the white unions are opposing company efforts to break down race barriers in the factories.

"Nevertheless, there is evidence that some black unions are losing in strength and influence."

And Mr Willings concludes that the social upheaval in the white workers is a big problem in South Africa today.

It could be said that the social upheaval in blacks and coloured workers' employment is a few problems, too. For instance, labour relations between some black and coloured workers are sometimes a breakdown of racial barriers.

There are other difficulties faced by black workers. The factory is a major headache. In the factories, however, many have found that the Government and the public continue to practice racial prejudice in everyday life.

This prejudice is spread in the factories, however, and few have found top management in the companies prepared to make quality controllers or foremen. But opportunities are being opened up.

Ford, probably with the most progressive record, has the largest black workforce, and Ford 70 black employees. Ford 70 for whites. Compared with Ford, the companies have a long way to go.

"The average basic wages received by hourly-paid workers at December last year were $16.73 for blacks and $27 for coloureds. The average basic wage paid to white workers is around $80 a month."

The average basic wage today is $56 60 for blacks and $84 for coloureds in the factories of the major companies.

"Are you employed as a black engineer?" I put the question to Ford's Brian Pitt.

"Find me one and I'll gladly employ him," he replies. "Provided he's up to standard. The idea is that blue-collar workers are very very scarce."

The story goes that Ford South Africa had an open position recently. He quit to become a professor. OK.
We are not interested in blacks—Paulus

Veereiliggings Bureau

"We know how to protect whites. We are not interested in black people," Mr Arnie Paulus, chief secretary of the SA Mineworkers' Union, told a jubilant crowd of about 400 locor employees in Vanderbijlpark last night.

His speech was part of the union's campaign to recruit members from the steel industries in Vanderbijlpark.

Mr Paulus launched a bitter attack on the 10 trade unions which had signed an agreement with Seisa (the Steel Engineering Industries Federation of South Africa) which effectively does away with job reservation, calling for the retention of job reservation.

He said the trade unions which signed the agreement, known as Section 35, tried to make out that it protected the white worker.

"But its basic principle is to promote and recruit according to merit, or to promote equal job opportunities for all groups of employees, black, yellow and pink," he said, and the crowdcried "skande" (shame).

Mr Gert van der Berg, chairman of the local branch, which claims to have 1000 members, said that no worker needed to fear discrimination against him if he joined the Mineworkers' Union.

"If they fire you, we all walk," he said.
HIGHVELD STEEL

More in the pipeline (189) FM 10/11/78

At first glance, one might wonder why Highveld Steel was even considered for an export award. In his annual review two months ago, chairman Graham Bousted noted that "throughout the year, difficulty was experienced in the marketing of all the group's products." Nonetheless, Highveld has weathered the storm in the world's steel industry a lot better than many other producers. Export, in particular, have zoomed up, with earnings from steel, vanadium and ferromanganese bouncing up from less than R30m in 1974 to over R90m in the 1977 and 1978 financial years. In the year ending June 30 1979, exports are likely to be well over the R100m mark. "We've tried hard," says MD Leslie Boyd. "Our prices are competitive, our plants are modern and our costs are on the low side. So we start with an advantage."

SA steel producers have been accused, however, of breaking into foreign markets by dumping their products. Replies Boyd, "In the past two years we've achieved higher prices in some overseas markets than on the domestic market. In other markets, prices have been lower. But we've remained profitable."

Highveld is at present concentrating its steel marketing efforts on the Far East, where the rising yen has dented the competitiveness of Japanese producers. "Suddenly Far East markets are opening up," says Boyd, referring especially to Hong Kong, Taiwan, South Korea and Singapore. All lucrative markets.

By contrast, Latin America has lost much of its shine, as the fast growth of domestic steel plants has outstripped demand. But Highveld is still selling in its traditional markets in Europe and North America.

Does Highveld compete abroad with Jisco, also known for its aggressive export selling? "We try not to," reckons Boyd, "and we exchange market information." However, he notes they are vying with one another in some of the new Far East markets.

Highveld is the world's biggest vanadium producer, accounting for about 40% of total output. Demand began to improve early this year as high pipeline laying programmes got under way in Russia, Mexico and the Middle East. Moreover, vanadium is being widely substituted for high priced molybdenum.

It is no secret that many Siberian pipelines are made from steel containing SA vanadium.

Vanadium off-take is likely to continue improving, particularly in the light of decisions to exploit Arctic oil and gas deposits. The industry, however, is still awaiting a decision by the US General Services Administration on whether it will increase its strategic stocks of vanadium.

