MANUFACTURING - TEXTILES

1983 - 1984 JAN - DEC.

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Manufacturers cautious about expanding

Textile firms say demand may not last

By AUDREY D'ANGELO

In spite of a shortage of fabric, which is forcing some Cape Town clothing factories to work short-time, local textile manufacturers are cautious about expanding their production capacity.

They were reluctant to be quoted by name, but two textile manufacturers said they could not rely on local clothing firms to provide enough business once the rand had strengthened sufficiently to make it worthwhile to import fabric.

Credit

"I think we may already be at the break-even point and I have heard that some firms are looking into the possibility of buying in the Far East," said one textile manufacturer.

"It is true that clothing manufacturers find it easier to buy locally "And nowadays people overseas are cautious about giving credit to SA importers, which means they have to pay the money up-front"

"But a year ago my factory was running at 30% of capacity and it may be so again by this time next year."

"I think if manufacturers see that there is a consistent high demand they will adjust capacity."

He said there was also a shortage of some types of yarn.

"We always have to import some types because they are not available in this country — and even overseas there are supply problems."

Another manufacturer said high import duties and the 10% import surcharge discouraged him from importing new machinery to expand his capacity.

"The government says the 10% surcharge is to raise money to provide more jobs — but the import of new machinery could provide many more jobs through a ripple effect."

Expanding

"If I import a new machine, expanding my capacity, I need more people and I send the extra fabric to a dyeing house, providing more work, and the availability of more fabric would keep the clothing factories working fully time."

"But textile machinery is expensive — an imported machine can easily cost R1m and 25% of this, going down the drain as far as the manufacturer is concerned, on import duties and the import surcharge is a lot of money."

"It is enough to discourage him from expanding his capacity because he would not get a sufficient return for his money."
Textile import agents doing well

By AUDREY D'ANGELO

In spite of the weak rand and the import surcharge, clothing manufacturers have been so desperate for reliable supplies of good quality fabric that they have been forced to buy from overseas in recent months.

This, together with rising costs, is reflected in prices of winter clothes on sale in shops now.

A leading import agent, Herbert Hirsch, senior partner in Walter Hirsch & Co, said that the new concession announced by the Minister of Trade & Industries, Dawie de Villiers, allowing manufacturers to apply for a rebate of duty on fabrics not obtainable locally, had not yet affected the market.

But he said that, after a thin period last year, import agents had “done quite well in recent months.”

“We have even been importing fabrics of the type made in this country because manufacturers have simply not been able to get supplies locally. This has forced them to import just to keep working.”

“But the market is crazy. Side by side with this shortage caused by difficulty in obtaining fabric, and the higher prices caused by inflation, we hear of manufacturers having to sell off clothing cheaply in job lots because of cancelled orders.”

“But the market does seem to be improving, to judge from the orders we are getting for fabric.”
provide the answer?

WILL AUTOMATION

The clothing and textile industries face a challenge to be a viable player in the global market as they continue to navigate a complex market landscape. The clothing and textile industries have been grappling with a range of challenges, including increased competition, changing consumer preferences, and technological advancements.

According to Annabelle Gordon, the study highlights the dire need for capex investment in the clothing and textile industries. The study found that the clothing and textile industries have been struggling to keep up with the pressure to produce high-quality products at competitive prices.

Gordon emphasizes the importance of investing in new equipment and technology to stay competitive. She notes that the clothing and textile industries have been slow to adopt new technologies, and this has resulted in a decrease in productivity and quality. The study suggests that investing in new equipment and technology could help to improve efficiency and productivity, leading to cost savings and increased profits.

Gordon also highlights the need for better training and education for workers in the clothing and textile industries. She notes that many workers lack the necessary skills and training to operate new equipment and technology, which could result in decreased productivity and increased errors.

Overall, the study suggests that the clothing and textile industries need to invest in new equipment and technology to stay competitive in the global market. This includes new equipment for cutting, sewing, and finishing, as well as new technologies for inventory management and supply chain optimization.

The study also highlights the need for better training and education for workers in the clothing and textile industries. This includes providing workers with the necessary skills and training to operate new equipment and technology, as well as improving overall employee engagement and satisfaction.

In conclusion, the study suggests that the clothing and textile industries need to invest in new equipment and technology to stay competitive in the global market. This includes providing workers with the necessary skills and training to operate new equipment and technology, as well as improving overall employee engagement and satisfaction.

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Source: AFRICA'S textile industry
Call for Government action

Since the early 1980s, the wool industry has been experiencing a decline. The wool price has fallen sharply, and the demand for wool products has declined. This has led to significant job losses in the wool industry.

To address this situation, the government should take the following steps:

1. Implement policies to support the wool industry, such as tax incentives and subsidies for wool producers.
2. Improve the marketing of wool products to increase demand.
3. Promote the use of wool in more industries, such as clothing and furniture.
4. Invest in research and development to improve the quality of wool products.

Failure to address these issues could lead to the decline of the wool industry and the loss of many jobs. It is crucial that the government take action to support the wool industry and ensure its continued viability.
Textile industry is hanging on by a thread.
Pepkor bucks the trend and looks to exports

WESTERN CAPE clothing manufacturers are still licking the wounds incurred by the damaging conditions experienced over 1985 - slated as the blackest year for this sector since the Thirties.

Many small companies, most running cut-and-trim operations and the likes were forced to shut their doors or temporarily suspend their activities. This has had a dramatic impact on unemployment and subsequent hardship for thousands of families in a region very dependent on clothing and textile companies for their livelihood.

Out of a workforce of 60,000 in the clothing industry in this region at the beginning of 1985, well over 60,000 - almost 50% - had been put out of work by the end of the year.

Now, more than four months into 1986, the unemployment problem has yet to show signs of being turned around.

The trauma of the past 18 months and the still uncertain trading conditions prevalent now has far from dimmed the buoyant optimism of Western Cape industrialist Christo Wiese, chairman of the RH&H Pepkor group.

But then Pepkor, strongly involved in textile and clothing manufacture - and the retailing of these commodities through the Pep Store chain - has survived the past 18 months in finer shape than most in this sector. And this in spite of the fact the group experienced a pre-tax foreign exchange losses last year of R26m - subsequently made up with a successful RH&H rights issue.

Pepkor's interim results for the six months to the end of August last year reflected an 18% rise in turnover to R330m and a 19% increase in trading profit to R21.6m. - Publication of the full year's results are not far off, and Wiese is not prepared to pre-empt them.

Nevertheless, he hints that trading performance over the last six months of the financial year are likely to reflect similar margins of improvement.

CHRISS CARRICROSS

"We have, in a way, been protected from the conditions that have harmed others in the clothing sector," Wiese says.

Pepkor's special vertical manufacturing/retailing operations have been a fundamental factor in this regard. Factory capacity was fully utilised during the year, and even expanded to meet the increasing demands via Pep Store outlets feeding the lower end of the clothing market.

Pepkor has also been particularly successful in establishing a firm foothold into export markets and increasing its penetration, sales during the year topping R1bn.

A new market is created with the shipment of more than 500,000 school shirts to Britain and this, too, was also successfully built upon during 1985.

Progress was also achieved in expanding the volume of exports of women's underwear to approach a target of some 1.5 million units a year.

These successes have placed Pepkor in an enviable position of being one of the few clothing concerns in the region that has not been forced to reduce its workforce.

Pepkor's "horizontal" manufacturing operations have also been performing creditably, particularly with regards to the House of Monatic.

Pepkor took over I. I. Back from the Rembrandt group about four years ago and has been steadily rebuilding the operation, of which House of Monatic has been the main component.

According to Wiese, 1985 saw House of Monatic regain much of its previous share of the market and, after a decade of operating at a loss, it is now well into the black.

Looking ahead from a position of comparative strength, Wiese remains optimistic 1986 will eventually see some recovery in conditions for the clothing sector.

"We should see things picking up in the third quarter," he says.

"There is a greater element of stability in the exchange rate, and expectations are rising."

Wiese cautions, however, against being too euphoric over prospects:

"There are so many enormous variables in the equation it makes planning that much more difficult."

He expects conditions to remain volatile, a situation demanding a high degree of flexibility in the running of such a complex business. He notes, too, a growing acceptance that the structure of the domestic market for the clothing industry is in the process of dynamic structural change, in which the demands of the third world sector of the market has already climbed to a position of dominance.

Wiese dismisses as ghastly weak protestations by some clothing companies that local cost pressures are making it virtually impossible for them to compete in an open market situation.

He reckons, certainly, that making poor use of their existing asset base and he maintains there is no reason why increases in production volume cannot be achieved by introducing multiple shifts - instead of resorting to the costly route of spending scarce capital resources on additional infrastructure.

"Utilise the same asset base, increase volume output by additional shifts and whole new worlds will open up," he says.

Several Pepkor factories have already been placed on multiple shifts, running 24 hours a day - realising a better return on assets than would otherwise be the case.

The emphasis in Pepkor's case, apparently, is to greatly expand its export base. The goal is to eventually have exports providing 30% of the group's turnover. Contributions from this quarter currently account for 5%.
Fabric rebate questioned

Delays pose big problem

HAMISH MCINDOE

SHARPLY extended delivery times for key fabrics to clothing manufacturers are posing serious problems to the industry.

This is despite recent trade moves to offset shrinking import volumes.

National Clothing Federation (NCF) president Mike Getz said the situation had deteriorated sharply. "Many orders for certain fabrics — such as shirting and bottom-weights — are unlikely to be delivered for up to eight months," he said.

"Critically bad" was how the MD for Edgars subsidiary UFC Retail Services, Frank Wells, described delays in the delivery of finished garments.

Rebates for the import of so-called wanted fabrics to overcome local shortages were granted in May after the Board of Trade and Industries recommended the emergency import of R30m-worth of duty-free fabrics.

The rebates, however, were gazetted as a temporary relief measure.

On paper, imported fabrics account for about 20% of local demand, but the level of imports fell from R374m in 1984 to R181m last year — in volume a 47% drop to 102-million m² from 195-million m².

The Textile Federation, however, strongly opposes extending the rebate on grounds that local shortages have been caused by "extraneous factors" over which the industry has no control.

Latest figures show the producer price index in the textile industry rose 17% in the four months to April compared with the same period last year.

$15.5m Maputo farm aid

A $15.5m project involving the privatisation of Mozambique's cropping land and extra orchards has been implemented by a new company, Companhia Agro-Industrial Lombar Mocambiquense.

Majority owners and sponsors of the project, Lombar Group UK, is providing a $3m equity investment The Mozambican government, occupying a minority position, will transfer several State farms to the venture.

The International Finance Corporation is providing a loan of $2.5m for the project which aims to develop 6,000ha to alleviate food shortages and increase agricultural production.

The lack of manpower and a shortage of foreign exchange for spare and farm inputs has severely hampered Mozambique's agricultural sector.

Farmers plead for State help

SA Agricultural Union (SAAU) president Kobus Jooste said yesterday, farmers were in desperate financial straits and urgently required government assistance.

Addressing a rally of Central Transvaal farmers in Pretoria, Jooste said if State aid were not forthcoming in one form or another, SA could face a decade of hunger.

He disclosed, however, that a plan to save SA farmers had been drawn up and would be put into operation shortly.

The Economic Advisory Council had favourably received representations from the SAAU, Jooste said.

"We find ourselves in the position where we may have to forgo our share of the economy by accepting government help But there is no other way out," Jooste said.

Warning that not even abundant rains would substantially reduce the huge debt load being borne by SA farmers, Jooste said it was vital farmers did not lose faith in themselves as managers and food producers.

— Sapa—

LONDON — Australia is opening the door to foreign investment as part of an attempt to bolster the Australian dollar and revitalise the economy.

Australian Treasurer Paul Keating was forced to make the move on Monday after the Australian dollar had crashed to a record low of around US$0.57 the week before. Immediately after his announcement, the Australian dollar recovered to over US$0.61.
TEXTILE IMPORTS

Trouble at the mill

Garment manufacturers have put forward a strong case to the Board of Trade and Industry (BTI) for a three-fold increase in the amount of fabric allowed into SA duty-free. They claim local textile producers cannot supply their full needs.

Textile producers have countered their arguments by mounting an equally convincing argument that their difficulty in meeting delivery schedules is temporary. Moreover, they warn that any move to grant the clothing sector additional rebates could hit investment plans to boost the industry’s productive capacity.

Having heard argument from both sides and perused voluminous evidence, the BTI has retired to consider its decision. It will hand down its verdict shortly — in time, garment manufacturers hope, for them to bring in additional clothing they need to meet orders for the winter 1987 range.

That’s assuming the decision is in their favour.

The tug-of-war between the two sectors of the industry has been on for some time. Ever since the rand collapsed, local clothing manufacturers have been forced to source more of their fabric locally. The low value of the rand, coupled with duties of around 25% and a 10% surcharge, have made imported imports uneconomical.

As demand turned upwards, local textile producers began to buckle under the strain of attempting to meet the industry’s cloth requirements. Manufacturers for the retail trade contend that lead times on fabric deliveries have stretched to unacceptable levels, and the supply pipeline has become completely “choked” up.

Three months ago, the BTI allowed them, as a temporary measure, to import R20m worth of fabric duty-free. But manufacturers claim the amount was negligible in terms of their total consumption. They now want the amount stepped up to R60m.

Sudheer Vahed, National Federation of Clothing Manufacturers (NFCM) Natal branch chairman, assures the FM that the move is a temporary one “to allow us to fill the gaps in our cloth supply.” He says manufacturers have no intention of staying in the overseas market on a sustained basis. “Why should we, when we can get cloth cheaper locally?” he asks.

But the textile producers see the appeal for additional duty rebates as the thin edge of the wedge. They are fearful that a “temporary” relaxation will set a precedent and could easily become a “permanent” arrangement.

Says Stanley Shlagman, executive director of the Textile Federation: “If we have to shift from supplying 80% of the local market needs to 90%, we have to be sure that we’re not a fugitive market and that, in the long term, we can operate profitably.”

Shlagman admits there could be supply problems in some areas, but he says the industry is doing its best to cope. He points out, for example, that the supply of textiles to the local market is up 18% on last year.

Playing the industry’s ace, he warns that textile manufacturers are sitting on plans to invest R40m in additional capacity. These plans would be shelved, he says, if, as they suspect, further rebates opened the floodgates to imports.

The fear in the clothing sector, however, is that textile producers are using the leverage of job creation to keep the protective shippers in place while garment manufacturers, and retailers in particular, suffer.

“There is a considerable body of hard evidence,” says NFCM’s president Mike Getz, “that there is a 20% fabric shortage in the market. In some cases it is a lot higher.”

In the so-called “wanted” fabric sector, Getz says firms are quoting deliveries well into the first quarter of 1987. “Seven to eight month deliveries are unheard of anywhere in the world,” he says.

Vahed says all manufacturers are asking for six months’ temporary relief while producers put their house in order. He says they’re even prepared for the rebate to be phased in.

After the powerful presentation they made last week to the BTI, Shlagman is convinced that any decision taken will be “based on facts rather than emotion.”

CLOTHING INDUSTRY

Getting warmer

The tattered Cape clothing industry may have left the worst of the recession behind. Early indications from both retailers and manufacturers are that sales are better than

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FM INVESTMENT CONFERENCE

Few sectors are more affected by SA’s current eco-political malaise than the motor industry. Internationally many of them are prime targets for disinvestment, locally they bear more than their fair share of industrial action.

Meanwhile, they have barely been able to keep their heads above water through the worst recession in decades.

Manufacturers are not the only ones suffering. The bite is also on retailers, who have had to move smartly to ensure survival. Already some have failed.

No one knows the problem better than motor retailing doyenne Brian McCarthy, chairman of the McCarthy Group, who will be at the FM’s Investment in 1987 conference this year to share with delegates his experience of a working lifetime in the motor trade.

That working life dates back to 1948 when, fresh from active service in World War 2 and a business administration course at Northwestern University in Illinois, he spent six months with Chrysler in Detroit attending a crash management course.

He returned to SA in 1949 and joined McCarthy Roadway. He was appointed a director in 1958, MD in 1963 and chairman in 1975 after the name was changed to McCarthy Group. He relinquished the MD’s role in January this year but remains group chairman.

His view of SA business life was broadened through close connections with leading congresses like Amice, C G Smith, NBS, Ramatec, Standard Credit Corp and MU

Mu

Mu

Mu

The price is R550 for the first delegate and R500 for each additional delegate from the same company.

Those interested can write to Yvonne Courtney, FM Promotions Department, PO Box 9959, Johannesburg, 2001, or phone her on (011) 710-2480. The telex number is 4-88921.
Clothing federation welcomes probe
Govt in bid to settle textile row

THE Government has intervened in the battle between clothing and textile manufacturers.

The restricted Board of Trade and Industries (Bti) will investigate the R4,5 billion industry in an effort to resolve problems threatening both sectors.

Details of the investigation were published in Friday's Government Gazette.

Clothing manufacturers claim shortages of fabrics, long delivery times and quality problems threaten the modest recovery in the industry since the beginning of July.

Tariffs

Textile manufacturers insist that shortages are temporary. They challenge a decision by the Bti to allow imports of cloth at reduced tariff duties.

The investigation will revolve around import tariffs applicable to a long list of fabrics and clothing.

The Bti will also investigate other aspects of the two industries, including exports, international competitiveness, imports, Government strategies in other countries and the SA market.

By Don Robertson

The textile and clothing industries have joint sales of R4.5 billion and 1,000 manufacturers employ 211,000 people. Retail sales of clothing last year were R3.3 billion, representing 4.4% of SA's consumption expenditure and 3.2% of gross domestic product.

Decline

The investigation has been welcomed by both industries.

Herman van Zyl, head of public affairs of the National Clothing Federation (Ncf), says clothing has bottomed out after four years of decline in which production fell by about 45%.

Indications from the Ncf suggest the beginning of July clothing sales have risen and retailers are replenishing stock.

Employment has increased in the Western Cape and Natal.

In July, the Bti allowed clothing manufacturers to import duty-free 4-millimetre square metres of fabric. Two weeks ago, the Bti extended the relief measure by removing the ceiling on imports, but it imposed a 20% duty compared with 25% pre-

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Textile inquiry

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viously. The surcharge of 10% was removed.

Mr van Zyl believes the issue is urgent. Because of the low-tech nature of the clothing industry, it is ideally suited to providing jobs.

He says prices of some textiles and fabrics rose by 50% in the year to June compared with the 16.5% increase in the consumer-price index.

Monumental

"In the past, investigations of this sort were not sufficiently implemented. This is the first task undertaken by the Bti in which it will use its new teeth. Other sectors of industry will watch developments closely."

Stanley Shlagman, executive director of the Textile Federation, says the investigation "is a monumental task, which will involve fundamental national policy decisions. We hope the Bti can react swiftly to a complicated issue."
Out black spots

Soweto-by-the-Sea in Port Elizabeth. The estimated population of this settlement is about 120,000.

Although many of the people living there have done so for years, they are still regarded as squatters. No one knows what government’s intentions are, but what is needed is that these settlements be recognised and upgraded, not moved.

According to the National Committee Against Removals spokesperson Lauren Platzy, certain people were better off with influx control. “At least then those with Section 10 rights had grounds to fight for the right to remain in the urban areas. Squatters have no rights.” The question is where will these people go?

Government regards Botshabelo as a perfect example of orderly urbanisation. Its present population is estimated to be about 500,000. Its planned population is 1.5m. People moving into Botshabelo today include the former residents of Hersheil in the Transkei and a number of farm workers from the Orange Free State.

“Government is always saying we will need 10 more cities the size of Soweto to accommodate the black population,” says Platzy. “They are certainly not being created in the metropolitan areas. They are being created in places like Overwacht, far from towns and close to the homelands.”

Botshabelo is still scheduled for incorporation into Qwa Qwa. More proof that old style apartheid continues. It’s probably no coincidence that Lethelela has many features in common with Botshabelo. And although government has said that it will never be incorporated into Bophuthatswana, no one is sure that it won’t.

All this from a government that once pronounced “apartheid is dead.”

TEXTILE MANUFACTURERS

Spinning profits

In the textile industry, it is said, there is a thin line between optimism and pessimism, with the balance shifting uneasily between the two. The industry responds to a complex set of variables, both economic and political. But while textile producers continue to face a litany of problems, help has arrived in recent years from the most unexpected quarters.

Changes began sweeping through the industry in August 1985, when President PW Botha went on TV to wag his finger at the world. The subsequent plunge in the rand did for local producers what years of arduous lobbying and hefty import duties had been unable to achieve: it effectively removed the bulk of imported cloth from the market, reducing imports’ market share from 25% to around 10%. As clothing factories turned increasingly towards import substitution, local textile mills were able to improve capa-
city utilisation, and most are now bumping at the ceiling of production throughput.

Given this marvellous state of affairs, investors may well be wondering what happened to the tide of profits that should have followed. In fact, recent results from Frame, Moorriyer, Svenmill and others show little evidence of a booming market. By nature textile mills are capital intensive and should therefore respond sharply to increased production throughput.

But other factors bear consideration. In particular, it should be remembered that local changes in this industry tend to be inordinately long. In a vertically integrated factory, for example, three to four months are needed from initial cotton spinning to final fabric weaving. At the best of times, however, textile mills have taken up to six months to deliver. And in the bottlenecked conditions now prevailing, that lead time has gone to 12 months.

Add to that the inevitable delay between Botha’s first rubicoon speech and retailers’ need to replenish stocks, and it becomes clear that textile mills will only recently have begun reaping the full benefits of import substitution — a fact that perhaps will begin doing more damage to the industry. What is clear, however, is that textile mills are currently earning lower profits than in the past, due to increased costs of raw materials and labour.

The late Philip Frame, it seems, had an obsession with market domination that transcended any mere conventional notions about profit margins. His secretive empire was so confusingly structured, and harboured assets so predictably undervalued, that it became impossible for outsiders to ascertain whether the group was making any profit worth mentioning.

All that changed early in 1985, when Frame’s will was partly broken following a protracted legal battle between family members and the managers who succeeded him. Apart from instating that dividend policy be revised, the family demanded that new accounts be drawn up to reveal the realistic value of the group, and also its true level of efficiency. Asset returns were shown to be minute, and it became clear that with accounts drawn up in a conventional format, and with depreciation on plant properly charged, the Frame group was operating on unacceptably low profit margins.

Philip Frame’s successors were removed earlier this year, and duly replaced with Justin Schaffer, the former MD of SA Nylon Spinners. Since then, the Frame group has apparently moved towards an extremely aggressive policy of price hikes, and the rest of the industry has been happy to follow.

“Schaffer is shaking the industry till its teeth rattle, and seems unconcerned about the customers he must inevitably lose,” notes one insider. But with the Frame group’s eye firmly on margins, the industry, it seems, can look forward to high volume throughput at reasonable margins.

That, at least, is the theory. But in the hidden corners of textile manufacture, many problems lurk. The textile industry’s survival depends on consumer markets, and it is unclear how far textile prices can be hiked in this recessionary environment without stoking backlash from retailers and others. Clearly, there is a limit to what the retailers or their customers will accept.

But while selling prices must eventually be dictated by market forces, the mills are increasingly feeling the pressure of spiralling costs. In an industry that is both labour and capital intensive, which suffer from traditionally low stock turn and relatively few inventories, an inflation rate of 18% can be devastating. Even the weak rand has its downside, as many of the chemicals that go into fabric production are imported and these input costs have soared.

Uncertainty will always surround this industry, which is partly protected and partly free. The Board of Trade and Industry (Bti) is presently taking a closer look at both clothing and textile producers, with a view to resolving the ongoing dispute over textile deliveries, pricing and quality (see Business). Depending on their findings, the 20% import duty currently imposed on fabric could be changed, with potentially worrying implications for textile mills.

It seems unlikely, though, that any decision will emanate from the Bti that can seriously jeopardise either textile or clothing production.

The likely outcome is a compromise of some kind, acceptable to parties in both industries.

But a thorny issue which the industry needs to address is that of quality. Local quality is, in fact, said to have vastly improved on that of several years ago, but it still lags by a wide margin the cloth coming from the East. The difference apparently stems from the attitudes and education levels of local factory staff compared with those in the East. In Japan, it is said, quality standards flow from the factory floor upwards. In SA, standards are imposed at senior levels. In Japan, “quality circles” consisting of small groups of factory workers, meet frequently with management to suggest ways of improving efficiency. But in SA, recent studies have found that black workers often feel alienated from management, and are unable to offer meaningful feedback to help improve quality in the factories.

A new study by the Unisa School of Business, Project Free Enterprise, goes further to find that black workers have little notion of the role of shareholders, believing their employer companies to be financed by a partnership between banks and government. Profits, they believe, are distributed between government, the banks and management. With this notion of profit-sharing, it is any wonder that our efficiency lags that of the East by a country mile.

On balance, it’s difficult to feel bearish about textiles companies or their shares. They seem to have a great deal going for them right now. Da Gama Textile, the country’s second largest producer which is to be listed on November 28, shows how well a textile company with an aggressive marketing policy can do.

Until 1983 the company was floundering in its attempts to take on giants like Frame. Then in late 1983 Henry Pearce took over as MD, and began concentrating on areas where the Frame group was inherently weak, particularly in delivery lead times. The results speak for themselves.

Since 1983 Da Gama’s turnover has grown from R14.6m to about R210.3m for the year to end-December 1986, while at pre-tax level it swung from R733 000 losses in 1983 to a projected R213.8m profit for 1986.

Looking at the industry as a whole, I tend to agree with the insider who said “If they cannot make money now, they never will.” Whether or not such prosperity will prove sustainable is another matter. A radical reduction in competition combined with an inflation rate of 18%-20% is hardly a recipe for development of an efficient and profitable industry in the long term.

Textiles riding a wave

Source: National Clothing Federation

Neville Glaser

FINANCIAL MAIL OCTOBER 31, 1986
New outlook urged to boost economy

THE POLITICS and economics of South Africa have become inseparable, and the country's economic circumstances are directly attributable to an economic outlook that has long been unrelated to South African realities, according to Dr Mike Getz, president of the National Clothing Federation.

'It remains my view,' he said at the annual meeting in Cape Town yesterday, 'that the material welfare of a society should be the essential focus of sound economic policy.'

Both the public and private sectors in South Africa had failed to channel their activities along these lines and this was a pattern that must be broken. Continued failure in this area could make South Africa a candidate for the more comprehensive failures of the continent.

'Last year and this year have been the low points of a steady decline for our industry that began in 1986,' Mr Getz said. 'The eighties have been characterized by a steady fall in employment. Thus in 1988 we are employing almost 10% fewer people than in 1984. It is against this background and experience that we must examine and comment on the prospects for job-creation in South Africa. Our industry is well-placed to do so.'

The run-up to 1986 began with a period late last year characterised by unrest, boycotts and the considerable uncertainties generated by international pressures. Consumer confidence was at a low ebb and inventory levels throughout the country were declining. There was a sharp, but short, burst of activity immediately before the festive season. Even in these circumstances a number of retailers were under pressure.

'The pattern of trade did not augur well for reopening in 1986. This year began in highly uncertain conditions, the severity of problems was almost without precedent. Order-books had never appeared more fragile, with the status of retailers' commitments changing from day to day persistently pitched the price of domestic raw materials and inputs to manufacturing at a level that would make it impossible for finished goods in South Africa to attract more consumers or higher consumption. These very same raw materials are readily sold in world markets, often basically for that purpose. This must surely become central to political realities in South Africa.'

In the field of exports the US market has now been closed to South African suppliers. To the best of my knowledge it was not possible to sustain all the jobs affected.

Rodney Hayter
Finance Reporter

Sharp deterioration

'Indeed, there was a sharp deterioration in the delivery of domestic textiles. Thus manufacturers had the double problem of holding on to their orders but, having done so, faced threats of cancellations because of non-delivery, or late delivery, of fabrics. Clearly retailers were wrestling with the question of what stock they should have and in what quantity.

'These decisions, save that they satisfied stringent financial criteria, were often sadly unrelated to what the consumer needed or wanted, leading to even poorer sales.'

'The supply situation we faced was more serious, we simply cannot manage as an industry without a predictable and orderly supply of fabrics. Nor will it be possible to do so in the future against fierce Third World competition.

'In place are a set of mechanisms and policies that enable some industries in South Africa to receive and retain protection, irrespective of their performance as suppliers. What is at issue here is not the principle of protection but that the obligation to surrender domestic market effectively does not specify acceptable and demonstrable standards of reliability, quality and service.'

'Secondly, there is the well-established practice of linking domestic commodity prices to the dollar.'

'Present per capita consumption of textiles and clothing is low and the opportunity for growth is apparent. We need an approach that will make our products affordable to a larger market in South Africa.'

'In the US, Europe, and increasingly in the Far East components of our industry are moving tentatively but, with increasing confidence, toward rationalising and co-ordinating the activities of their mutual pipeline. A key element of this approach is the focus on lead times and inventory levels.'

'Some of the features of our present supply system are:

- Up to 80 weeks of inventory in supply lines stretching from fibre to point of sale. The assets involved can and do depreciate by as much as 20%.

- Accelerated rates of
Inflation kills jobs

The host of devices and resources to create jobs in South Africa would fail if raw materials continued to be at ‘erroneously inappropriately’ priced, said Mr Getz.

Certain things needed to happen if the garment industry was to develop its potential and break through the spiral of political unrest spurred by economic decline.

The private sector’s sense of social responsibility, said Mr Getz, needs to be reinforced by an awareness that channeling price increases without intervention or challenge, is fatal to growth. Jobs die with every notch of inflation.

Government will not be doing its job if it does not take up some of the political challenges at the root of our inflation.

As manufacturers we note with distress and concern the eroding effect food prices have on the disposable income of our market and on disposable income generally.

The successful societies today have successful economies guided and managed by government elected to office on a mandate to achieve change in the market place and to exact a price of a sluggish supply line.

- Sales and profits are lost by the inability to respond to the changing patterns of consumer off-take.

- Excessive work in progress and high inventories must be carried because of the uncertainties that characterise an unco-ordinated pipeline.

- Components of the pipeline must be carried because of the uncertainties that characterise an unco-ordinated pipeline.

- The costs and risks of financing stock levels in the pipeline are massive.

The garment industry’s total activity was now significantly dependent on the development of the domestic market, said Mr Getz, and this meant that the patterns of future investment must be directed towards developing consumption and consumers in this country within the market parameters of taste levels, quality standards and disposable income.

A flexible pipeline, lightly stocked and responsive is what the industry urgently needs,” he added.
SA can't follow Gatt lead, says textile boss

By Priscilla White

SA can't follow Gatt lead, says textile boss
End textile, clothing curbs — Catt

Business Day

GENAIA — Experts of the

CARR

1917
Shrinking demand hits clothing and textiles

By PRISCILLA WHYTE

PROFITABILITY of 37 major textile and clothing manufacturers has suffered during the recession because of shrinking demand.

A report by IMR Consultants indicates, however, that conditions in the industries may be improving, with a reversal of the destocking which characterised the past two years, but the outlook for capital investment remains subdued.

Gubb & Jagg, mohair and wool processors, reported a reduction in turnover from R81,2m to R75,2m to June 1983. In the current year, conditions have improved and earnings a share rose from 40,7c to 46,7c in the six months to December 31, 1983.

The 1983/1984 year was difficult for the Frame group (Natal Consol Ind Invest, Consol Textile Mills Investment, SA Woollen Mills and Natal Rubber Manufacturers), with reductions in turnover and profits in most trading divisions.

In the report, there is a comprehensive section on each of the 37 companies, and it includes short-term future prospects.

A process of rationalisation in the textile and clothing industries appears to be continuing.

Mergers have taken place, such as Dugson Holdings and Dobe Investments being taken over by Searle Investment Corporation.

Groups have also been restructured to cope with the changed conditions.

Veka is undergoing a radical restructuring after making a R1,2m loss in 1983 and with no payment of dividends for the past two years.

Some divisions are being reorganised and certain product lines discontinued.

Employment in the textile industry increased to a peak of about 119,000 in 1982, but dropped to 108,000 in January 1984.

Similarly, employment in clothing peaked at about 116,000 in 1982, and dropped to 112,000 in January 1984.

The decline in demand after 1981 is reflected in capacity utilisation figures, which dropped from 91,6% and 92,8% in 1981 for the textile and clothing industries, to 84,4% and 89,5%, respectively, in November 1983.

Growth in the textile industry depends on the real buying power of the domestic private consumer.

According to Central Statistical Services, the real growth in private consumption expenditure on clothing and footwear from 1979 to 1983 was 5,5% a year, but it declined in 1982 (-1,1%) and 1983 (-5,9%).
Explosive imports may help clothing industry.

Business Day
Textile industry sees little demand for products in short term

THE textile and clothing industry foresees no increased demand for its products in the short term, but expects some benefit to flow from the adverse balance of payments situation which makes imports more expensive.

In a statement issued to Sapa yesterday, following the mid-year meeting of the Textile and Clothing Advisory Council in Durban, the chairman of the council, Mr Ernest Wilson, said the current adverse economic conditions added up to lower disposable incomes.

'Ve cannot see any grounds for increased demand. On the other hand, the adverse balance of payments situation will make imports that much more expensive and the clothing and textile industries may benefit because it will just not pay to import with the declining value of the rand,' he said.

'High clothing and textile industry activity is developing overseas with the boom which is now beginning to spread throughout the Western world.'

But in South Africa there were higher public sector salary levels, and some substantial awards by industrial councils of at least 15 percent.

'Income is rising with inflation but disposable income is unlikely to rise by any more than the difference between inflation and the amount of the awards. There does not seem to be a climate of real confidence in any sector. And very few economists are saying that we are going to break through into recovery in the next few months.'

'One of the problems for the textile industry is that they are pulling back from their export programme in order to meet the demands from the local industry because they lack the confidence to expand capacity. But this is the sort of climate we are living in, where we have to do what is expedient rather than what is in the nature of long-term strategic planning.'

Outlook

Discussing the outlook for the various sectors of the industry, Mr Wilson said 'On the fibre side we see a picture of high demand and higher prices with perhaps some relief coming in due course on cotton, but wool prices are unlikely to drop. For synthetic fibres there is a stronger demand and more stable pricing policies.'

'As far as woven fabrics are concerned the cotton producers feel that trading conditions are better by as much as 30 percent compared with 1983. Orders are good for three months ahead but there is some apprehension that the improvement might not be sustained. The demand for worsteds is very strong compared with a year ago.'

'The knitting industry has an improved outlook for the next three months. The clothing industry is showing some improvement. Some factories are well booked up but there is a feeling that the higher demand will not be sustained.'

Retailers

'The small retailers are suffering in a very lean period and they are feeling that the whole basis of the small retailer is being threatened.'

'The major retail chains are showing a more positive attitude than 12 months ago but the outlook is one of restrained optimism with limited growth in the clothing sector in real terms.'

'On the wholesale side there is some improved trading but there is no sustaining influence that can be seen.' Mr Wilson said — (Sapa)
Industry critical of new measures
goat resolved to boost
textile exports

Mercury Correspondent

JOHANNESBURG—The recent adoption of the Steenkamp Committee’s recommendations on the textile and clothing industry has emphasised the Government’s resolve to stimulate exports.

But manufacturers are critical of the ability of the new measures to carry out the Government’s intentions.

The Steenkamp Report said that South African manufacturers should become more export-oriented by being exposed to greater foreign competition. Quantitative import controls have therefore been abolished in favour of a tariff system, which is likely to result in cheaper foreign textiles and clothing entering the SA market.

Mr Harry Pearce, chief executive of Da Gama Textiles, says it will be difficult for South African manufacturers to switch to exports to counter the loss in income from the SA market.

‘One of the larger US mills could account for 70 percent of the total South African production. We have much smaller mill-runs than most of our international competitors and so it makes it very hard to compete with their economies of scale’.

Although the withdrawal of the quota system will make imported raw materials for the manufacture of exports cheaper, Mr Pearce does not believe this will make a substantial difference to the total costs for the manufacturer, who still has to rely on high local prices for the bulk of his materials.

The executive director of the National Textile Federation, Mr Stanley Shlagerman, says that duty-free imports will not be enough to create a competitive international price unless exports are stimulated in other ways as well.

‘The ability of these new measures to stimulate exports is seriously in doubt unless we implement the sort of export incentive schemes that the Europeans have,’ he said.

While acknowledging these problems, Steenkamp Committee member, Mr Vivian Cunningham, said there were examples of successful South African exporters which should be followed.

‘Opportunities do exist and gaps in the overseas market will have to be sought out. Growth in exports won’t happen overnight, but if our industrial strategy is going to work, then manufacturers will have to adapt’.

Dr Paul Hoogendyk, chairman of the South African Foreign Trade Association, said the new measures should result in local manufacturers getting export rebates on a more streamlined basis and this would help cash flow.

‘Furthermore, industry will no longer have a captive local market, so greater productivity will be stimulated and manufacturers will be forced to take a more serious look at the export market.’
Business Day

Little cheer for Steenkamp

BY MIKE JENSEN

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“Furthermore, -industry will no longer have a captive local market, so productivity will be stimulated and manufacturers will be forced to take a more serious look at the export market.”
Feasibility and Appropriateness of the Decision to Scrap Import Quotas on Textile and Clothing Men’s Wear

The decision to scrap import quotas on textile and clothing men’s wear is an important change in trade policy. It addresses a range of economic, social, and environmental concerns. The potential benefits of this decision include increased competition, reduced prices, and enhanced consumer choice. However, it also raises concerns about job losses in the domestic textile and clothing industries, particularly in regions with a high concentration of manufacturing jobs.

Economic analyses suggest that the removal of import quotas could lead to significant gains in consumer welfare. By reducing the cost of imported goods, it is expected that consumer spending will increase, leading to higher levels of economic activity. Additionally, the removal of quotas could stimulate innovation and productivity improvements in the domestic textile and clothing industries.

While the economic benefits are significant, the decision also has implications for employment. The textile and clothing industries are labor-intensive, and the removal of quotas could lead to significant job losses in these sectors. The government will need to consider measures to mitigate these effects, such as training programs and support for affected workers.

Environmental considerations are also important. The use of imported materials can reduce the carbon footprint associated with textile and clothing production, particularly if they are produced in countries with lower emissions. However, the impact of this decision on the environment will depend on various factors, such as the sourcing of raw materials and the energy efficiency of production processes.

In conclusion, the decision to scrap import quotas on textile and clothing men’s wear is a complex one with both economic and social implications. While it has the potential to improve consumer welfare and stimulate innovation, it also poses challenges related to employment and the environment. The government will need to carefully consider these issues and develop policies to address them.

By Nick Stein

CHARGE RESTRICTION ON RESTRICTION

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By Nick Stein
Kantor sees big benefits for clothing industry

By DEREK TOMMEY, Financial Editor

THE issue of the report of the Steenkamp committee should be regarded as one of the great moments in the history of the South African clothing industry, says Professor Brian Kantor, head of the school of economics at the University of Cape Town.

In an address to the National Clothing Convention, Professor Kantor said the clothing industry stood to be a primary beneficiary of the Government's new industrial strategy of ending import controls.

In the past South Africa had suffered rather than benefited from its policies of import protection and that even the "moderate and selective" protection provided by the Board of Trade and Industries had reduced rather than promoted economic growth in South Africa.

HIGHER TARIFFS

The clothing industry should recognize that it could get protection not just by higher tariffs or import controls but also by seeking less protection for producers of inputs for the industry.