Demand for Highveld's ferro-alloys produced by its subsidiary Transalloys is also peaking up, after a 19% drop in ferromanganese sales in 1977-78. While only two out of Transalloys' five furnaces were operating at first time last year, all five have now been brought on line. Moreover, Boyd reckons that Highveld's pending takeover of ferro-hic producer Rand Carbide will contribute "substantially" to export turnover...
STRIKES

Switched off

Moves to boycott battery manufacturer Eveready are gathering momentum - and other moves are likely against the company as a result of a labour dispute at its Port Elizabeth plant (Current affairs last week)

The action against Eveready is the result of a union recognition dispute at the plant which led to a legal strike by the registered National Union of Motor Assembly and Rubber Workers, in which striking women workers were fired. Union organizer Brian Fredericks tells the FM the consumer boycott will get under way towards week's end, and has already received substantial support.

Fredericks says a number of petrol station keepers have already indicated that they will refuse to stock Eveready products until the dispute is settled. Much of their clientele are union members and they are boycotting Eveready as a gesture to their customers, he says.

The 12 trade unions who plan to form the Federation of SA Trade Unions have also issued a statement supporting the union. They will send funds to assist the workers fired by Eveready and will assist the boycott if their legal advisers give the okay. Fredericks says his union's legal advisers say a consumer boycott is legal.

Support has also been forthcoming from the SA committee of the International Metalworkers' Federation, which includes a number of prominent registered (white and coloured) unions. The IMF committee's affiliates will each write individually to Eveready, demanding that it recognize the union. If it does not, they too may join the boycott.

International action is also on the cards. The IMF's Geneva office has asked its UK affiliate to take action and they are due to give their response this week. A delegation of Swedish metal unionists which is in SA at present has visited strikers to pass on their support.

Fredericks says women fired from Eveready as a result of the strike will run the boycott in Pietermaritzburg and he expects other unions to make personnel available for boycott publicity and the like in other centres. Strikers have already begun distributing pamphlets and have been accosted by police, says Fredericks.

Eveready MD and chairman Ron Allen is non-committal about the boycott. He says he can't comment on whether it will succeed but says "any boycott stands to put scores of workers out of jobs." Despite this he says he is "not too worried" and says he knows of no retailers who are planning to boycott Eveready.

Allen says Eveready workers are well paid - 92% of coloured, women earn above 78c an hour, 43.5% above R1 an hour. The union has stressed, however, that it is recognition - if represented, that is the core of the dispute.

It is the recognition issue which unions backing the PE strikers are focusing on. Says the statement issued by the 12 Federation unions: "We are amazed and appalled that a British company can be so intransigent as to force a legal strike, a rare event in SA over the recognition of a registered union."

Allen says Eveready is waiting for the Wabana Commission which it hopes will provide for multiracial unions. The union dismissed this as a ploy.
Iscor shows loss of R73m for 1977-78

ISCO incurred a R73 200 000 loss for the 1977-78 — the fifth consecutive year the State steel-maker has been in the red.

Sales revenue for the year amounted to R1 500-million compared with R1 003-million the previous year and R373-million five years ago, according to Iscor's 1978 annual report.

Despite this increased turnover, however, the corporation suffered a loss of R73 200 000 primarily because of several unfavourable conditions which had and are still having a major effect on its operations, marketing and prospects for the future.

Topping the list of adverse factors is the worldwide economic recession and the consequent slackness in steel demand, resulting in over-capacity and keen competition in international markets.

ISCO says the position has been aggravated for it by a legacy of debt from the expansion programme embarked upon 10 years ago, in consultation with the government, and a more comprehensive one launched in 1971.

These were undertaken to enable Iscor to meet as far as possible the expected increase in the domestic demand for steel products according to long-term projections at the time.

It will be remembered, says the report, that South Africa suffered a severe shortage of steel in the mid-1970s.

Loan funds from overseas were then freely available, interest rates were low, Iscor had few debts and its borrowing capacity was therefore good.

Loan tenures generally extended over 20 years and internal cash flow was quite sufficient to repay long-term loans.

Between 1971 and the completion of the expansion programme in 1976, the situation changed drastically.

Loan funds from overseas became practically unobtainable, the tenure of foreign loans shortened dramatically from 20 years to one or at the most two years and interest rates rose sharply.

In addition Iscor is employing the conservative policy of charging production costs with a provision for the eventual higher replacement cost of production units.

During the past year this provision amounted to almost R50-million.

If Iscor had applied the same accounting policies as other steel producers it would have declared a profit of R5 400 000 for the year, disregarding any other adjustments which might have become necessary in that event.

Because of the high fixed-cost structure in the steel industry, discontinuation of exports would have required production cuts and decommissioning of production equipment.