The clothing industry had emerged extremely well from the Steenkamp inquiry into the textile and clothing industries, with strong arguments why it should be nurtured.

But the reaction of the industry had been unenthusiastic and little different from that of the fibre and chemical producers who had much more to lose.

The report of the Steenkamp committee showed how protection had got out of hand.

DISADVANTAGES

In examples of "price disadvantages" experienced by South African firms, it reported that in 1982 the local prices of polyester fibre, cotton type, were 57 percent higher than in the Republic of China and in South Korea, 51 percent higher than in Italy and 23 percent higher than in Britain.

Local prices of polyester yarn 46 decitex were 39 percent higher than in the East, 38 percent higher than in Italy and 45 percent higher than in Britain.

The prices of nylon yarn 44 decitex were 57 percent higher than in the East, 45 percent higher than in Italy and 9 percent above the British price.

Professor Kantor replied to a recent claim by Mr Denys Marvin, chairman of AECI, the country's biggest chemical company, that the Government was taking industry "down the road to disaster" by removing quantitative import controls.

Professor Kantor said the idea that certain sectors of the economy should be insulated from the chill winds of international competition while other sectors were exposed to it, had simply had its day.

"Not that Mr Marvin has, as yet, anything to complain about," he said.

"Compared with almost all major chemical companies around the world, AECI has performed very well indeed, despite recession in South Africa and despite the fall in chemical and oil prices worldwide.

"South African consumers, in one way or another, have paid the higher prices necessary to provide for their profitable production, despite depressed world markets."
Steenkamp defends stand on import curbs

SUN CITY — Professor Frans Steenkamp, chairman of the committee of inquiry into the textile and clothing industries, defended the committee's call for the ending of quantitative controls on imports here today.

He was speaking at the National Clothing Convention.

Professor Steenkamp's committee has been strongly criticised for its recommendation that quantitative controls on clothing and textile imports should be replaced by greater tariff protection.

He said quantitative import controls were objectionable because they interfered with the workings of the free market system, which protection in the form of tariffs did not disallow.

"Qualitative import controls are a nice shelter behind which the interests affected can maximise their profits, but the common weal cannot be served by interfering with the free market regime in this manner.

Excessive level

"Being as competitive as it is, the clothing industry should be one of the last of our manufacturing industries to demand protection at an excessive level or of an objectionable nature.

"I am convinced that it will not want to put forward unacceptable demands, provided its costs are not unjustifiably raised by state action."

It would be counter-productive if protection were granted at the expense of industries having greater comparative advantages in world trade, such as certain industries in the primary sector.

Since 1948 certain sectors of the local textile and clothing industries had become overprotected, mainly through quantitative import control and, to a lesser extent, through the habit of the Board of Trade and Industries of looking to the West for "normal" prices in fixing formula duties.

Scaled down

"The committee, therefore, proposed that the existing protection be revised in such a manner that import tariffs take the place of quantitative import control and, where necessary, be either raised or scaled down over time."

Quoting from the committee's report, Professor Steenkamp said:

"This country's main economic problem is the provision of employment for its explosively growing black population.

"Its labour-intensive industries, such as the clothing industry, should be assisted to develop even faster than in the past. Faster growth can be realised by avoiding cost increases and by protection of up-stream activities."

Materials and labour were the most important cost items in the manufacture of clothing. But South Africa, through its labour policies tended to raise labour costs artificially to levels that reduced the international competitiveness of its manufacturers.

"We have done so, in the first place, by introducing into our labour legislation various discriminatory provisions that have curbed the occupational and geographical mobility of sections of the population.

"The occupational curbs, in particular, have generally raised the level of labour costs in the higher semi-skilled and skilled occupations significantly. Most of these legal curbs have recently been abolished, but their adverse effects linger on.

"We have artificially raised labour costs, in the second place, by allowing certain types of labour contract, such as piecework and outwork, to be outlawed in our industrial council agreements and in our official wage determinations."

Outwork and piecework were important factors in the competitiveness of the clothing industry in the East and Italy.

Denied advantage

"We have denied ourselves the advantage which they carry."

The committee of inquiry had "slipped up" by missing the opportunity of recommending that the Department of Manpower "take action to discourage, if not prevent, the prohibition of piecework and outwork in official wage determinations and industrial council agreements." — Sapa
Maximum protection is not necessary, says textile chief

By Stan Kennedy

Certain sectors of the textile and clothing industry had become over-protected, mainly through quantitative import control, Professor Frans Steenkamp, chairman of the Committee of Inquiry into the Textile and Clothing Industries, said in Sun City today.

He was speaking at a convention of the National Clothing Federation of South Africa.

Over-protection had occurred to a lesser extent through the habit of the Board of Trade and Industries looking for "normal" prices in the West in fixing formula duties.

He said the committee therefore had proposed that the existing protection be revised in a way that import tariffs take the place of quantitative import control and, where necessary, be raised or scaled down.

"Under a system in which long-term profit maximisation is the aim of every entrepreneur, clothing manufacturers will tend to argue for maximum protection," he said.

"But protection involves a transfer of income from the consumer to the manufacturer, and the size of that transfer should be determined by national rather than by individual or group interests.

"The common interest will be served by protection that promotes to raise average income for every head of the population in the long run by encouraging full employment of the country's productive resources in the most lucrative directions."

He said there was no doubt that the industry deserved protection in the public interest. As a labour intensive industry it could lay claim to special consideration. But there were limits to be observed in granting that protection.

Competitive as it was, he could not see the clothing industry desiring protection at an excessive level or of an objectionable nature. He was convinced it would not want to put forward unacceptable demands, provided costs were not unjustifiably increased by State action.
Finance Editor

DOUBTS over whether certain key recommendations of the Steenkamp Committee will meet the problems of the textile industry are expressed by Romatex Group chairman Jack Ward in his annual report this week.

He questioned the practicability, for instance, of the committee proposal to introduce a tariff system as the sole control mechanism with quantitative limitations eliminated.

"The committee recommends the introduction of textile specialists into the Board of Trade and Customs and Excise Department to monitor and implement the structure," he pointed out.

"I believe that unless such expertise is available the complexities will render any tariff structure easily circumvented. But I feel such specialised staff will be difficult to recruit in the numbers required."

He added "The need would be obviated if the quantitative quotas were maintained, but the committee has recommended against this."

The recovery within the Romatex Group which was developing towards the end of the past financial year is expected to continue in the current period with practically all divisions looking for some improvement.

The first half of the past financial year saw earnings down by 54 percent but a better second half brought the decline down to just 37 percent.

"Our forecasts indicate a modest upswing in certain markets in which we operate and based on this and the assumption that the drought will be broken, we have budgeted for higher earnings in the current year," said Mr Ward.

Apart from the drought which has had a serious impact on demand for the group's agriculturally-orientated products, other factors in the downturn were reduced markets in a number of sectors such as clothing fabrics, packaging and floor coverings coupled with higher imports in many such sectors.

The strength of the balance sheet is highlighted by a few key ratios showing interest-bearing debt as only 12 percent of shareholders' funds against a target maximum of 50 percent and cash flow constituting 37 percent of liabilities compared with a key minimum of 25 percent.

Reduced production levels resulted in a further reduction in employee strength from 13,304 in September 1982 to 12,878 this year.

Nevertheless training was given top priority and expenditure in this area exceeded the previous year, despite the reduction in employee strength.

"We are, however, being hampered in our training efforts by an extreme shortage of competent training staff," said Mr Ward.
Towards competitive exports

TEXTILES AND PROTECTION
Still room for higher capacity in textiles

By PRISCILLA WHYTE

CAPACITY in the textile industry is under-utilised, says the Textile Federation.

Average capacity utilisation is 80%, says Mr Brian Brink, the federation's marketing economist.

Mr Brink says this figure is based on information from the members of the Textile Federation. The Government figure is 88%.

In response to recent complaints from the clothing industry about unreliable deliveries of woven fabrics, Mr Brink says capacity utilisation in the manufacture of these fabrics is higher than 80%.

He believes clothing manufacturers have switched from overseas suppliers to local sources because the weak rand has made imports expensive.

The shortage of South African woven textiles could well be a "temporary distortion", Mr Brink says.

The rand appears to be exercising a moderating influence on imports, Mr Brink says. In September, textile imports were 40% up on the 1983 figure, while in May and June the year-on-year increase was 60%.

The textile industry imports raw materials; these make up between 50% and 60% of manufacturing costs.

Mr Brink says total sales revenue of local textile manufacturers is expected to be 8% up on the 1983 turnover of R2.3bn.

In 1981, the peak textile sales year, turnover was R2.3bn.

Employment in the textile industry has taken a hammering since the heady days of 1981 when employment was 118,000. This year, the labour dropped to 106,000, three percent down on last year's figure of 109,000.

About 42% of textile workers are employed in Natal, 22% in the Cape Peninsula, 7% in the Eastern Cape, 10% in East London and 19% in the Transvaal.

Mr Brink says textile manufacturers have been attempting to export yarn to the US.

In 1981, exports represented one percent of local production. This year, the figure is about 5.5%.

Mr Brink is pessimistic about long-term prospects. To become more competitive, the textile industry would need to be more capital intensive, he says.
Textile industry wants 
action to curb imports

By Hannes Ferguson

Faced with a flood of imports in a declining market, the textile industry has called for a new deal.

Industrial strategy should accept job creation as a priority, says Mr Gert Schoonbee, chairman of the Cotton Board.

Re-affirming the cotton farmer's solidarity with the textile industry which processes their crops, he says a new price agreement between the board and the spinners would save up to 80,000 jobs on cotton farms.

Dwindling cotton production would rise again.

Similarly, the state should protect the jobs of 110,000 textile workers who had no other job opportunities and who represented eight percent of total industrial employment.

Mr Schoonbee says that the flood of imported cotton goods could bring the South African consumer no real benefit, it amounts to importing unemployment, deepening the South African recession to the detriment of all concerned.

Mr Stan Shlagman, executive director of the SA Textile Federation, says that for every job in the textile industry two-and-a-half more are directly created in other sectors.

This was not an inefficient local industry clamouring for shelter from more productive foreign competition.

The industry's productivity was increasing by 4.3 percent a year, and the real price level of cotton goods had remained fairly constant since 1970.

The problem was that South Africa was not a signatory to the international multi-fibre agreement which laid down quantitative limitations to imports to most Western nations.

Exporting nations in the East were now forced to channel cotton-good exports to non-signatory nations. Dumping happened too often.

South Africa's textile industry had to bear the brunt of the recession, but imports had actually been allowed to increase.

In this crisis situation a new deal for the industry has to be urgently worked out, says Mr Shlagman.

Mr Vivian Cunningham, the industry's representative on the Steenkamp Commission which for two years investigated the textile industry, says the official stance was that the textile industry should look to normal customs tariffs as a means to protection and not rely on quantitative controls.

Mr Cunningham, a senior executive of a major textile group, says that with many misgivings the industry has finally accepted this line, on the clear understanding that additional tariff protection could be invoked whenever exporting nations resorted to disruptive trade practices.

This understanding has, however, proved to be a dead letter, and the industry was back to square one.
Pay made law long after deal

CAPE TOWN — Wage increases, ranging from about 17 to 23 percent, were gazetted last week for worsted textile workers in the Western Cape — but the industrial council agreement in which they appear is already almost out of date.

The agreement, which covers about 2,100 workers in Worcester and Cape Town, was concluded in March last year between the TUCSA-affiliated Textile Workers Industrial Union (TWIU) and the National Association of Worsted Textile Manufacturers.

But it only became official last week when it was published in the Government Gazette — and is due to expire in three months time.

"A new agreement is presently being negotiated and is likely to be concluded by April," Mr. JDF Colmese, secretary of the Industrial Council for Worsted Textiles in the Western Cape, said. Only two employers were party to the industrial council and they had observed the agreement since last year.

"The agreement only becomes legally enforceable when it is gazetted. If there had been employers in the industry who were not party to the agreement we could not have compelled them to observe it," he said.

The minimum wage on the lowest grade is now R38.50 a week in Worcester and R42 in Cape Town. Previously it was R32 in Worcester and R34 in Cape Town.

Mr. Norman Daniels, general secretary of the TWIU, was not available for comment.
Clothing, textile makers plan joint effort

WESTERN CAPE clothing manufacturers and textile firms are getting together to make exports more competitive, says Mr Michael Getz, chairman of the Cape Clothing Manufacturers Association.

In the past orders have been lost because some local fabrics were so expensive that they priced garments out of the export market.

Mr Getz says established major exporters of clothing have maintained their position in spite of difficult conditions in overseas markets.

But the strengthening of the Rand will compel local industry to look at effective means of maintaining export sales.

After discussions with textile manufacturers a joint export effort is planned with more liaison between the two industries in the early stages of production.

There have been times when a garment made of South African fabric has been overpriced overseas. The opportunity to sell it has been lost while negotiations were going on between the clothing manufacturer and the fabric manufacturer.

TAKEN PUNISHMENT

Mr Getz suggests the Government could help by subsidizing the cost of materials obtained from Savol for the manufacture of synthetic materials to bring the price down to international levels.

He says the local clothing industry has already taken most of its punishment as a result of the recession. Retailers began to cut back on orders about two months ago.

Continued on Page 3

Joint effort

From Page 1.

He expects orders for the next six months to be from three to five percent below those of the time last year.

Retailers have not done as well as they would have liked to this year. A clothing store which did well on credit have not done as well, but the store selling for cash only have done better.

TOP 10

Exceptions to this were sales of the top 10 brands of children's clothing. This has helped the Western Cape because some nationally important brands of clothing, and a great deal of children's clothing are made here.
Textile firm gets Ciskei freehold

KING WILLIAM'S TOWN — Ciskei had become the first independent black state in Southern Africa to grant full freehold property to an industrial concern from outside the country, it was announced yesterday.

A joint statement by the Ciskeian National Development Corporation (CNDG) and a member of the Frame Group of industrial organisations said the registration of 14 hectares of industrial land at Port Jackson in the name of Consolidated Textiles (Ciskei) took place recently.

In some independent black states in Southern Africa, outside concerns had obtained 99-year leaseholds on property, while other states had announced their intention to allow industrialists full title, but Ciskei was the first independent black state in which freehold of property had actually been transferred to an outside concern, the statement said.

Consolidated Textile Mills Ltd, the largest manufacturer of blankets in the world, has already started a multi-million rand textile mill in Ciskei which will be developed in several phases.

The managing director of the CDFC, Mr F S Meisenholl, described the venture as the beginning of a new era in the development of Ciskei.

The establishment of this industry heralds the first agreement for industrial establishment in Ciskei with the entire support of the project coming from the private sector.

An agreement between the CNDG and Consolidated Textile Mills Ltd, the land was sold to the company for the development of the industry at their own costs and the NDG is to provide the infrastructure, said Mr Meisenholl.

Mr Meisenholl said the agreement was a considerable compliment to Ciskei's President Lennex Sebe and his government, who said did not hesitate to change the traditional system of land tenure in their country.

'To industrialists, freehold of their property is the most sought after security and the government of Ciskei did not hesitate to take bold measures to create this security which in future will have a profound impact on the development of their country,' he said.

'Concessions are of great importance for the decentralisation of industries to the developing areas and in the final analysis, the stability of a country will determine what investments it attracts.

'The new factory of Consolidated Textiles will stand as witness to the commitment of the government of Ciskei to create stability and develop the country on the basis of the free enterprise system.'
Frame Group gets Ciskei freehold

By SIMON WILLSON

DURBAN-based blanket-maker Consolidated Textile Mills, part of the Frame Group, is to establish a multi-million rand textile mill on a freehold site in the Ciskei — becoming the first non-Ciskeian company to secure freehold tenure inside the "independent" state.

CTM is setting up a wholly owned subsidiary, Consolidated Textiles (Ciskei), to run the plant. It will be set up at Fort Jackson, near Mdantsane.

The move is a departure from the usual procedure adopted by South African companies in the black states. Previous investments have been based on 99-year leases on property, although recently some of the other black states have announced that they intended to transfer full title to outsiders.

The project also marks the first time that the entire funding of an industrial project in Ciskei has been met by the private sector.

Mr Selwyn Luree, CTM's joint managing director, said that negotiating freehold tenure of the 14 ha of industrial land with the Ciskeian National Development Corporation (CNDC) had taken "rather longer" than arranging a 99-year lease, but the effort would prove worthwhile.

"We have set a precedent here for others to follow because we have confidence in the future of Ciskei," Mr Luree said.

With this project, CTM becomes the third major textile manufacturer to settle in Ciskei in the past 12 months, and the second to select Fort Jackson.

In March last year, Thrustor Manufacturing Industries built a R2 500 000 clothing factory at Fort Jackson to produce overalls and industrial protective garments.

Thruster's total investment at the factory is a planned R5 million with 400 jobs.

The British firm De Gama Textiles, part of the Tootal textile empire, announced the establishment of a R2 500 000 curtain and bed linen factory in the state last December.

Earthworks, in which about 150 000 m² of earth will be moved, have started. The mill is due to come on stream in 1984. In its first phase of development, it will employ about 800 Ciskeians. When the mill is completed, CTM says up to 2 000 jobs could be created.

Mr Frans Meisenkoll, CNDC's managing director, said the CNDC offered incentives to industrialists contemplating decentralisation in the Ciskei, including cheap loan capital, rentals equivalent to low percentages of land and building costs, housing loans for managerial staff, rugs and harbours rebates and price preference on Government tenders.
Land bait for Ciskei investors

IN an historic move Ciskei has become the first independent black state in Southern Africa to grant full freehold property to an industrial concern from outside the country.

In a joint statement the Ciskean National Development Corporation (CNDC) and a member of the Frame Group announced the registration of 14 hectares of industrial land at Port Jackson near Mdantsane in the name of Consolidated Textiles (Ciskei).

While other states have announced their intention to allow industrialists full freehold of property, Ciskei is the first independent black state in which freehold of property has actually been transferred to an outside concern.

Consolidated Textile Mills, the largest manufacturer of blankets in the world, has already started a multi-million rand textile mill in Ciskei which will be developed in several phases.

CNDC officials described the venture as the beginning of a new era in the development of Ciskei.

The establishment of this industry entails the first agreement or in Ciskei. The establishment of the project coming from the private sector.

He regarded this as the first real indication that the private sector does not pay mere lip service to the concept of industrial deconcentration.

To any industrialists freehold of property is the most sought after because it ensures security and the Government of Ciskei did not hesitate to take bold measures to create this security where in future will have a significant impact on development.

DGET Klash

Staff Reporter 23/2/83

Chairman of the group, Brian McCarthy has announced that he anticipates a possible further deterioration in the second six months of this year.

He blames falling demand coupled with a 2% rise in the six months ending December 1982.

Operating profits fell 31% to R12 754 000 and earnings a share of 48,5% from R3,767,000.

Another recession victim was Darling and Hodgson who suffered its first fall in earnings in

Discounted

A STORY which appeared in Kitroy's Diary in our issue of February 16 under the heading "Discounted" stated that Checkers had decided to disperse with the service of its advertising agency.

This in fact is not true and Industrial Week apologises for any inconvenience caused.

The story concerned the advertisement."
April for winter lines, which means the merchandise often arrives late in the season. And one small trader says he once received goods when the large groups had already begun discounting the identical lines.

Manufacturers say that this is a perennial problem of the fashion industry—which relies on last-minute orders.

National Clothing Federation president Hugh Yorke-Mitchell maintains that the ordering pattern forces the industry to produce the entire summer range between March and June and the winter range between December and February.

"This gives us far too little time to manufacture goods, but it is not going to change," he says. "The manufacturer has to tell little white lies and say he'll deliver on time, or the retailer will leave him."

Some clothing manufacturers blame their late deliveries on sluggish deliveries from the textile trade.

Textile Federation executive director Stanley Shlagman admits that textile deliveries may occasionally be late, but he points out that late specifications from clothing manufacturers to his industry are part of the problem—and this is to some extent because retailers like to submit their precise specifications only at the last possible moment.