This in turn would have lead to mounting losses, requiring further steel price adjustments. By keeping up its export programme, Iscor says that it at least maintained employment and also earned valuable foreign currency.

The development of the Grootehuk coal mine, near Elnora, for the supply of blend coking coal, is being proceeded with, after having been delayed under Iscor's curtailment measures.

Financing of the project would require a capital investment of more than R300 million.

The current world-wide recession and consequent slackness in the steel market had caused a substantial decline in the international demand for iron ore, and prices were therefore relatively low.

It should be noted the report said, that at its current rate of iron ore and steel exports, the corporation was earning annually about R470-million in foreign exchange, which must have made a significant contribution to the improvement in South Africa's current account of its balance of payments — Sapa.
WHITE UNIONS

Your union needs you

The white trade union movement was started by the Federation Over 1000 Ford workers have quit their union to join the Motor Workers Union according to general secretary Arno Paulus, but the white union leaders are preparing to keep a vigilant eye on their membership figures.

Ironworkers say the move is aimed at those unions which signed the Seifusa agreement earlier this year. But the immediate cause of the MWU move is that the white union leaders believe, "The white worker is in a state of crisis" and only the MWU can adequately represent him.

Paulus denies that he is seeking to attract new members but he concedes that the MWU no longer sees its job as a prestige movement. "Our doors are now open to any white worker who wants to join."

First signs of a white worker backlash came when the Randburg branch of the SA Electrical Workers' Association said it would not join the union. Then Ko du Preez, of the SA Engine Drivers, Busmen and Operative Association complained that his members were being driven away from the union (between October 1 and November 1). Now unions which signed the Seifusa agreement say the MWU has embarked on a wide ranging membership drive.

They've been busy at Iscor Vanderbilj and Iscor Jeppestown, and signs that they're starting at other Iscor works," says Du Preez. Adds Electrical Workers' general secretary Ben Nicholson, "They've tried to recruit our members on the mines at Krugersdorp, Welkom and Witbank as well as Rustenburg."

It is at Iscor, however, that the MWU appears to have been most successful. The Iscor trade union leaders are preparing to keep a vigilant eye on the union's membership numbers. The 10,000-plus new recruits applications are still streaming in, but more than 1,000 mark (two weeks, and) are at Iscor's Vanderbilj works. The union most affected are thus the Engine Drivers and the SA Ystervale Steel company, which are led by the Federation.

Which leads one union man to argue: "It's another argument that it's a fight within the Federation. Nicholson and others have appealed to members of the Federation not to accept the MWU's offers, but another union leader says the issue has been resolved. The union leaders were successful in keeping union membership under attack until now.

Other unions have claimed that the MWU has been organising protest meetings of their unions and 'injecting disunity' into union meetings. Paulus disagrees that this is a lie.

MBU men claim they have effectively beaten back the campaign by thoroughly explaining what the agreements mean. Du Preez says the agreements under attack will hit back soon. "We're planning ways of countering this and will announce them soon," he says.

Certainly there is a lot of bitterness among the unions whose members are being wooed. "They think they're the champions of the white race," says one. "They're only doing this because the MWU is losing members," says another. Paulus denies this, and points to published figures which indicate MWU membership was rising before the new move.

At present, the Seifusa agreement doesn't seem to be in danger. The MWU campaign is concentrated on state employees and the mines, rather than in the private manufacturing sector, although Du Preez agrees. "All the unions who signed the agreement are in danger. It could well spill over."

What does seem obvious is that two other Confederation unions are angry with the MWU and the argument could spill over into the Confederation. Equally clear is the fact that the MWU now represents non mining workers and will feel able to speak on behalf of those members when it rejects change in SA industrial relations patterns.
In an important difference, the three-tier system, which had operated for

25

years, was abolished. A new Labour Relations Regulation Amendment Bill is a result of the authorities abroad the original Bill.

Organizations from labor unions, industrial experts, and employers for the improvement were met with intense interest.

The delay but understanding this is in order. It is the interest of the Minister of Labor to ensure that the

WISPECO Rationalising

Activities: Holding company with subsidiaries making steel windows, press metal products, chassis, reinforcing steel, wire and aluminum products. Holds 77% of Hart which manufactures plastic and aluminum holloware and other products. Metkor Investments holds 51% of Wispeco's equity.