Clothing manufacturers usually give five months' notice of their requirements either in terms of type and quality of material, or factory capacity. But colour, pattern, and cut details are only given later, once retailers have tested the market.

Things are not likely to get any easier for manufacturers. They are getting fewer orders in the current economic downturn and face increased foreign competition due to government's latest efforts to adhere to Gatt principles.
SUPPORTERS of industrial councils seem to have won a major victory now that the Metal and Allied Workers' Union has applied to join the Metal Council.

For the past three years, MAWU, with other emerging unions, has resisted joining these controversial Government-approved bargaining systems.

It argued that to join the council would be to enter an arena where it would be weak, rather than in the factories where it was strong.

But "seems" may be the operative word MAWU's move doesn't automatically imply greater black worker support for councils.

MAWU has not changed its basic view of the council, but two factors have now forced it to apply to join. There is almost universal employer resistance to bargaining with it outside the council.

And the recession, which has brought unprecedented retrenchments and tougher Government action against migrant workers - most of MAWU's members - has weakened its ability to use factory muscle to force employers to do so.

So it believes tactics force it to join the council - perhaps temporarily, until it feels strong enough to move outside it again.

That MAWU is applying to join the council while proclaiming that it will continue to bargain outside it and will withdraw if necessary, and while warning workers not to expect great things from the council, confirms this.

Its move may usher in a stormy period on the council and it does not necessarily mean greater grass-roots worker support for the council.

In previous strikes, black workers ignored, or rejected, wage deals made at the council and may do so again when the economy improves.

But in the long-term, stores are vulnerable to walk-outs by key staff and to consumer action and employers need a permanent accommodation with a union.

So there is still incentive aplenty for both sides to rescue matters.

A MINOR dispute at three OK Bazaars stores in Port Elizabeth has placed labour relations in the major chainstore on a knife-edge.

The strike comes at a time of worsening relations between stores and the Commercial Catering and Allied Workers Union (CCAWUSA) and has already led to a decision by OK to suspend recognition negotiations with the union.

The stakes are high. Last year CCAWUSA's membership snowballed as its members were involved in a series of strikes at leading stores.

Employers agreed to negotiate recognition with the union in an attempt to stabilise relations. These talks, which seemed set to lead to bargaining rights in many major stores, have reached a relatively advanced stage.

But the entire deal could be in jeopardy. Employers claim that since the beginning of the year CCAWUSA has been dragging its feet in negotiations by adding new issues for discussion whenever agreement seems to be reached.

If OK continues to hold off on recognition talks - and this depends on the outcome of the dispute - other stores could do the same.

This could lead to all-out conflict between CCAWUSA and employers.

In the short term, bearing in mind the recession and the fact that CCAWUSA has still to consolidate its newly won support, employers hold the whip-hand.

So there is little mileage for CCAWUSA in confrontation.

REITRICHERG or firing workers is becoming a costly business for some employers.

Last week a major steel firm, Duns- wart Iron and Steel, paid out more than R3000 to retrenched migrant workers because they were fired before their contracts expired, which lawyers believe, may entitle workers to damages.

The Durban textile company SA Fabrics, too, forked out R16000 to ex-workers on the eve of an industrial court case in which a union planned to allege it was an "unfair labour practice" to retrench workers without consulting a majority union and building in certain safeguards for workers.

Recently, the industrial court twice ordered reinstatement of fired workers, and meat giant Vleesentral agreed to rehire fired workers.

All this confirms that unilateral employer decisions-making on firings and retrenchments is under intense pressure.

It also shows that, because their power has been weakened by lay-offs, better-organised unions are turning to court action to reinforce their demands.

Although the scope for this sort of action is clearly limited, they appear to be doing so with some success.

THERE were clear signs last week that major employers are pushing for an unofficial wage "freeze" for at least the next few months.

Both Escom and metal employers said as much and they are not alone.

Some tough talking lies ahead. But this punter is backing two near-certainties. There will be negotiated pay rises, but these will be the smallest for some years.
ABOUT 200 textile workers employed at Niman and Lester's textile factory in Pinetown stopped work yesterday after the suspension of a shop steward, a spokesman for the Fosatu-affiliated National Union of Textile Workers said yesterday.

The stoppage began when the 6 a.m. shift refused to start work. The company's management had declined to meet worker representatives to discuss the matter, the spokesman said.

Uniformed police were at the scene of the stoppage.

The union's general secretary, Mr. Obid Zuma, said last night no agreement had been reached with the management and the stoppage would continue.

Spokesmen for Niman and Lester were not available for comment yesterday.

In April last year about 500 workers at the factory downed tools for a day after they claimed the management was stalling over the signing of a recognition agreement.
NEARLY 700 textile workers face dismissal this morning at the Ninan and Lester textile factory in Pinetown if they do not return to work.

According to a statement from the general secretary of the National Union of Textile Workers, Mr. Obed Zuma, the workers were given an ultimatum yesterday to return to work or collect their pay at 11 a.m. today.

The company and the union will meet this morning.

A director and factory manager, Mr. G. Macgregor, refused to comment yesterday.
The National Union of Textile Workers won a significant industrial court determination in Johannesburg this week.

The union, a Fosatu affiliate, took the Springs textile firm Britex to court for allegedly taking unilateral decisions on wage increases and retrenchments.

The industrial court confirmed a settlement between the two parties and made it binding.

The judgment is seen as a slap in the face for the textile industrial council, which has opposed factory floor bargaining. The union, which is not a member of the council, won on the principles of factory-level talks, stop-order facilities and access for union officials.

Britex agreed to pay R40,000 to the workers without accepting any liability and immediately to reinstate 15 workers who were retrenched last year.

The union had subpoenaed the Textile and Yarn Fabric Manufacturers' Association. The court upheld the subpoena and the association had to present correspondence between itself and Britex from the time that the dispute started.

The documents showed the association's opposition to factory-floor bargaining and its advice to Britex to withhold certain privileges from the union.

The court also confirmed a settlement between the union and Britex which provided for certain procedures. These were grievance, disciplinary, dispute, negotiating and retrenchment.

Retrenchment procedure includes one month's advance notice regarding any retrenchments, the principle of last-in, first-out, subject to special circumstances, alternate measures, severance pay and preferential retuming.
Firm to pay out R40 000 for 'unfair practices'  

By STEVEN FRIEDMAN  
Labour Correspondent  

A SPRINGS textile firm Bratex, has paid the National Union of Textile Workers — affiliated to the Federation of SA Trade Unions — R40 000 in the biggest cash settlement yet of a court action in which a union has accused an employer of an "unfair labour practice".

The company will also rehouse 15 rehoused workers and offer them jobs which should fall vacant.

The settlement could have important implications for labour relations as it includes a number of unique features and was made an order of the industrial court on Tuesday.

This means the court has approved these procedures, which include measures preventing management from changing work conditions or rehousings workers without notification with a majority union.

The agreement also provides for a ballot to be held to determine which of two unions workers want to represent them.

The ballot will also attract interest in labour circles because it pits the NUTW, a major Fosun union, against a union affiliated to the rival Council of Unions of SA.

The settlement follows a long and bitter dispute between Bratex and the NUTW which began after the company recognised the union in 1971.

The NUTW claimed that Bratex "unilaterally" scrapped workers' bonuses shortly after signing the agreement and breached an agreement to negotiate with it.

It also claimed that rehousings of 11 workers in June last year and 60 in December were carried out without consulting workers explaining the basis on which workers were selected for rehousings or granting them severance pay.

In its replying papers, Bratex denied most of the charges.

In the settlement, Bratex agrees, without admitting liability, to pay the union R40 000 within one month in full settlement of claims arising out of the rehousings and scrapping of the bonus, as well as agreeing to rehouse 15 of the rehoused workers.

It also agrees, "to avoid any allegation of favouritism", to hold an independent secret ballot within two weeks to determine whether workers support the NUTW or its Cosatu-affiliated rival.
INDUSTRIAL COURT

Braitex pays out
A dispute between the Posea-affiliated National Union of Textile Workers (NUTW) and textile manufacturers, Braitex, has been settled — with the workers receiving R40 000, the largest pay-out so far in a labour dispute.

The settlement, which also provides for plant bargaining rights for the union, was made an order of the Industrial Court. Braitex is also required to reinstate 15 retrenched workers and to hold a ballot to avoid allegations of favouritism against the Cusa-affiliated Textile Workers Union (TWU).

During hearings, the Industrial Court subpoenaed an employers' association, the Textile Yarn and Fabric Manufacturers' Association, to appear before it and provide documentation. This is believed to be the first time the court, which has made several precedent-setting decisions lately, has taken such action.

The Braitex dispute revolved around allegations of unfair labour practices and, in particular, the unilateral alteration of wages, in particular bonuses, without discussion with the NUTW. There was also a dispute between the NUTW, which claims majority membership among Braitex employees, and the TWU.

The court order establishes the factory rights of the NUTW — meaning that wage negotiations may now be conducted at factory level. If the ballot establishes the NUTW has a majority over the TWU. The implication of the order is that unions which are members of the Industrial Council for the textile industry, as the TWU is, don't automatically acquire rights at factory level simply by virtue of council membership.

Nonetheless, the TWU is entitled to ask for a ballot once a year to establish the union's membership majority.

In terms of the court order, Braitex has been ordered to conduct a ballot among employees, with the NUTW and TWU observing. If the NUTW gets the majority in the ballot, the court-ordered procedures will come into operation. These include grievance, retrenchment, disciplinary, negotiation and dispute procedures. Failure to comply with these procedures will be contempt of court.

Retrenchment procedures stipulate that a month's notice is necessary with time to allow discussion between the union and the employer as alternatives to retrenchment. Retrenchment must be on a last-in-first-out basis, subject to special circumstances, and retrenched employees must get severance pay and preferential re-employment.

Legal sources believe that the Industrial Court appears to be endorsing the principle of one union per factory. If the principle is accepted, and if the TWU loses the ballot, their stop-orders and access will be cut off.

John Copelyn, NUTW general secretary, says: "This is significant because Braitex is covered by an Industrial Council. In the past the council has tried to prevent the NUTW's recognition at factory level by Braitex.

"It's also a significant step forward in terms of established relations between factories and industrial bargaining. Now they will not be entitled to avoid plant bargaining by looking to the IC. In terms of the settlement, the court has permitted bargaining at both levels."

It is possible the union is reading too much into the settlement — at least as far as its effect elsewhere is concerned. Labour litigation, through the IC, is new and case law is still being developed. Future developments remain to be seen.
SA union fights against 'brown lung' disease

By STEVEN FRIEDMAN
Labour Correspondent

The National Union of Textile Workers has stepped up its campaign against a disease which it says, has hit thousands of textile workers throughout the world.

The disease, "brown lung", is potentially fatal and affects workers who work for long periods with cotton dust.

Recently, the union — affiliated to the Federation of SA Trade Unions — announced it was launching a campaign against "brown lung" and had begun by getting a union-appointed doctor to test workers at an East Rand textile plant for the disease.

In the latest issue of Fosatu's journal, Fosatu Worker News, it says it has now extended the East Rand campaign by testing more than 1,000 workers at a factory in Moon River and recently followed this up with tests at a textile plant in Port Elizabeth.

A spokesman for the NUTW said the campaign had taken far unearthing "numerous" workers who were permanently disabled. He said the union would now claim workmen's compensation on their behalf.

He said other workers had been found to be suffering from diseases which would heal if they were moved to less dusty areas of their factories and the union would urge that these workers be moved.

According to the union, "hundreds" of workers overseas annually claim compensation for "brown lung", but only two workers had ever applied for compensation in South Africa, despite the fact that the Workmen's Compensation Act allows them to do so.

It said employers argued that this meant no South African workers were suffering from the disease, "but this is highly unlikely, as the campaign is beginning to show."

The union is also planning to keep medical records of its members which it believes will enable it to link lung illnesses to factory conditions, even if they occur after workers had left a particular plant.

Workers would also be urged to make "reasonable demands" for the reduction of dust levels in their factories.
Shock claims as union acts against firm

By STEVEN FRIEDMAN
Labour Correspondent

SHOCK claims that the Frame textile group threatened to fire workers who did not join a union affiliated to the Trade Union Council of SA (Tucsa) and that management actively recruited members for this union have been made in papers filed to the Industrial Court.

And in a unique action which could set an important precedent, the court is to be asked to restrain a Frame company from recognising the Tucsa union, the Textile Workers' Industrial Union, or extending facilities to it.

The National Union of Textile Workers — an affiliate of the Federation of SA Trade Unions — has brought an action against a Frame company and the TWIU alleging the company has been guilty of several "unfair labour practices".

Yesterday, the Frame group's joint managing director, Mr. Selwyn Lurie, said the union's allegations required "careful consideration." He said Frame had not yet decided whether to fight the action.

Spokesmen for the TWIU could not be reached yesterday.

The dispute concerns a Frame subsidiary, Consolidated Frame Cotton Corporation and its Frametex plant in Pundown.

In papers submitted to the Department of Manpower requesting the appointment of a conciliation board and in papers to the court, the TWIU alleges the company agreed last year to recognise whichever union obtained majority support among workers as the sole bargaining agent at the plant.

It claims the company also agreed not to favour either union.

The NUTW says it submitted 2 429 forms to the company from workers who had joined it. The plant, it says, employs 3 680 workers.

But it says Frametex rejected over 1 000 forms on various grounds — the NUTW disputes these rejections — and claimed the Tucsa union had majority support.

The NUTW claims Frametex has allowed the Tucsa union to recruit workers during work hours and that management has recruited members for it.

It says it asked Frametex to hold a secret ballot to determine which union workers supported but that it rejected this "without good reason."

It has submitted 32 affidavits from Frame workers who say they were pressured by management into joining the Tucsa union.
Discrimination led to joining union

EX-CITY COUNCIL-LOr Norman Daniels has been in the union movement for more than 30 years.

In that time, the Textile Workers' Industrial Union, of which he is general secretary, has swung from being affiliated to a federation which had almost all its officials banned by the Government to being an affiliate of the Trade Union Council of South Africa (Tusca), widely considered the most conservative multi-racial federation.

Mr Daniels, who is also regional secretary of Tusca, was "born and bred" in District Six and served on the Cape Town City Council from 1963 to 1972, when he was "legislated off". He now lives in Kensington with his family.

Limited

He joined the TWIU in 1953 because he felt there was a lot of discrimination, "and very few avenues through which to express oneself".

The union, which started in 1937, had mainly African members in those early days, Mr Daniels said.

"Our union started the South African Council of Trade Unions (Sactu) in 1955. Piet Bey Steel, then our general secretary, was its first president."

Sactu, formed after the split in the old Trades and Labour Council, was set up in opposition to Tusca, which had excluded African unions from membership in 1954.

Almost all who held official positions in Sactu were banned by the beginning of the 60s.

"The whole union movement was in a turmoil. Many unions left the country. Others were banned. Almost any organisation that had anything to do with blacks was under pressure."

Mr Daniels said his union left Sactu because "while they were concerned with bread and butter issues, they were also concerned with the political side."

The TWIU decided to affiliate to Tusca in 1968, after the council had finally agreed to admit African unions.

Mr Daniels is cagey about some of Tusca's more controversial policy decisions.

He refused to comment on its "distancing" itself from the protests over the death in detention of Transvaal secretary of the African Food and Canning Workers' Union, Dr Neil Aggett.

Explaining the defeat of a motion at the last Tusca conference calling on the Government to charge or release detainees, Mr Daniels said there were "great divisions of opinion" within Tusca, and the organisation had to abide by a majority decision.

Belief

"But our union believes that anyone who is picked up should be charged."

"In spite of active support for the Government's constitutional proposals by people within Tusca, he is quick to say he rejects them as "divisive."

With more than 100,000 textile workers in the country, the union now claims a membership of about 20,000, including 11,000 African workers who have joined since the union re-registered as "non-racial" in the wake of the new labour dispensation.

The textile industry has been severely affected by the slump in the economy. The past year has been marked by massive retrenchments, wage freezes and short-time.

"We want to see more job opportunities, but we believe people must be employed at a fair wage. They cannot live on short-time wages, and it is nonsense to talk about wage freezes in the face of rising costs," says Mr Daniels.

SOUTH AFRICAN trade unions, representing more than a million members and still growing, are playing an increasingly important role in political and economic development.

The Argus Labour Reporter, PIPPA GREEN, introduces Mr Norman Daniels, general secretary of the Textile Workers' Industrial Union and regional secretary of the Trade Union Council of South Africa.

Mr Norman Daniels
Firm told to cut union tie

Labour Reporter

The Industrial Court, meeting in Durban on Friday, ordered the management of Frametex, a subsidiary of the giant Frame textile group, to discontinue a recognition agreement with the Textile Workers' Industrial Union.

This follows an appeal by the rival National Union of Textile Workers, an affiliate of the Federation of SA Trade Unions, which claimed that the firm had recognised the other union despite the fact that the NUTW had a majority membership at the mill.

Last week the Frame group announced that it would not challenge the union's action before the Industrial Court. The NUTW has also called for the Minister of Manpower to appoint a conciliation board where it will lodge its claim for recognition or a ballot test-of-strength with the other union, which is affiliated to the Trade Union Council of South Africa.

The court judgment called on the firm to restore the labour status quo.
43 arrests at NPSL match

PRETORIA — Forty-three people were arrested at an NPSL soccer match in Mamelodi, Pretoria, last night.

The arrests were made at NPSL security personnel and the South African Police screened spectators in an effort to prevent the repetition of an incident at a previous match when a security officer was stabbed to death.

Twenty-seven people, including four women, were arrested for alleged possession of dangerous weapons and 16 for alleged possession of dagga — Sapa

2 appear on gold charge

Court Reporter

A MOTHER and her son appeared briefly in the Port Elizabeth Magistrate's Court today on a charge of unlawful possession of gold.

Mrs. Anna Ashton, 55, and Mr. Sam Eunice Austin, 24, both of Port Elizabeth, were allegedly found in possession of a piece of unworked gold on March 11, 1983.

The case was postponed to June 1, and both were released on bail.

Mr. D. E. Mooney was on the Bench. Mr. D. Grobler appeared for the State.

Textile firm, to vacate premises

*Post Reporter*

THE Paterson Road branch of Valley Textiles will move to the company’s main factory in Park Street before the end of June, the company’s sales director, Mr. D. Murray, said today.

Mr. Murray was commenting on rumours that the company was to close down completely.

He said that although there had been retrainments of the plant, the company would continue to operate. More retrainments could be expected.

The company opened in Valley Road, Port Elizabeth, in 1946, before moving to Park Street in 1969, where the main factory is located.

The service, designing and quality control departments are based at the Paterson Road branch.

“We want to be under one roof at the main factory to operate more efficiently,” Mr. Murray said.

There are about 400 employees at the factory. The company’s other factory, in Middelburg, Cape, employs 450 workers.

Objector’s sentence is reduced

CAPE TOWN — The two-year jail sentence imposed on a University of Cape Town graduate and political conscientious objector, Peter Richard Hathon, in January, has been reduced to a year, according to members of his family.

Hathon, 22, of Darben, failed to do national service when he was called up in January.

His sister, Miss Paula Hathon, said her brother’s term had been cut to a year at a review of sentences sitting of the court martial at Voortrekkerhoogte in Pretoria on Tuesday.

You meet a lion, just purr

“Gland — What would you do if houses in a dark garage? If you Chappellefield, you calm it by its face and then take it home.”

Field, a circus lion expert, by police in Dundas, Berkshire, has named Aga escaped Travelling circus and took garage last night.

We alerted the suburban constabulary, said Aga was ‘upset’.

Mr. Chappellefield said he crawled into the garage and purred into the animal’s face to calm it.

“I’ve never done this before,” he said. “It was very dark in there and she was snarling at me. But really she was just frightened and saying she wanted to be helped.

I crawled out and she followed. She went right into a prefabricated tunnel I brought with me, and into the box.”

SAPA-AP

Why hire video when we can make it cheaper to buy!!

We’ve got video recorder prices taped.
Further staff cuts at Da Gama unlikely

BY TOM LOUW
Business Editor

EAST LONDON — Da Gama Textiles does not expect to have to make any further significant staff retrenchments.

This piece of good news for East London and the Border and Ciskei generally is contained in a telex message from Manchester, from the Tootals Group PLC, to the Daily Dispatch. As major shareholders in Da Gama, Tootals carry out the management function.

This statement is more encouraging than a London report carried in a Johannesburg newspaper earlier this month, quoting the Tootal Group chairman Mr Alan Wagstaff, as saying more jobs will be lost at Da Gama before restructuring is complete.

At the same time, a report in the London newspaper, the Telegraph, described Tootal profits as having been “savage by difficulties overseas.” According to the Telegraph, North American and Australian profits were also badly down but costs had been reduced in United Kingdom operations.

Da Gama was referred to as “loss-making.”

The Tootal message to the Daily Dispatch yesterday recalled that on May 3 Mr Wagstaff had made reference to the problems and the action which had been taken at its overseas operations in South Africa, America and Australia.

He said in the group worldwide the ongoing drive to improve productivity coupled with improved management and operative skills would undoubtedly result in some reduction in numbers employed relative to the level of trading and production activity.

Mr Wagstaff said it was only in this way that cost and quality could be managed to ensure the long-term profitability of the group in the face of import competition.

The London Telegraph report refers in this context to a major cost reduction programme in the United States.

It says it is too early to say whether further rationalisation is necessary at the Australian associate, Bradmill.

In a special reference yesterday to Da Gama, Mr Wagstaff had this to say: “Following retrenchments in November-December at its King William’s Town plant, Da Gama is now effectively weathering the recessionary conditions and is poised to take positive advantage of any upturn in the economy.”

“It is not envisaged that any further significant retrenchments will be required,” Mr Wagstaff concluded.

These figures do not always reflect membership as at the end of each year.

Information from the TUCSA Trade Union Directory and the press was used.

Questions were sent to all unions and their responses were preferred.
Patons strike goes on
MORE than 400 black workers employed by Patons and Baldwins in Randfontein yesterday entered their fifth day of striking in demand of wage increases.

The workers say there was a deadlock, when their demands for a 30 cents increase per hour was rejected by management which is prepared to give them only 5 cents.

In a statement to The SOWETAN the company's PRO said the company was prepared to listen to the workers grievances but that they were unable to meet their demands particularly in the prevailing "poor trade conditions in the textile factory".

The company had called in the secretary of the Textile Workers' Union Mrs M Selora to advise the workers to return to their positions while negotiations were continuing, but they refused.

Meanwhile about 300 workers at T W Beckett and Company at Isando have returned to work following an agreement with the management. The workers had downed tools in solidarity with two fired colleagues.

At Dunswart Iron and Steel near Benoni about 500 workers involved in a sit-in have also returned to work.
PRESS STATEMENTS

THE National Union of Textile Workers an affiliate of FOSATU has commenced its first official strike.

The dispute is over wage increases payable to union members from March 1, 1983 at the Natal Thread Company in Hammarsdale. Negotiations over the increase deadlocked when the company refused to budge from an offer of 6% per cent for eleven months. The increment offered is less than half the current rate of inflation and is also less than half the percentage increase given to members at all other mills in Hammarsdale where the union is recognised (i.e. 10 firms).

The company refused any other form to resolve the dispute and the union was accordingly obliged to hold a strike ballot. 315 members voted in favour of the strike and only 8 voted to accept the company offer.

Notwithstanding the overwhelming rejection of their offer by workers, the company stuck determinedly to their position.

Their only movement was to take additional security measures to defend their factory from violence.

On June 27 workers compounded their strike by banning all overtime work at the factory. This represents a cut back of production time by 27 and a half hours per week. The overtime ban has been placed for an indefinite period. Workers established a strike fund 3 months ago in preparation for the anticipated hard line of the company. The union has further resolved to support the worker action by all means at its disposal and it will accordingly complement the worker strike fund if this becomes necessary.

Notwithstanding the lawfulness of the strike action, police reinforcements with dogs were present in Hammarsdale though there have been no incidents.

The union believes the company had grossly underestimated the resolve and discipline of its workforce in ruling out all avenues of redress of their pay grievances.

30.6.83

THE Chemical Workers Industrial Union yesterday entered into a recognition agreement with Duropenta (Pty) Ltd an AECI subsidiary and major plastics convertor after 2 1/2 years of negotiations.

The agreement is significant in the following respects:

* It is a national agreement and will come into effect in each Duropenta factory as the Union gains membership. It currently covers the Natal (New Germany) and Transvaal (Roodekop) factories.

* The Union has won plant level bargaining rights, something which has been strongly opposed by SEIFSA, Duropenta's employer body on the main Iron and Steel Industrial Council.

* It also accords the Union shop stewards rights, including senior shop stewards, with time off to conduct union business, time off for union training, grievance and disciplinary procedures, negotiating and disputes procedures.

The agreement recognises strike action as a legitimate means of resolving disputes.

In terms of this agreement the Union is currently negotiating to improve the dismal increases agreed by the main Iron and Steel Industrial Council of R4.50 per week to last for 12 months.

01.07.83
Textile workers on strike, 7/12/3

JOHANNESBURG — The first legal strike by black workers in seven years — and only the second in labor history — has begun at a Natal textile mill, a National Union of Textile Workers statement announced yesterday.

It said the strike, at Natal Thread Company in Hammarsdale, was taking the form of an overtime ban which was cutting production time by 27.5 hours a week.

It began on Monday and was prompted by a wage demand the union added.

More than 200 workers at a stainless steel manufacturing company in Jacobsdown tools downed tools on Wednesday and were still on strike yesterday, demanding a 40 cents an hour wage increase.

The company W.B. Camerons (Pty) Ltd. announced a minimum increase of eight percent on current wages, or 16 cents an hour, whichever was the greater.

Workers rejected the offer and were sticking to their demand which, if met, would earn a worker at least R2 an hour — DDC.
against SA

held in Los Angeles next year to estimate the extent of sports participation with South Africa by countries intending to compete in the 1984 Olympics.

Mr Gebo is chairman of the UN Special Committee Against Apartheid.

Conference delegates saved their heaviest condemnation for the United States, Britain and New Zealand for continuing sporting links with South Africa — Sipa-AP

AA to have SOS service

Mail Reporter

The Automobile Association will provide breakdown services for motorists traveling on the two main routes from Johannesburg to Durban when the Transvaal school holidays begin next week. Its help will first be available on Thursday, July 7, and go through until August 15. Its help will be available at 80km intervals along the two major routes, Johannesburg/Harrismith/Durban and Johannesburg/Standerton/Durban.

The association will provide service vehicles, which will be stationed at 80km intervals along the two major routes. Johannesburg/Harrismith/Durban and Johannesburg/Standerton/Durban.

The service vehicles will be equipped with a variety of tools and equipment to help motorists in the event of breakdowns.

Tension over mine demands is eased

Labour Correspondent

The first legal strike by black workers in seven years — and only the second in labour history — has been called at Natal textile mills. The National Union of Textile Workers (NUTW) statement was announced yesterday.

It said the strike, at Natal Textile Company in Hammarsdale, was taking the form of an overtime ban which was causing production time by 27,000 hours a week. It began on Monday and was prompted by a wage demand. The company concluded it would not be obtained yesterday.

To strike legally, unions must go through various steps provided by the official laboring machinery — including the holding of a strike ballot among members.

The only known legal strike by black workers was at Amorelloport's tomo Industries in 1979. The NUTW said in its statement that it had begun its official strike.

The dispute concerned was payables from March 4 this year. Negotiations had broken down and the company was locked out of the plant. The union said it had been forced to take action.

The assistant superintendent of the Johannesburg Traffic Department, Mr Errol Peace, said yesterday that although no special campaign would be launched, if the major exits of the city would be monitored on the official school closing day, the AA holiday-makers would help spread the traffic if they took alternative routes to Durban.

The AA said holiday-makers would help spread the traffic if they took alternative routes to Durban.

Two suggested routes are:

• Johannesburg/Vrede/Memel, and
• Delmas/Volkssrust/Utrecht/Vryheid/Melmoth/Singelmond.

It is understood that wages will not be under discussion, but that the unions have accepted this.

A NUM statement yesterday said: "The chamber agreed to hold negotiations with the unions within 14 days after it has obtained a mandate from mining groups regarding the demands made by the unions.

"The chamber also agreed to furnish the unions with all information regarding conditions of employment affecting workers in the industry."

A chamber statement said: "The chamber has agreed to meet the union within a fortnight to discuss work-condition demands raised during the recent negotiations.

It added that this was accepted by the two unions. When an agreement was reached, the chamber said it would discuss the conditions demands within four weeks of the agreement being signed.

The deadline stipulated in the two statements yesterday was consistent with this statement.

Bond ad upsets White House

WASHINGTON — The White House yesterday protested to a local television station over its use of part of an appearance by President Ronald Reagan to plug a programme about the spy hero, James Bond, and the latest 007 film, "Octopussy."

Mr Reagan, in remarks recorded in April for a British television tribute to the British spy, called Bond "fearless, skilled, courageous, optimistic and one other thing he always got his girl."

The promotional spot proposed for the station, due to be seen next Friday in connection with the opening of "Octopussy," opens with these words: "Now a special announcement from the President of the United States..."
LAST week, members of the National Union of Textile Workers took legal strike action at a Natal company. This consists of an overtime ban and they have set up a strike fund to see them through.

This would not be news in any other country which lays claim to having a democratic labour relations system.

Here, it is a major event. The strike -- at Natal Thread in Hammarsdale -- is the first legal strike by black workers since 1976 and only the second in labour history.

The figure for blacks is thrown into sharp relief by the fact that there were about 1,000 strikes by these workers between 1980 and end-1982 alone.

These statistics highlight why there are growing calls for strikes and lock-outs to be decriminalised, as they are in all free labour systems.

Not only are anti-strike laws unenforceable. But workers like those at Natal Thread can still be fired by their employer for striking, even though their action is legal. This means workers have little incentive for making their strikes legal.

Even if strikes were decriminalised, the law would still contain provisions which could be used against striking black workers.

If an employer fires a contract worker, that worker may not stay in the city to look for another job. So these strikers would still face the prospect of losing their livelihood permanently.

It will, therefore, take much more than an amendment to the Labour Relations Act to end our statute book of anti-strike laws.

Whether NUTW's action means emerging unions will make much more use of the legal strike weapon remains to be seen.

While some are increasingly using aspects of the official labour system where they find this tactically necessary, the red tape associated with striking legally makes any rush by workers to use the official dispute machinery before striking unlikely.

The NUM accused the Chamber of bargaining in "bad faith" by withholding information from it and said it had only discovered this since the talks. The Chamber denied this and refused to re-negotiate the deal.

At a meeting late last week, harmony seemed to have been restored, despite the fact that the wage issue will not be reopened.

What seems to have happened is that, because the Chamber said wage talks had to be completed within a week, the union had no time to put the agreement to members before signing it.

When it did get back to them, they reacted angrily, and the union returned to the Chamber in an attempt to salvage the situation.

All this proves again that there is little point in unions and employers signing agreements unless these have majority worker support.

The Chamber, which is used to dealing with established unions who do not go back to their members before signing agreements, seems to have failed to realise that the situation would be somewhat different with a new black union.

And NUM seems not to have anticipated the pitfalls of signing an agreement which members had not yet ratified.
A legal strike by about 300 textile workers at a firm at Hammarsdale in Natal ended last night after management agreed to a new wage increase amounting to about eight percent over a year.

The workers, many of them members of the National Union of Textile Workers, struck about two weeks ago after rejecting the Natal Thread Company's six percent wage offer. Workers refused to do any overtime work, seriously affecting production.

It was the second legal strike in recent labour history and the first legal strike by black workers in many years. It followed a strike ballot by workers at the firm and the establishment of a strike fund.

A company spokesman said today that a new 15c-an-hour across-the-board wage increase had been agreed upon — about eight percent over one year — and workers had returned to work.
Natal lace workers down tools

Mail Correspondent

DURBAN — About 200 workers at Universal Lace and Fabric Mills in Pinetown yesterday downed tools in support of their demand for more pay.

A spokesman for the workers said their minimum wage was R36 a week, which they described as "starvation wages".

"This money is not sufficient to cover our transport costs let alone feed and clothe our children," said a mother of five children who works as a sorter in the mill.

The spokesman said the workers were demanding a R20 raise, but that they would be happy to accept less on condition that their pay would be reviewed again later.

A local organiser of the Pusat-affiliated National Union of Textile Workers said the workers grievances had been fully discussed with management and a further meeting would be held tomorrow.

"We put forward certain proposals and we hope to hear the management's side at Wednesday's meeting," he said, and called on the workers to end their strike and return to work.

Mr K L Hayn, the mill's general manager, refused to comment when approached yesterday.
Pinetown workers back at work as talks go on

ABOUT 200 workers at Universal Lace and Fabric Mills in Pinetown, who downed tools in support of their demand for more pay, returned to work yesterday following talks with the management.

A spokesman for the company yesterday confirmed that all workers had returned to work and wage negotiations were being held with the National Union of Textile Workers.

Mr Jabula Gwala, a spokesman for NUTW, said yesterday that union representatives had met the management yesterday and a further meeting would be held today.
AGREEMENTS

A step forward

The 10-day legal strike by members of the National Union of Textile Workers (NUTW) at a Natal company has ended in an agreement which contains a significant provision.

In terms of the agreement reached between the union and Natal Thread, the company has given the undertaking that in any future legal strike, it will not selectively fire or re-hire striking workers.

The dispute between the company and the NUTW has attracted widespread interest. It is believed to be the first time since 1976 that a black union has gone through the time-consuming procedures needed to hold a strike which is legal in terms of SA’s labour laws.

The undertaking given by the company not to fire or re-hire selectively in future legal strikes is important. In the past, the fact that workers involved in legal strikes could still be fired by an employer, has meant that there was little incentive for them to make their strikes legal. It remains to be seen whether other employers give similar undertakings to persuade employees to go through the official dispute-settling procedures that the parties are required to use before a legal strike can be held.

It certainly seems possible that unions will be making demands for such promises in future.

Financial Mail July 15 1983
Clothing workers hit hard by recession

by ANNE SARKS

...
Staff outlook bleak for textile industry

THE CLOTHING and textile industry in the western Cape continues to be hit by staff layoffs, writes Fred Rolley.
The 1982 peak employment figure for the industry of some 63,000 workers has dropped by about 3,000 (Industrial Week June 7, p2), and there are warnings this situation will not improve in the near future.
The outlook for jobs in the industry over the next 12 months is not particularly optimistic according to the president of the Textile Federation of South Africa and managing director of Romatel, fabric division, Ernest Wilson.
He pointed out that during the period from September last year to March this year, the industry was working at only 55% of its 1981 index, which was a boom period.
At present, the figure stood at 70% of the index, and a shorter week was being worked.
Imports are having a major effect on the industry.
The chairman of Burlington Industries, Philip Kawitzky, said at the annual meeting of the company in Cape Town that large importations primarily of knitted goods from the Far East were causing retrenchment and short-time working.
Higher income expectations without a corresponding increase in productivity were also responsible, he said.
Although sales were below the 1982 level because retailers needed to restock with more fashionable merchandise, Mr Kawitzky said he expected a slight increase in current demand.
He added that export markets were being actively explored.

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Frame’s clash with new union

Frame occupies an important position in SA’s labour history. Its labour practices were a central issue in the massive wave of strikes in Natal during 1973 and 1974, when thousands of blacks took to the streets in protest against low wages and appalling housing conditions.

Those strikes helped spawn a new generation of trade unions, and prompted government to re-examine—and finally reform—its labour relations polices.

Now the group faces another formidable labour challenge. This time it has to contend with two forces set in motion by the 1973-1974 unrest: emerging unionism in the form of the National Union of Textile Workers (NUTW) and the new restraints and obligations imposed on employers by government’s labour reforms.

At the heart of the dispute is the issue of union recognition. Lending almost epic proportions to it is the fact that the NUTW is one of the most effective of the new unions—and has yet to lose a recognition battle. It is tough-minded, but reasonably pragmatic. For example, it persuaded fellow affiliates of the Federation of SA Trade Unions (Fosatu) to revise their opposition to industrial councils. It has also been willing to resolve disputes through the Industrial Court, and it recently became the first union to hold a legal strike in the post-Wiehahn era.

But recognition battles it has fought so far are insignificant compared with the one it now faces. The Frame Group is the single largest employer in the industry and has a reputation of being hostile to unions.

The union claims it received an undertaking from a senior member of management last year. This was that the group would recognise as the sole collective bargaining representative of its weekly-paid employees at the Frametex Mill, that union which demonstrated that it had the support of the majority. Further, management would not grant preferential treatment to any union seeking recognition.

This latter promise is important. The NUTW has a rival—the Textile Workers’ Industrial Union (TWIU)—a member of the Trade Union Council of SA. Some employers regard the less aggressive TWIU as a more attractive union.

In December the NUTW began submitting stop-order forms signed by Frametex Mill employees to prove it had majority support. But management rejected many of these, claiming they contained errors, were duplicates, that the employees concerned had left, or that the signatories had joined the TWIU.

In March and April this year, the management told the NUTW that the TWIU would be recognised at Frametex because it had majority support. The NUTW brought a successful Industrial Court action temporarily restraining management from doing this.

It is extremely difficult for an outsider to judge the merits of claims made by unions and employers involved in a recognition dispute—especially when rival unions are involved. In addition, the group has chosen not to respond to certain questions put to it by the FM about the dispute. It cites a number of reasons for this. One is that some of the questions deal with group’s version of events in the dispute and this still has to be submitted to the Department of Manpower. The group does, however, state that “our policy as responsible employers in industry is not to become involved in any way in the competition between trade unions.”

However, it is worth noting some issues which have emerged either during or since the court action launched by the NUTW.
union they support

The group also appears to have taken exception to the way the union has applied for a conciliation board hearing. By alleging in its application that the Frametex has committed an unfair labour practice, the union is paving the way for the Industrial Court to make a determination on the dispute, should it not be resolved by the board. The group denies that it is guilty of an unfair labour practice and therefore says it is opposing the application.

The union believes the court is an appropriate forum at which such a dispute could be heard, if all other peaceful means to resolve it fail. But the group appears to believe that it is an employer's right to decide whether or not to recognise a union, and that an employer should be allowed to test a union's strength by a confrontation in a legal strike, should this be necessary.

This approach can obviously be questioned - both from the viewpoints of labour law as well as sound industrial relations policies. Recent cases before the Industrial Court have shown that the court is placing an obligation on an employer to recognise and negotiate with a representative union. A growing number of employer organisations have also been moving towards the view that employers would be wise to recognise representative unions.

In addition, confrontation between the NUTW and the group is looming at a time when there is growing unrest in black townships in the Durban area over rent increases. The desirability of having a turbulent recognition battle in such an environment is open to question - and the FM understands that some employers in the region do not relish the prospect of such a conflict.

Respected labour academic Blackie Swart says it is vital that a conciliation board should be appointed. He says the union has shown great responsibility by trying to go through the 'official' dispute settlement route.

The Minister has the discretion to refuse the NUTW's application for a conciliation board - an act which would prevent the Industrial Court from dealing with it. The FM believes it would be a great pity if the unfolding Fundamental issues in labour relations and labour law are raised by the dispute. These include questions about employers' role where there are underground competing for recognition, as well as what is the most appropriate way to determine whether a union represents a majority.