Wispeco: Consolidating

Chairman: P K Hoogendijk; deputy chairman Professor P W Hoek, managing director C E Bryan

Capital structure: 15.2m ordinaries of 50c, 75 000 7.5% "A" and 250 000 6% "B" cum prefs of R2 Market capitalisation: R5.0m

Financial: Year to June 30 1978 Borrowings: long and medium term, R7.2m, net short term, R8.8m. Debt-equity ratio: 70%. Current ratio: 1.6 Group cash flow: R591 000 Capital commitments: R655 000

Share markets: Price: 33c (1977-78 high, 38c, low, 18c, trading volume last quarter, 434 000 shares)

After a R740 000 attributable loss (1977: R75 000 profit), could Wispeco follow the same route as former fellow subsidiary, Fowler Holdings? Fowler became a wholly-owned Metkor subsidiary after a R1.4m (R1.3m profit) 1977 taxed loss and Metkor hailed the 41% minority shareholders out.

Last year's loss was due to the continued recessionary conditions in the building industry. Taxed losses at the steel and aluminum building products division increased to R914 000 (R304 000). As a result, the group suffered a taxed loss of R663 000 (R343 000 profit).

As a part of a rationalization programme, Wispeco's building products factories outside the Transvaal reduced production dramatically, and most of the groups sales are being met from the Alrode works. The product range has been increased and efficiencies improved.
could, if left unresolved, retard what he considers to be a gathering momentum in SA's economic recovery.

With PIT fully invested at this stage in a widely diversified portfolio, growth in dividend and nav will be dictated by market sentiment and the performance of those companies comprising the portfolio. As such the dividend looks secure and the shares are not unattractive or out of line with the sector.

John White

ALDERSON & FLITTON

Increasing the line

Activities: Holding company with subsidiaries selling and servicing motor vehicles, tractors and implements. Holds GM and Sigma franchises in Pretoria. Directors control 30.5% of the equity.

Chairman: S Cooper.

Capital structure: 5.4m ordinaries of 50c. Market capitalisation: R1.7m.


Share market: Price, 32c (1977-78 high, 44c; low, 16c; trading volume last quarter, 12,000 shares). Yields, 12.1% on earnings. PE ratio 8.2

Debt servicing, coupled with high overheads, hit profits. But the vehicle market has picked up, and an effort is being made to improve gearing, says finance director Peter Cooper.

At the year-end, total borrowings were R5m (1977: R3.3m) of which R3.9m
GLACIER OP DREEF IN TRANSVAAL

GLACIER Bearings se nuwe fabriek wat teen 'n koste van R1 miljoen opgerig is, is nou ten volle in bedryf en sal die omvang van die Elandsfontein maatskappy se bedrywighede en dienste aansienlik uitbrei tot in die hartjie van Suid-Afrika se nywerheidsgebied - die Witwatersrand.

Die eie taak van die fabriek by Elandsfontein is die herstel en restaurasie van medium- tot baie grootgewone laers - van 125 mm tot 1 400 mm - vir nywerheidsdoeleindes. Seun Grenville Loder, trektueur van bemarking verkope.

Die situasie van die nywerheidsbedrywighede is ook Glacier Bearings se hoofsetrum, in Transvaal, vir bemarkingbedrywighede.

"Ons is nou in staat om 'n 24-uur-dienis op die drumpel van al ons klante in Transvaal aan te bied," het seun Loder gesê.

"Glacier Bearings sal die klêmans, plaaslike inhoud, en ons daartoe verbund om 'n geheel en al Suid-Afrikaans vervaardigde produk te lever.

Glacier Bearings is die grootste, vervaardiger van laers en laermotorlagers in Suid-Afrika.
FOUNDRIES
Not forging ahead

Latest figures from the Steel & Engineering Industries Federation (Seifisa) suggest that the battered foundry business may be reviving.

True, steel castings are down. In January-September 1978, 87,300 t of steel castings were produced, an 11.6% fall on the figure for the corresponding period in 1977. But there has been a rise in iron castings of more than 5%—from 173,200 t to 182,200 t. And non-ferrous castings have risen nearly 18%—from 9,451 t to 11,119 t.

Yet foundrymen are far from convinced that the lean times are over. Says Keith Price of Prima Industrial Holdings. "There has been a slight pick-up, but I wouldn't bank on its continuing. There have been upturns before which have soon died away." Prima, like most foundries in the country, is running at around 60% of capacity. Bill Bateman, MD of Edward L. Bateman on the same lines: "If there has been an improvement it has been very marginal. And recovery will depend on the economy, particularly the world economy."

Prospects
Main reason for foundries not doing so well has been the fall-off in state spending. As Percy Levick, executive director of Stewarts & Lloyds foundry division puts it: "Much of the foundries' work is done for semi-government bodies, particularly the SAR and Escom. Few orders have come from these recently."

What improvement there has been has come from mining, and some exports. The new diesel engine plant in the Cape should help next year. Some enquiries have come from that quarter already.