These could be resolved peacefully by allowing the court to make a determination. After all, the court has the task of creating a body of case law on unfair labour practices and it would be sad if it were prevented from fulfilling its intended role.
employees at the Frametex Mill that union which showed it had the support of the majority

However in March and April this year management told the union that recognition was being granted to the TWIU, an affiliate of the Trade Union Council of SA (Tucsa). The NUTW disputed management's claim that the TWIU had obtained majority support at the mill and brought a successful Industrial Court action temporarily restraining management from recognising the TWIU. A feature of that case was the evidence produced by the NUTW alleging that Frametex employees were persuaded, intimidated and coerced by certain members of management and an appointed liaison committee, to join the TWIU

Conciliation

The group has strongly denied these allegations and has opposed the union’s application to the Minister of Manpower for the establishment of a conciliation board. The Minister has still to announce a decision on this application, but meanwhile the Industrial Court order restraining Frametex management from recognising the TWIU has expired.

About two weeks ago, following an unsuccessful late application to the court by the NUTW for extension of the order, management appeared intent on formally recognising the TWIU. The NUTW alleges that within hours of the court's decision not to extend the order, Frametex management informed employees that the TWIU would be recognised. However, it now appears that pressure from NUTW has resulted in management delaying a decision on recognition, pending the outcome of the Supreme Court hearing.

Two important issues will be raised before the court. Firstly, the NUTW wants to hold the group to the promise it says it received from a member of management about recognition last year. Oral evidence on this issue will be heard. Secondly, the NUTW is seeking a Supreme Court review of the Industrial Court’s decision not to extend its order restraining the group from recognising the TWIU.
First black worker wins lung disease case

By SHAUN HARRIS

THE R109 former textiles worker John Hlela will receive a mouth may help to feed his wife and four children, but nothing can save him from the crippling effects of "brown lung" disease.

Mr Hlela has become the first black to win compensation for the recently scheduled occupational disease.

Now that brown lung has been recognised as a hazard for textiles workers, thousands of claims could follow the decision to award Mr Hlela compensation for the life-sapping disease.

Until recently sufferers of brown lung were thought to have contracted asthma or other chest ailments and were treated accordingly.

Grateful

But Mr Hlela's case has thrown the crippling disease into the spotlight.

"I'm grateful for the money I will receive every month, but my health is ruined."

I cannot even do part-time jobs to earn extra money and my wife will not be able to work until our baby is older," he said at his house in Mpumalanga Township, near Durban, this week.

Mr Hlela made history when the National Union of Textile Workers used him as a test case to claim compensation for brown lung, a disease caused by unfiltered cotton dust.

The union, which is affiliated to the Federation of South African Trade Unions, won the case when the Bureau for Occupational Diseases accepted that Mr Hlela was 70 percent disabled and ruled that he should be paid compensation.

Symptoms

According to the general secretary, Mr John Copelyn, the union is working on about 20 claims for compensation made by workers who have contracted the disease.

He said since the union had begun a brown lung campaign 18 months ago an alarmingly high percentage of cases had been discovered.

"Out of 300 workers we investigated in textiles factors, about 100 had symptoms of the disease," he said.

According to Mr Copelyn, the symptoms of brown lung are similar to other bronchial diseases such as tuberculosis, and for this reason doctors have failed to detect it in the past.

This happened to Mr Hlela. He said that three years ago he had begun working in the spinning department of Natal Thread, a textiles company in Hammarsdale, his chest began to tighten up and he had difficulty breathing.

Collapse

"Sometimes I would collapse at work and have to be carried outside before I could breathe properly again," he said.

He saw several private and company doctors and was told he had asthma, he said.

He became increasingly ill, often spending several days off work, until Natal Thread fired him for absenteeism in 1986.

Besides the R109 Mr Hlela will receive a mouth, he was also awarded back payment of more than R1 000.

Mr Copelyn said the problem with brown lung as an occupational disease was that it was not specifically catered for in health and labour regulations.

He said Mr Hlela was only the second person in South Africa to be awarded compensation for the disease.

The first claim was made by a white foreman in East London nearly 10 years ago, he said.
Textile men shift on import controls if tariffs are flexible

By SIMON WILLSON
Industrial Editor

TEXTILE manufacturers accept that there is a need to move away from quantitative textile import controls, but only if tariff protection can be made sensitive and flexible.

The Textile Federation, which represents most South African textile manufacturers, has accepted most of the recommendations of the committee of inquiry into the textile and clothing industries, which reported on Monday.

The federation is drawing up a detailed reaction to the committee's findings, which it will submit to the Department of Industries, Commerce and Tourism.

The committee's main recommendation was that quantitative import controls be abolished as soon as possible, but without unthinkably disrupting any sector of the textile and clothing industry.

Import duties, the committee said, should be the sole protection of domestic industry.

Mr. Stanley Slagman, executive director of the Textile Federation, said yesterday:

"The tariff protection which takes its place must be sufficiently reactive to make it responsive to world trends and an effective means of protection."

The federation represents more than 90 South African textile firms, which account for more than 83% of national apparel and furnishing yarns, fabrics and fibres.

The South African natural and synthetic textile market is worth about R1 400-million a year.

The federation welcomed the committee's recommendations that the relevant departments of the Board of Trade and Industry and Customs and Excise should be adequately staffed by competent personnel.

This would make the monitoring and intervention functions of these departments more efficient.

The committee proposed that the Board of Trade should have a special section added to it to revise systematically the protection afforded to local industries.

"We do not, however, fully accept the committee's definitions of 'normal' and 'disruptive' competition, and we will still want to talk that over with the Minister," Mr. Slagman said.
Nampak replies to union criticism

By Carolyn Dempster, Labour Reporter

Employees at Nampak Polypot and Nampak Conical Containers in Industria were retrenched because of rationalisation at both plants, a spokesman for the Nampak group said today.

The workers, he said, had already been told that every effort would be made to place redundant staff in neighbouring Nampak operations which were unaffected by the economic situation.

The statement was made after severe criticism of Nampak to the Paper, Wood and Allied Workers Union which alleged that the retrenchments were not unavoidable.

WORKERS TOLD

A decision to close Nampak Polypot was taken on July 29 and the plant's 25 workers were told that the plant would close by the end of August, the spokesman said.

The workers received individual advice on the amount of retrenchment pay they could expect under Nampak's policy and, although the Nampak Polypot management did not have a recognition agreement with the union, they agreed to discuss compensation.

In addition, jobs were found for four employees and management gave the undertaking that no one with equivalent qualifications would be retrenched on the Industria site in August.

At Nampak, Conical Containers, where the union claims workers were kept in the dark over retrenchments, management said the workers were told of the retrenchments and switch to a one-shift operation in October.

More than 90 employees at Conical are expected to lose their jobs.

The spokesman could not explain why overtime was still being worked on some Industria sites nor why Nampak Liquid Packaging had recruited additional workers.
LABOUR MATTERS

NUTW and Frame

A court action launched by the National Union of Textile Workers (NUTW) against the Frame group has had an interesting outcome.

An urgent application by the NUTW was heard in the Natal Supreme Court last week. It arose from a recognition dispute between the union and Frame (Current Affairs September 2). The union sought to hold the group to a promise it says it received from a member of management last year. The promise was that the group would recognise as the sole collective bargaining representative of its weekly-paid employees at the Frametex Mill, that union which showed it had the support of the majority.

In addition, the NUTW sought a Supreme Court review of the Industrial Court's decision not to extend its order restraining the group from recognising the NUTW's rival, the Textile Workers' Industrial Union (TWIU).

The NUTW had made an unsuccessful late application last month to the Industrial Court for an extension of the order it made earlier this year.

Evidence on these matters was heard in the Supreme Court last week. But before the court made a ruling, a settlement was reached between the parties. The NUTW agreed to withdraw its application and pay certain of the company's costs. It also agreed that in any future proceedings it would not claim that any contractually binding agreement on recognition had been concluded between it and Frame.

In return, Frame agreed not to recognise, or grant stop-order rights to the TWIU until the Minister of Manpower reaches a decision on the NUTW's application for a conciliation board. Should the Minister appoint a board, Frame will continue to refrain from recognising the TWIU until the dispute has been resolved either through the board or the Industrial Court.
Company claims report is 'unfair'

Staff Reporter

THE Berg River Textiles (BRT) Company has expressed its objection to a news report suggesting lay-offs at its factory outside Paarl had worsened dissatisfaction among residents of the trouble-torn Mbekweni Township.

A spokesman for the company yesterday said BRT felt the fact that the report — which appeared in the Cape Times of September 6 — mentioned only the BRT factory was "extremely selective and unfair."

He said it seemed fair to make the general claim that unemployment was contributing to dissatisfaction but it was unfair to name only one factory in this regard.

While he could not give the total number of people laid off at BRT he said "only 15 men and 20 women from Mbekweni" were laid off last October. Eight of these had not been re-employed, he said.

Others laid off were coloured people or contract workers.

Last November the Cape Times reported that BRT had laid off some 500 people at the factory.

A spokesman for a trade union with offices in Paarl said the majority of those retrenched last year were contract workers.

Trade unionists approached for comment said lay-offs generated uncertainty and dissatisfaction in communities where work was hard to come by.
Umkomaas factory cuts production by 20 pc over water shortage

Mercury Reporter

SAICCOR has cut production by as much as 20 percent because of the water shortage and low level of the Umkomaas River.

The cut-back came into operation at the beginning of the week and would continue until the water situation improved, according to Mr Sinclair Stone, technical manager at the factory.

None of the 1,400 employees had been laid off, and Mr Stone said, "We have not yet even considered retrenchments."

He said rayon fibre was exported to a number of countries including Britain, Canada, the United States and France for the manufacture of many fabrics.

Meanwhile, an Umkomaas municipal spokesman said water for the coastal town was obtained from Saiccorg, but he had not been notified about any possible change to the present restrictions in operation there.

Residents may water gardens for an hour in the morning and an hour in the afternoon each day.

He said this restriction came into effect about three months ago.
LABOUR DISPUTES

The Minister acts

Manpower Minister Fanie Botha has appointed conciliation boards in an effort to resolve two significant labour clashes.

Last Friday the Department of Manpower announced the appointment of boards for the wage dispute between the black National Union of Mineworkers (NUM) and the Chamber of Mines, and the recognition dispute between the National Union of Textile Workers (NUTW) and the Frame group.

The NUM is engaged in an important trial of strength with the chamber over pay increases for black workers at the Rand Refinery (Current affairs September 18). If a board had not been appointed by the end of last week, the union would have been free to launch a legal strike if most of its members at the refinery voted in favour of such action. By Wednesday last week it was threatening to hold a strike ballot if a board was not appointed. Should the board not resolve the dispute within a month the union can again exercise its right to strike legally.

It seems likely that the board appointed for the dispute between Frame and NUTW could result in an important test case going before the Industrial Court. The issue of union recognition lies at the heart of this dispute (Leaders August 5). Because the terms of reference of the board include allegations of unfair labour practice the
union can launch an action through the Industrial Court if the dispute is not resolved by the board. If the minister had not appointed the board a strike may well have been the only viable option available to the NUTW.

Extremely interesting labour issues will be raised if the NUTW goes to court. These include questions about an employer's obligation to recognize a majority union and the best way (for example, the holding of a ballot) to determine which of two rival unions has majority support in a plant. At issue will also be the question of what constitutes the most appropriate bargaining unit. Should this be a single plant, or should it be the entire complex within which the plant is located?

Answers to questions such as these will obviously have important implications for unions and employers in many industries.

CLIVE THOMPSON

Why the court matters

Clive Thompson is an attorney and researcher at the University of the Witwatersrand's Centre for Applied Legal Studies.

In a recent article in the FM (Current Affairs, September 9), Bobby Godsell of the Anglo American Corporation raised certain points about the functioning of the Industrial Court. He noted that serious reservations about the court existed in employer ranks and elaborated on some of these.

There can be little quibbling about what was probably the central tenet of Godsell's position, namely that "the history of industrialisation indicates that collective bargaining is the best way to resolve conflict in industry. It involves the primary parties and its outcome is the direct responsibility of these parties."

However, he did not expand on some of the corollaries of this statement.

If issues between employers and unions are best thrashed out between themselves, then the disputants should be allowed to have recourse to industrial action to close the deadlock gap, and the ring held by the State must be fair and not used to the prejudice of the workers. A clear dualism is evident in the Labour Relations Act. It seeks to encourage collective bargaining but simultaneously, through its convoluted disputes procedure, effectively criminalises most forms of industrial action. Plumbing, a normal incident of collective action elsewhere, is proscribed under the Internal Security Act, while the wide terms of the intimidation Act have already been directed at unionists.

Most important of all, the effect of the range of statutes controlling every aspect of the supply of black labour is that migrant workers resort to industrial action as their only means of redress. Even a legal striker is open to instant dismissal, and a migrant who has lost his job forfeits his always precarious) right to remain in an urban area. Many a dispute has been 'resolved' by the mass deportation of the workforce and employers have not been conspicuous in their condemnation of such occurrences.

Against such a backdrop, it is relatively painless to advocate collective bargaining as the first and last word on proper relations between the parties.

Godsell believes that the courts should declare the law rather than make (any of) it. Should the courts indeed back those engaged in "no union, no negotiation" to fit the Procrustean bed of rigid law, employers would be the first to raise a storm. In the industrial field, more than any other, it is essential that an adjudicative body be afforded scope to work imaginatively when assailed by disputes. It is impossible for statutory definitions to cope with the nuances of labour developments. The example which Godsell cites — representivity — is a case in point.

Legal duty

His contention that the question of the legality of bargaining with a representative union should be left to the bargaining process is rather surprising. In most countries collective bargaining got underway only once the legal duty to bargain had been secured by the labour movement. The fundamental dispute over the principle of bargaining is that of right, not interest. The social cost of leaving it to be resolved by the parties is high.

Recognition has primarily two aspects: the acceptance of bargaining agents and the definition of appropriate bargaining units. Except in the UK and Utopia, both aspects require statutory and judicial regulation. Most overseas jurisdictions have settled the bargaining agent question through legislative intervention. There is a statutory duty to bargain with a representative union and recognition disputes are outlawed. The right to be recognised flows from a relatively simple certification procedure, usually involving a ballot.

The definition of the appropriate bargaining unit on the other hand, is precisely the type of issue which, failing agreement between the parties, is best left to an adjudicative body which can fashion a binding decision consonant with the contours of a particular industrial setting. Once again, if collective bargaining is the objective, denouement and dilatory arguments over its underpinnings cannot be allowed to frustrate the process. Moreover, although collective action may break a deadlock over the bargaining unit, interests of parties other than the immediate disputants are at stake and hence these boundaries should be established by a body which can take a wider — often an industry-wide — view of things. Of course, an ill-fitting judicial imposition will not preserve industrial peace or advance collective bargaining. But to deny a labour court any role is no solution.

It is significant to note that in the two cases where the Industrial Court's finding amounted to orders to bargain with a union — Blaizeard v Arups and United African Motor and Allied Workers' Union v Fodens — the acceptance of the bargaining agent and not the appropriate bargaining unit was in issue. In the absence of statutory regulation of the subject, I submit that the court's determinations were salutary. They certainly led to a speedy resolution of other recognition disputes.

The observation that "through the status quo provision, unions at times appear to be seeking to achieve that which they have not even attempted to accomplish through bargaining" is surely misconceived. The status quo order by definition may only preserve on an interim basis what has already been won, by negotiation or otherwise. Where orders have been granted, they have followed unilateral conduct and a failure to negotiate.

To secure greater legitimacy, an improved role for the Industrial Court as part of wider legislative reform in the labour field is certainly required. The call is to tap the systems developed in other countries. Given the practices prevailing in some quarters, it is not inevitable that such a move would endear the court to more employers.

in my opinion
Pinetown workers down tools

ABOUT 170 workers at the Pinetown factory of Smith and Nephew Ltd downed tools yesterday after a dispute over the firm's subsidised housing scheme for blacks at nearby KwaNdengezi.

Mr Kelvin Johnson, the company's personnel manager, told the Mercury in a statement yesterday that the work stoppage occurred yesterday morning after the completion of the night shift and had affected production.

"The cause has been difficult to ascertain at this stage, but it appears to be centred on an interpretation of a statement made by a manager to an employee about the housing the company has assisted some of the employees with at KwaNdengezi."

He said the National Union of Textile Workers had been asked by the company to help resolve the dispute and he hoped production would be back to normal today.
The dispute between workers and the management at the Pinetown factory of Smith and Nephew Ltd was resolved late yesterday and it was hoped that production would be back to normal when the first shift started at 6 am today, a spokesman for the company said last night.

A spokesman for the National Union of Textile Workers told the Mercury yesterday that about 175 workers had downed tools on Monday morning and had demanded the dismissal of the factory's labour relations manager.

"In terms of the settlement... the workers will return to work while the labour relations manager will be suspended until an independent arbitrator decided whether the workers are justified in demanding his dismissal," he said.
THREE hundred striking workers at a Pretoria factory have been fired after a wage dispute with management.

Densi Khumalo, National General Workers Union secretary, said management at Poole Industries Ltd told workers they had lost their jobs.

The workers would be allowed to re-apply for their jobs.

The workers, dissatisfied with pay increases and pension deductions, went on strike on Tuesday.

Mr Khumalo said the workers were not prepared to go back to work until their grievances had been resolved.

Their dismissal comes soon after another Pretoria firm, York Timbers fired 200 workers also striking since Friday.

The workers continued to strike despite a management warning that they would be fired.

Deacon Mathe, organiser for the South African Allied Workers Union, said the company's employees would not return until they received a wage increase.
THE dispute between the National Union of Textile Workers and the Consolidated Frame Cotton Corporation over the recognition of a rival trade union, which was taken to the Supreme Court in Pietermaritzburg this week, was settled yesterday by mutual agreement.

The Fosatu-affiliated NUTW agreed to withdraw its application restraining Frame from recognising the rival Textile Workers' Industrial Union and agreed to pay R5 000 towards Frame's legal costs.

In return, the company agreed not in any way to recognise or grant stop order rights to the TWU until the dispute between the NUTW and the company has been determined by the Minister of Manpower or the Industrial Court, a joint statement by the NUTW and Frame said last night.

In terms of the agreement of settlement, NUTW will not contend in any proceedings that on October 1, 1962, or at any other time a contractually binding agreement was concluded between it and the Frame Group.

NUTW agreed that if called upon by Frame it will join in reporting to the Minister of Manpower in terms of Section 46 (9b) of the Labour Relations Act of 1966, that they were satisfied they would not be able to settle the dispute, which arose from an agreement which the NUTW claimed existed between it and Frame to recognise majority unions.
Union to represent Cape textile staff

Labour Reporter

THE National Union of Textile Workers, a Federation of South African Trade Unions affiliate, is to negotiate its second recognition agreement with a textile firm in Cape Town tomorrow.

The Natal-based union is also believed to be involved in negotiating a third agreement, which would bring the number of textile workers represented by NUTW in Cape Town to about 1,500.

The agreement will be negotiated with a Bellville South textile factory, Franz Falke Textiles, recently ordered by the Industrial Court to temporarily reinstate a dismissed union member.

"Victimised"

The worker, Mrs Margaret Dreyer, claimed she had been victimised for union activities.

"The company said she was dismissed for 'disobeying a foreman', but she had no warning and was given no hearing," said an NUTW spokesman.

The Industrial Court ordered last week that Mrs Dreyer be temporarily reinstated pending the outcome of the case.

Pay

But the company has chosen to pay her for three months rather than have her return to work.

The NUTW has more than 75,000 members in Natal, Transvaal and the Eastern Cape.

It has been organising textile workers in the Western Cape for the past year.

The only trade union previously operating in the textile industry here was the Tusa-affiliated Textile Workers' Industrial Union.
THE Industrial Court has ordered the temporary reinstatement of a sacked Cape textile worker who claims she was victimized for union activities by her employers, Franz Falke of Bellville South. But the firm has elected to keep on paying her wages without her returning to work, pending the final outcome of the case.

Mrs Maxie Dreyer, a member of the Fosatu-affiliated National Union of Textile Workers, took legal action after she was fired on September 1. Mr Geoff Buddleider of the Legal Resources Centre, who is handling the matter, said yesterday that a temporary reinstatement order had been granted this week.
Workers at the Roslyn textile firm, Jalex, voted at the weekend to continue a strike which began last Wednesday in protest against the dismissal of four workers.

A statement released by the National Union of Textile Workers (NUTW) said yesterday that around 100 workers are employed at the plant and that attempts by the NUTW to contact management and resolve the matter had failed.

Comment from the company could not be obtained yesterday. A company source said that senior management men were in a meeting and added: 'I don't think they will be prepared to comment at this stage even if they are free.'

The 'strike' took place against a background of prolonged labour unrest in Roslyn, north of Pretoria, and bordering townships which are part of Bophuthatswana.

The union's statement said that workers had 'downed tools after the firing of four colleagues 'for allegedly breaking a machine'.

Several attempts to contact management failed.

Another meeting is scheduled for Wednesday to decide what further action should be taken,' the statement added.
A "STRIKE about nothing" has ended peacefully at a kiltweave factory at Hammanskraal, near Pretoria.

The factory's general manager, Mr G Locker, said yesterday that the strike by 82 workers of the 850 employed there had ended and everything was back to normal. The strike began on Monday last week and lasted until last Friday when the workers went on payment with the exception of about 10 identified as ringleaders, he said.

Mr Locker said that prior to the strike there had been discussions with workers about various complaints and these had all been met. When they struck, he had a meeting with them.

"There was nothing major," he said. "They made no specific demands for higher wages or allowances or anything. They did talk about what they considered to be preferential treatment given to workers in another section of the factory but we showed them they were mistaken.

"We asked them to come back to work but when they did not return by the deadline we set, we told them they had damaged themselves.

"I had another meeting with them the following day and it was only after that that I heard a trade union was involved."

"Then I had a three-hour meeting with leaders of the union and at the end we both agreed that there were no differences between us.

"So I asked why was there a strike? It was about nothing. Everything is as it was before the strike."

"It was also correctly reported last week that Mr Locker had rejected all their demands."

READERS of SAAN publications — including the Rand Daily Mail, Sunday Times, The Financial Mail — who experience home delivery problems can phone 718-2236 or 718-2237 to report their complaints. The circulation department is manned from 8am onwards from Monday to Friday, and from 8am to 11am on Saturday and Sunday.
Romatex sceptical on tariff control

By PATRICK MCLOUGHLIN
Investment Editor

UNLESS the Board of Trade and the Department of Customs and Excise employ textile specialists the tariff structure proposed by the Steenkamp Committee will be easily circumvented.

This is the view of Mr Jack Ward, chairman of Romatex, in his review for the year to September.

The Steenkamp report recommends the appointment of specialists to the two organisations.

While not expecting an early improvement in trading conditions, he says there are indications that the downward trend may have levelled out.

All areas in the group are in a good position to take advantage of any upswing when it occurs.

“Our forecasts indicate a modest upswing during the financial year in certain markets in which we operate, although business conditions will remain extremely competitive.”

Based on these assumptions, and the hope that the drought will be broken, Romatex has budgeted for higher earnings in the current year. This will no doubt relieve Romatex shareholders because, while the group managed to limit the fall in turnover for the year to September to R36m compared with R362.5m previously, bottom-line earnings crashed from R17.5c to 8.1c and dividends were pared from 55c to 34c.

The optimistic outlook is probably partly based on the fact that second-half earnings were markedly better than those for the first half. As a result, earnings for the full year were 37% lower, while at the halfway stage the decline was 54%.

Reviewing the past year, Mr Ward said the private consumption expenditure on durables and semi-durables was lower, especially in the first half.

Thus, Romatex's markets were affected by the downturn. In particular, however, the group suffered from reduced margins in the floor-coverings division and a considerably lower level of sales of worsted fabrics to the clothing industry.

Factors contributing to the group's lower earnings included:

- a reduction in inventories by clothing manufacturers and their retail customers;
- an increase in imports of clothing and textiles as a percentage of the local market;
- substantial hessian imports, and
- lower demand for agricultural packaging and tariffs because of the drought.

There were, however, certain favourable factors. These included a reduction in interest rates as well as a reduced interest burden stemming from a lower loan adjustment. This was the result of a slowing down in raw material price increases, which was particularly evident in the case of imported materials.

A further factor, says Romatex, was the reduction in the year-end stock levels in certain operating divisions which enabled the group to release a portion of the loan provisions made in previous years.

Looking at the divisions, Mr Ward said the drought and poor economic conditions on the purchasing power of the black population, with regard to mail-order, had dampened demand. Order books still remained at a low level.

Commenting on the Steenkamp Committee recommendations, Mr Ward said that unless textile specialists were made available to the Board of Trade and the Department of Customs and Excise, any new tariff structure will be easily dodged. "In my opinion, specialist staff, in the numbers required, will be difficult to recruit. This need would be gravely diminished if quantitative quotas were retained, but the Committee has recommended against this."

The floor-coverings division is still suffering from margins under pressure. It is anticipated that trading in the first six months of next year should be at better levels than the same period this year. In view of this, and the anticipated benefits arising from the reorganisation of fabric wholesaling, the division is budgeting for an improvement in profits in the coming year.

In the Industrial divisions, footwear operated at a loss in the first half of last year. However, after management reorganisation and changes in marketing policy, the operation returned to profits in the latter part of the year and this trend is expected to continue.

Romatex says the outlook for the Industrial division generally is for an improvement in the current year. The Mills division is also looking to better profits, but these depend upon an increase in consumer durable expenditure and upon weather conditions which strongly affect sales to the agricultural industry.

COMMENT for Romatex, which took a beating last year, the only way up. The share is currently about 62c, only 2c off its 12-month low and justifiably far away from the peak of 75c, and can at best be seen only as a longer-term recovery share.
Lay-offs again under focus in Frame dispute

By STEVEN FRIEDMAN
Labour Correspondent

The industrial court's attitude to retrenchments will be tested further in a key dispute between members of the National Union of Textile Workers and the Frame Group of textile companies tomorrow.

Ten workers retrenched by Frame in October are alleging that their firing was "unfair" in some cases because the principle of "last-in-first-out" whereby long-service workers are the last to be retrenched, was not observed.

Although the court has urged employers to negotiate on retrenchment, it has not ruled on whether principles such as "last-in-first-out" should apply.

The workers also allege the retrenchment of some of them is illegal because they are migrant workers who were fired before their contracts ended.

Frame has replied that its policy is that workers' efficiency, rather than the "last-in-first-out" principle, decides whether they are retrenched.

It says this and other aspects of its retrenchment policy constitute "fair labour practices in the capitalist work environment".

It also denies that migrants who were retrenched lost their jobs illegally. It says their contracts allow them to be retrenched at a week's notice.

The case, which is to be argued in Durban, takes place in the context of a continuing recognition dispute between Frame and the NUTW at its Frametex mill.

The Minister of Manpower has referred the dispute to the industrial court, but the Frame group wants the case postponed because, it says, it plans to go to the Supreme Court in a bid to overturn the Minister's decision.

This issue may also be raised at tomorrow's hearing.

In papers before the court, eight of the 10 workers allege they were retrenched without either them or their union being consulted.

Another two allege they were fired when they were transferred to another department, but refused to go until they were assured their conditions of employment would not change.

One of the retrenched workers claims 19 years' service with the company and another 18 years' service. They say they were simply told they were to be retrenched and "promptly escorted from the premises".

The Frame group has replied by spelling out its retrenchment policy.

While it insists that efficiency is its main criterion, it adds that, where workers have similar competence, the one with less service is retrenched.

It says its policy is that, where redundancies occur in one department, workers are, if possible, transferred to another.

Thus, however, means that, once they are transferred, they become the workers with the least service in their new department, says the company.
Ten in key test case

Labour Correspondent

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would be among the first to lose their jobs.

The NUTW, however, believes that LHA's
criteria for selecting workers for retrenchment
are not as experienced or productive as workers
in that department. The company also
states that Frame criteria are unfair.

The chance to make representations was
given to them, but the company did not allow
them to find alternative work. The company
also did not give the notice of retrenchment
to the employees selected. Furthermore,
the union did not agree to the criteria.

The NUTW argues that a worker
department was necessary in their
department, and it is not as experienced or pro-
ductive as workers in other departments.

The company also states that Frame criteria are unfair.

The union did not agree to the criteria, and the employees
were not given the chance to make representations.

The company did not allow them to find alternative work,
and the notice of retrenchment was not given to them.

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were not given the chance to make representations.
Court hears of Frame dismissals

Mercury Reporter

THE National Union of Textile Workers yesterday made an application to the industrial court for the reinstatement of 10 workers who were retrenched by the Frame Group recently.

Mr Martin Brassey, a Johannesburg Advocate, told the Court that the retrenchments were unfair because neither the union nor the workers were consulted before they were dismissed.

The principle of 'last in, first out' -- whereby long service workers are the last to be retrenched -- was also noted.

It was also alleged that the retrenchment of some of them was illegal because they were migrant workers who were fired before their contracts had expired. Among those dismissed were employees with 19 years' service.

In reply, Mr Douglas Shaw, QC, for the Frame Group said the group's policy on retrenchment was founded on efficiency rather than the 'last-in, first-out' principle and where workers have similar competence, the one with less service was retrenched.

He said this and other aspects of Frame's retrenchment policy constituted 'fair labour practices in the capitalist work environment'.

He denied that the migrants, who were retrenched, were dismissed unfairly. Their contracts allowed them to be retrenched at a week's notice.

In affidavits filed in court the company says that where redundancies occurred in one department, workers were, if possible, transferred to another.

This, however, meant that once they were transferred they became the workers with the least service in their new department.

Mr Brassey was instructed by Chennells, Albertyn and Seymour, and Mr Shaw by Garlieke and Bousfield.

The court deferred its ruling.
Textile workers in ongoing court saga

Labour Correspondent

A KEY Natal Supreme Court case between the Frame textile group and the National Union of Textile Workers (NUTW) was postponed yesterday — but the two sides are due to contest yet another key case today.

The recognition dispute between Frame and the union has been marked by repeated legal actions which have led observers to describe the dispute as a "legal war of attrition".

Today's case will be the third prompted by the dispute to be heard by the ordinary courts and the dispute has also prompted two Industrial Court actions.

Today's case involves Frame's alleged refusal to stop deducting union dues from the pay of 250 workers at its Pinetree mill who have resigned from the Textile Workers-Industrial Union (TWIU) to join the NUTW.

In the case due to be argued yesterday, Frame wanted the court to stop the union members from accepting the decision by the Minister of Manpower referring its recognition dispute with NUTW to the Industrial Court.

Mr. Acting-Ustede Gagat ruled, however, that the case was not urgent and declined to hear argument on it. He postponed the case until January 27.

The dispute centres chiefly on NUTW's demand for recognition at Frame's Pinetree mill in New Germany, where it claims Frame has favoured the TWIU, even though it represents a minority of workers.

Frame argues that the TWIU represents a worker majority in its New Germany complex — which contains several mills — and is therefore entitled to facilities ahead of NUTW.

Today's case has been brought by the union, which alleges Frame has contravened the Basic Conditions of Employment Act by refusing to cease deducting dues from workers who have resigned from a union without that union's consent.

It says the workers asked Frame to stop deducting money from their pay on behalf of the TWIU, but that Frame said it would do this only if the union agreed.
Deductions are 'illegal'

Mail Correspondent

DURBAN — The massive FRAME Cotton Corporation was accused of making illegal deductions from workers' pay for subscriptions to the Textile Workers' Industrial Union of South Africa (TWIU), a Durban civil court magistrate heard yesterday.

This allegation was made by Mr J N Sithole and 18 other workers at Frame's Pnetex mills, when they applied to the court for an order declaring the deductions unlawful and interdicting the company from continuing the deductions.

Mr Sithole said in papers filed before Mr G J Botha that he had been employed by the company since January 1966. He and the other workers became members of the TWIU in September 1982.

They resigned from the union a year later and withdrew their stop order authorization to the company and the union. They have since joined the National Union of Textile Workers.

In their submission the workers said the continued deduction of money from their pay for subscription to a union to which they no longer belonged constituted a criminal offence and told the court that they planned to lay criminal charges against the company.

Mr Selwyn Lurie, joint managing director of the Frame group, said in a replying affidavit that the company recognized the TWIU as the "collective bargaining representative" for the company's workforce at the Pnetex mills.

He denied that Mr Sithole and the 18 others had resigned from the TWIU.

In terms of the union's constitution, members must give one month's written notice to the union's regional director if they wanted to resign. No resignation may be accepted until all money owed by members to the union were paid.

As far as the company was concerned, the workers were registered members of the TWIU and in terms of an agreement between the company and the TWIU, the company accepted the mandates of the workers to make deductions from their pay in favour of the TWIU.

Frame maintained that the mandate had not been revoked and until such time that it was, the company was compelled to abide by it.

Judgment was reserved.
Workers of which the retrenched workers are members Frame was also ordered to have the workers reinstated to their former jobs with effect from the time they had been retrenched, and to give them back pay.

In its application to the Court, Mr Martin Brassey, acting for the union, told the Court that the retrenchments had been unfair because neither the union nor the workers had been consulted before they were dismissed.

Retrenchments

The principle of ‘last in first out’, in which long service workers were the last to be retrenched, also had not been observed.

The Court also heard that the retrenchment of some workers had been illegal because they were migrant workers who had been fired before their contracts had expired.

Among those dismissed were employees with 19 years’ service.

Mr Douglas Shaw, QC, for the Frame Group, told the Court that the group’s policy on retrenchment was founded on efficiency rather than the last in first out principle and where workers had similar competence, the one with less service was retrenched.

Commenting on the Court ruling, Mr John Copely, the union’s general secretary, said last night that it was one of the most important judgments from an Industrial Court in recent times.

The company’s defence, in our opinion, amounted to little more than a statement that the company should be free to pick and choose workers for retrenchment as it felt desirable and that no union or court should interfere in such selection.
The Industrial Court has ordered the Frame Group to temporarily reinstate 10 employees who it retrenched earlier this year.

This case is an important one, (Current Affairs December 2) because it reflects conflicting management and union views on what is the most appropriate criterion an employer should use to determine which workers should lose their jobs when retrenchments are necessary.

Frame believes that efficiency should be viewed as the primary criterion. It has argued that it should be allowed to retain efficient workers and to retrench the inefficient, subject to certain other "considerations" contained in the group's retrenchment policies.

However, the National Union of Textile Workers (NUTW), which represents the 10 retrenched employees, believes that a formula such as last-in-first-out (lifo) is best — and has argued that Frame has been unfair. Many unions hold this view because they say that lifo eliminates the danger of victimisation and grants legitimate protection to people who have given many years of service to an employer.

Last week the Industrial Court granted the NUTW's application for status quo orders in terms of section 42 of the Labour Relations Act. Such orders provide interim relief — in this case, temporary reinstatement of the retrenched employees — pending a later hearing on the dispute.

It is always a little risky to attach not much significance to the granting of status quo orders.

Nevertheless, there is little doubt that many employers will take careful note of the NUTW's successful applications. They will obviously be watching further litigation between it and Frame on the retrenchment issue with great interest.
Praise for removal of controls

By Priscilla White

FREE market campaigner, Mr Bryan Kantor, professor of economics at the University of Cape Town, is pleased import control has been replaced by tariffs in the clothing and textile industries.

"Tariffs are bad enough, but we have to live with them because of the capital investments made in industry."

He believes tariffs adjust more readily than import control to world market conditions.

He is pressing for the elimination of import control on chemical precursors for man-made fibres.

He says international trading conditions in the textile industry are made difficult by over-protection of the chemical industry.

He says Sasol enjoys a high measure of protection, and this is causing other industries severe problems.

Sasol's policies were based on oil price rises which did not materialise, he says.

Prof Kantor says an investigation of the chemical industry is in progress.

He believes the removal of price control on cement and bricks is opening these industries to foreign competition.

Removal of protection is the only way to expose local industry to competition, he adds.
INDUSTRIAL DISPUTES

Victory for Bata

The National Union of Textile Workers (NUTW) has been, at least temporarily, repulsed in its attempt to unionise the Bata shoe factory at Loskop in KwaZulu. In the face of hostility from management and the “unhelpful” intervention of the KwaZulu government, the union, which is affiliated to the Federation of South African Trade Unions (Fosatu), decided to back off. While maintaining a presence in the plant, it is no longer organising.

NUTW general secretary John Copelyn, admits “We received a bashing in this one. In retrospect, perhaps, we made a mistake by going in there in the first place.”

Management’s reaction, says Copelyn, was negative. The union alleges there were threats and assaults on workers, though by whom is not clear, as well as two strikes, one of which was “extremely bitter and lasted four months in really the most pitiful of circumstances.”

Bata broke the strike by firing strikers, paring the workforce from 550 to 250, hiring non-union labour and shifting production to factories at Greytown and Pinetown. When the KwaZulu government intervened on the strikers’ behalf, Bata threatened to close plant permanently.

Says Copelyn: “None of the rights of the Industrial Conciliation Act apply in the homelands. You can't get a conciliation board hearing. There’s no way you can take on a multinational with no access to the factory and no meeting place.”

The lesson in all this, Copelyn claims, is that homelands are not the place for strong trade union activity. Factories locate there because of the low wage scales.
Tensions in textiles

The strike at SA Fabric's Durban plant involving the National Union of Textile Workers (NUTW) indicates that a tough year in labour relations lies ahead for the textile industry in Natal.

Tensions between employers and unions are mounting, with the NUTW, a Federation of South African Trade Unions (Fosatu) member, in the thick of the fray. Apart from the bitter recognition battle with the Frame Group (FM January 27), it has declared wage disputes at four other factories, including SA Fabrics.

Taking a positive view, the union's national secretary, John Copelyn, claims there is a good chance that some of the disputes will be settled before strike action is considered — though not at SA Fabrics where, he insists, management was "just itching for a confrontation" over wages.

However, he does see the plant-level wage deadlock as indicative of hardening attitudes on both sides.

According to Copelyn, "There is a widespread belief among employers that inflation is dropping to around 9% or 10%, and they are basing their increases on that assumption. Employees, of course, are far from convinced that that is the case."

Adding to the tensions is the imminent introduction of the new system of taxation for blacks, which, says Copelyn, will have a severe impact on married women. He points out that at some plants 80% of the workers are women. Initial calculations show that, in some cases, their deductions could increase from around 50c/week to R2.80. "That's a lot of money for someone with take-home pay of around R25 a week," he says.

Putting the case for the industry, Stanley Shlagman, executive director of the SA Textile Federation, argues that it would be irresponsible for the unions to push manufacturers into an uncompetitive position vis-à-vis their foreign competitors through excessive wage demands. "That would do the industry and employees no good whatsoever."

Shlagman says that already the industry's competitiveness is suspect. The industry has had to deal with a number of adverse factors, including the recommendations of the Steenkamp committee. "We recognise that the industry must pay a fair wage, but, in the SA context, we cannot be forced into a situation where our main inputs are so out of line with those of our competitors that we go out of business," he says.

MWU's Paulus ... 'strengthen a fighting union'
Striking fabric workers to return

Mercury Reporter

STRIKING workers at S A Fabrics in Durban yesterday decided to return to work on Monday following the appointment of a conciliation board to resolve the dispute over pay, Mr John Copelyn, a spokesman for the National Union of Textile Workers, said last night.

He said the company had agreed to negotiate with the board and the workers had therefore decided to end their six-day strike.

In a statement yesterday, Mr N P Lourens, chairman of the company, confirmed that 350 workers had stopped work since January 25 and said that if the workers failed to return by Monday their services would be terminated.

"The refusal to work relates to a dispute over recent retrenchments, due notice of which was given to the National Union of Textile Workers during December last year in accordance with a written agreement concluded in the latter part of last year.

"The company now claims that the refusal to work relates to a wage dispute. The company acting on legal advice has informed the union that it has breached the written agreement and is holding the union liable for any losses suffered by the company.

"The company has continued with production due to the full cooperation of its salaried employees and some of its wage employees.

"The company is attempting to communicate individually with all its wage employees urging each of them to return to work at their usual starting times on Monday, failing which their contracts of service will be regarded as having terminated without any further notice to anyone," he said in the statement.
Laid-off workers paid out

FRAMETEX in Pieter- town has paid out more than R9 600 to ten members of the National Union of Textile Workers.

The money — back- pay from the time they were retrenched last year — comes after a ruling from the Industrial Court.

The court ruled that an earlier order for management to pay the wages should not be suspended.
Mike Getz says the absence of a strategy, particularly to react to costs unrelated to market realities, is glaringly apparent. “Until government sets an example by curbing some of its costs, such as SATS charges and high corporate tax rates, it cannot expect the private sector to do the same,” says Getz.

On strategy, he claims that the Japanese, for instance, have manipulated the yen’s exchange rate to protect Japan’s manufacturers and exporters. “Tax breaks, which are another incentive enjoyed by SA’s overseas competitors, should be contemplated by Pretoria for our own export drives,” he says.

Unless some real incentives, together with coherent and flexible strategies, are delivered, says Getz, there must be “serious question” whether SA can create the required 300 000 new jobs needed each year.

Japan, which is spending $600m in the clothing sector this year, is not the only country giving this industry real support. Spain, says Getz, is spending $1.1 billion on development and expansion, and Canada’s Quebec province alone $84m and the EEC $45m.

He warns that in SA, unless the industry holds its cost increases and inputs below the rate of inflation, further job losses can be expected.

The immediate sales outlook, meanwhile, is not encouraging. Winter order books are thin and not secure. Manufacturers believe that even the orders they already hold could be subject to cutbacks if January and February retail sales are disappointing.
When he was alive, Philip Frame was not the most popular of men. The story went that he built his textile empire on classic sweatshop lines, paying his black labour starvation wages and rarely having a civil word for trade unionists — or shareholders.

Some say it was Frame’s autocratic and abrasive approach, and his abysmal lack of finesse in dealing with labour matters, that led to the Durban strikes of 1973. The continuing discontent that flowed from that unrest culminated in the formation of the first modern black trade unions.

Shareholders in the group held him in low esteem because of his tightfisted policy which rarely saw dividends of any significance being paid. Obsessed with the need for financing expansion from internal funds, and buying raw materials abroad when prices were favourable, he customarily raked off a major portion of profits for reserves.

Death, even allowing for due reverence, has been no more kind to him. The day he died in 1979, the share prices of his listed companies rose sharply, suggesting that the market was expecting an immediate improvement in the group’s management. But recently there has been malicious talk that, through his carefully crafted will, he attempted to control the destiny of the group from the grave. Tasteful though it is, this accusation is not without substance.

The controversial personal stamp that the late Philip Frame placed on his companies has endured since his death. Litigation over his contested second will may soon be resolved, but it appears that, even so, the group will continue to be run in roughly the way he wanted it to be. Any major change in control, or even a sell-off, does not seem to be on the cards.

In his second will, drawn up in 1974, Frame entrusted control of his vast estate to the hands of his closest aides. His nominated trustees included Selwyn Lurie, Sidney Peinmer and Arche Berman, all professional managers and group employees of long standing. By direct decree, he ordered this trio to ensure that the structure of the group remained unchanged and that its conservative financial policies — particularly on dividend distribution — were maintained.

Perhaps even more revealing was that Frame saw fit to draw up a second will at all. In a fit of pique, after a quarrel with his son-in-law Max Ulfane, he overturned his first will and penned a second, removing Ulfane as life chairman-designate of the group and stipulating that he could never be a trustee. That vindictive act sparked a family-versus-company legal feud which has lasted for four years.

Frame once boasted that it would take several generations to sort out his estate through the tangled skein of his will. In that, he may have been wrong. Litigation involving the will is at last nearing an end. On May 7, the Pietermaritzburg Supreme Court will hear argument on whether Frame’s second will should be declared void and the first one reinstated.

Much is at stake. Nobody has yet tried to measure accurately the Frame fortune, but it is conservatively estimated to be worth in the region of R50m. With the shares at their present stratospheric levels, it is probably much more.

There are four quoted companies in the group, all of which Frame himself had a major interest. The companies are Consolidated Textiles (Context), Natal Consolidated, Natal Canvas, and SA Woollen Mills. The group also includes Standard Woollen Mills and Baker King Holdings. It has factories throughout the country, in Durban, Cape Town, Johannesburg, Bloemfontein and Harrismith, and further interests in Ciskei, Zimbabwe, Zambia and Malawi. Its plants cover 15m m² — space enough to swallow 500 blocks in central Johannesburg — and it employs well over 30,000.

As a young immigrant textile worker from Dresden, Germany, Frame started the business more than 50 years ago by making blankets for the black trade. Blankets are still Context’s main line of business, though it has subsequently branched out into making cloth of all types, underwear, clothing, canvas shoes and gumboots and, more recently, polyester fibre and filament. Industry sources say the group is the largest single maker of blankets in the world and the biggest textile concern in the southern hemisphere.

The huge sums of money involved, the family discord over the assets of a self-made millionaire, and personal enmities, are quite easily the stuff of a Dallas or Dynasty-type saga — though the facts are often stranger than fiction.

Adding to the intrigue is the persistent market rumour that, should the family members manage to wrest control of the group from the present directors, they would be willing sellers. In that event, there should be no shortage of takers. The Frame group’s assets are widely regarded as grossly undervalued and the shares of the various companies — despite their recent steady price rises — still trade at massive discounts to net asset values.

Because of this, asset strippers have been hovering round the Frame group for years. But the Barlow-Rand-controlled textile group Romatex has long been punted as a front-runner in the takeover stakes. Romatex could well see synergies with its own operation, and it has the financial muscle of Barlow behind it.

As the litigation drags on, reports have
appeared alleging that the Frame group's file is never far from Romatex MD Jack Ward's desk. But Barlow director Bas Kardol gives a different impression: "I have not seen a single document or a single number on the Frame group," he says. "That's how close we are." Kardol understands why Romatex is being tipped as a potential acquirer. But he adds, "We take a normal interest in Frame, being in the same business, but our interest does not extend further than that."

Looking at the fragments of Frame's corporate picture, there seems little chance of control slipping from the firm hands of the trustees — even if the family is successful in its bid to overturn Frame's second will. At the heart of the matter are several codicils — all accepted by the family at an earlier court hearing — penned by Frame to his first will. One removed Max Ulfane as a trustee and another appointed Lurie, Feimer and Berman as custodians of the estate.

The legal representative of the family, Monty Koppel, confirms that control of the group is not the primary issue. He contends that the family is seeking to have the second will invalidated only in order to have a bigger say in the running of the estate, since the invalidation of the second will would result in the appointment of an additional trustee. That, in terms of Frame's will, would probably be his daughter, Joy Ulfane. The distribution of substantial private funds is involved, which the family wants to oversee more closely, according to Koppel.

But the appointment of an additional trustee could create problems for Lurie and his fellow directors in the boardroom. This is probably why they are holding out against the family. At present, there are three directors against two family members — Frame's widow Bertha and his eldest daughter Hazel Westbury. All major decisions requiring a majority vote are easily carried by the directors. That would not be the case if Joy Ulfane is appointed. Deadlocks might then become more common.

**Threat to control**

"That's a big if," emphasises Lurie. He and his fellow directors recognise the threat to their ultimate control that the appointment of an additional trustee would pose. Consequently, they are not about to capitulate easily on that score. Instead, they are digging in for a protracted legal battle.

Koppel refuses to speculate on the family's ultimate objectives or whether they would attempt to short-circuit the decision-making process if they achieve voting parity. "Our first objective is to win the case, and that won't be easy," he says. However, he does concede that, in the event of there being equal numbers round the boardroom table, "people will probably have to be more reasonable."

That's a far cry from holding sway in the boardroom, particularly where decisions to dispose of the group are concerned. That eventuality is made more unlikely by a further clause in Frame's will, which states that there should be unanimity among trustees before a decision to sell the company is taken. Given the acrimonious nature of the dispute, consensus on that issue seems almost impossible.

Though stock market speculators appear to believe otherwise, it seems virtually certain that control of the group will remain in the hands of the trustees. Even the family seems to concede that. In addition, Lurie and his fellow directors have proved themselves to be able administrators. And, more specifically, they have followed Frame's instructions to the letter, even at the risk of being criticised by shareholders.

But there can be little doubt that the legal furor over the will, together with the group's current labour problems, has had a debilitating effect on management. Companies within the group have turned in disappointing results recently, though that can probably be blamed more on poor market conditions than on any misdirection by management.

Still, a drawn-out legal battle, or a compromise that could impinge on management's ability to take decisions, can hardly be viewed as being in the interests of the group or its shareholders. Meanwhile, the stock market's speculators might do well to display some caution — at least until the dust settles.

Graham Fyford
Big textile, clothing growth in Ciskei

BISHSO — Ciskei is rapidly becoming a major industrial centre for textile and clothing manufacture.

Amid growing local and international interest in the decentralisation incentives available in the independent states, investment in the larger textile and clothing factories is expected to total over R130m and employ at least 13,000 people by mid-1986.

South African textile and clothing production is at a post-war low and local manufacturers are coming under increasing pressure from cheap imports since Pretoria's relaxation of import control. Located in the designated deconcentration points and taking advantage of the financial incentive offered is seen as one way of maintaining profitability.

Ciskei has attracted a large portion of the decentralisation areas' total investment in textiles and clothing, partly because of the historic existence of these companies close by in East London and also because of the harbour and rail facilities there.

Futhermore, the region is close to the wool producing centres of the Cape.

The biggest South African companies already active in the region are Da Gama Textiles and the Berden Group — a subsidiary of Protea Holdings — which have large textile and garment production units in the area. Thrustor Manufacturing Products also has a large operation, having recently established two plants worth over R3m in total to make protective clothing and uniforms.

In addition, Consolidated Textiles — part of the Frame Group — will have the largest single blanket factory in the world in operation by June.

"While we have no immediate plans to set up any further factories in the area, Ciskei has good potential for this type of industry and we are keeping an open mind on the matter," says a spokesman for the Frame Group.

On the international front, an Italian company, said to be the biggest private textile concern in Europe, is to establish a multi-million rand worsted acrylic spinning mill in the region by mid-year.

Agreement has also recently been reached to set up Israel's first factory — CiskaTex — to make high-quality underwear for the South African market.

The establishment of these concerns is expected to lead to an integrated textile and clothing industry, say many of those involved.

"One can already see several related manufacturing units starting to produce a whole variety of finished garments, using textiles produced in the region," says a spokesman for the Berden Group.

Managing director of Da Gama Textiles, Mr Harry Pearce, says linked industries are developing now, with more companies making use of the 95 per cent kickback on wages to start the large labour intensive operations that are needed in the manufacture of clothing.

"Our Home Fashions company is an example of this trend toward the development of more labour intensive, rather than capital intensive manufacture," adds Mr Pearce.
By MIKE JENSEN

Ciskei is bidding to become a centre for textile and clothing manufacture.

Investment in textile and clothing factories is expected to reach R130m and employ 13,000 people by the middle of this year, say Ciskei officials.

South African textile and clothing production is at a post-war low, with manufacturers under pressure from cheap imports since Pretoria's relaxation of import control.

Relocating in decentralised areas to take advantage of financial incentives is seen as one way of maintaining profitability.

An added attraction is that Ciskei is close to the wool-producing centres of the Cape.

The biggest South African companies already active in the region are Da Gama Textiles and the Berden Group — a subsidiary of Protea Holdings.

Thrustor Manufacturing Products recently established two factories worth over R8m to make protective clothing and uniforms.

Consolidated Textiles — part of the Frame Group — will have what it claims to be the largest blanket factory in the world in operation by June.

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The managing director of Da Gama Textiles, Mr Harry Pearce, says linked industries are already developing as more companies make use of the 95% kickback on wages to start the labour-intensive operations needed in the manufacture of clothing.

"Our Home Fashions company is an example of this trend towards the development of more labour-intensive, rather than capital-intensive, manufacture," says Mr Pearce.
Bid to settle pay dispute at fabrics plant

Mercury Reporter

A NEW bid to resolve a dispute over pay between management and workers at S.A. Fabrics in Durban will be made today at a meeting of a conciliation board appointed by the Minister of Manpower.

About 250 workers at the plant at Rossburgh went on a 10-day strike earlier this month in support of their demand for more pay. They returned to work after the appointment of the conciliation board.

But the workers decided to boycott all overtime work pending the settlement of their dispute with the management according to a spokesman for the Fosatu-affiliated National Union of Textile Workers.

The union spokesman added that if today’s wage talks broke down workers would consider further possible strike action.

The workers demanded an increase of 16 percent spread over the year and rejected a company offer of a 4 percent increase for the first six months. They also refused to collect their pay during the work stoppage.

A spokesman for S.A. Fabrics yesterday described the conciliation board meeting as normal procedure and added that it was not company policy to divulge any information concerning workers to the media.
Workers settle row over pay

By STEVEN FRIEDMAN
Labour Correspondent

A DISPUTE between a Natal textile company SA Fabrics and the National Union of Textile Workers — which led to one of only three legal strikes by black workers since the Government’s labour reforms were introduced — has been settled, a union statement announced yesterday.

The dispute was prompted by a union demand for a staggered 16% wage increase, to be introduced in three instalments between January and July. SA Fabrics replied with a 45% wage offer.

A formal dispute was declared and on January 26 workers struck legally at the plant. During the strike, the company threatened to sue the union and cancel its agreement with it, and also retrenched some workers.

Workers returned to work when an official conciliation board was appointed to settle the dispute.

In its statement yesterday, the union said the settlement meant workers would receive an 8% wage increase backdated to January.

It said the agreement had come after two full days of negotiations and was adopted after a general meeting of union members agreed to accept it yesterday.

According to the statement, a key point in the agreement is that further wage negotiations will take place in order to agree on a July increase.

It added that 15 workers retrenched during the strike would be reinstated “immediately” and a detailed recognition and procedural agreement had been signed by the two sides.

In exchange, workers had agreed to work overtime for up to three months to minimise delivery hold-ups prompted by both the strike and a recent fire at the plant.
Striking workers sacked

Mercury Reporter

ABOUT 80 striking workers at a Pinetown textile factory, Nigael and Lester (Pty) Ltd, were fired yesterday for taking part in an illegal strike, according to a spokesman for the company.

In a statement to the Mercury yesterday, the spokesman said the striking workers had also failed to return to work as arranged with the workers' union.

'The dispute was over dissatisfaction with the shift system,

'The company advised the union and the workers last week that it was prepared to discuss reasonable alternative proposals to the shift system, but the workers went on strike without further consultations taking place,' the spokesman said.

The workers' representative — the National Union of Textile Workers — last night denied having made any arrangements with the company for the workers to return by a certain time.

'The union simply received an ultimatum from the company that if the workers concerned (members and non-members alike) did not return to work by certain fixed times they might be dismissed.'
Union calls for urgent strike talks

Mercury Reporter

THE National Union of Textile Workers has called for an urgent meeting with the management of a Pinetown textile factory in a bid to avert the escalation of labour unrest following the dismissal of about 60 striking workers.

The workers, who were protesting against the shift system at Ninian and Lester Ltd, were fired this week for taking part in an illegal strike.

However, most of them have refused to collect their pay yesterday afternoon because they refuse to accept their dismissal.

Mr D Driesdale, the company's managing director, last night confirmed that only a few of the dismissed workers collected their pay yesterday.

Stoppage

Mr Isaac Ndlovu, the union's branch secretary, said yesterday that the NUTW called for the meeting to appeal for the reinstatement of workers for the sake of industrial peace.

Meanwhile, the work stoppage by about 600 workers at another textile factory — Smith and Nephew (Pty) Ltd — where production has been disrupted, entered its fourth day yesterday with still no indication when the workers would return to work.

Mr G K Johnson, the company's personnel manager, said no ultimatum was given to the workers, but if they still failed to return by Monday the company would be forced to review its stand.

The workers downed
Workers still out on strike

STRIKES at two textile factories in Pinetown continued yesterday with the entire workforce at Ninian and Lester downing tools to protest against last week's dismissal of 30 of their colleagues.

"About 80 workers were dismissed at Ninian and Lester last week for participating in an illegal strike and failing to return to work at the times arranged with the union", a spokesman for the company said.

The dismissed workers were told to collect their pay late on Friday. However, it was reported yesterday that only a few workers did so.

The branch secretary of the National Union of Textile Workers, Mr Isaac Ndlouna, said yesterday the workers were angry at the dismissal of their colleagues. He said they were hoping to hold a meeting with workers yesterday.

Meanwhile the work stoppage at Smith and Nephew entered its fifth day yesterday. The personnel manager, Mr G K Johnson, said there had been no change in the situation.

Workers there went on strike last week in support of a basic increase of R12,50 across the board. They also called for the scrapping of the productivity bonus scheme which they claimed, was unreliable and discriminated against some workers.

— Sapa
1 000 textile workers still striking

STRIKES and industrial unrest continued to plague two large Pinetown textile factories yesterday where more than 1 000 workers had downs two since last week, seriously disrupting production.

At Nini and Lester more than 500 workers are striking in support of the reinstatement of their 80 colleagues who were sacked last week. The company has agreed to reinstate all but 10, but the workers are still considering the offer.

Mr Isaac Ndlou, branch secretary of the National Union of Textile Workers, said after talks with management that the 10 workers had been refused their jobs because they were allegedly involved in the intimidation of workers.

A company spokesman last night confirmed that talks had been held with the NUTW and added that there had been no change in the company's stand. 'The talks were inconclusive,' he said.

The management of a surgical supplies company, Smith and Nephew (Pty) Ltd, where about 600 workers are on a pay strike, have requested an urgent meeting with Mr Johnny Copelyn, general secretary of the National Union of Textile Workers, to help resolve the dispute.

The company's personnel manager, Mr Kelvin Johnson, yesterday confirmed that a telegram had been sent to Mr Copelyn requesting a meeting with him. The meeting is expected to take place this morning.

Although the work stoppage at the factory entered its sixth day yesterday, the company still withheld giving any ultimatum to the workers. Mr Johnson said it was company policy to 'first exhaust all avenues of peaceful negotiations before taking any drastic action.'

However, the company will be forced to reconsider its stand if the workers 'still fail to return to work this week,' he added.
One strike ends as workforce at second factory continues protest

Mercury Reporter

ABOUT 600 striking workers at a Pinetown surgical supplies factory, Smith and Nephew Ltd, yesterday decided to end their week-long strike and return to work today, according to a spokesman for the workers.

But the strike at another Pinetown textile factory, Nnian and Lester, continued as the entire workforce of more than 500 protested against the company's refusal to reinstate all the workers who were dismissed last week for taking part in what has been described as an illegal strike.

The Smith and Nephew decision follows urgent talks between the management and Mr. Johnny Copelyn, general secretary of the Fosatu-affiliated National Union of Textile Workers, earlier yesterday.

The workers, who have been on strike since last week in support of their demand for more pay, were later addressed by Mr. Copelyn and other union officials.

Mr. Kelvin Johnson, the company's personnel manager, could not be reached for comment yesterday, but in a statement to the Mercury earlier he said 'The company's practice is to settle such issues through the process of collective bargaining and we have requested the NUTW to assist us in getting the workers to return to work so that negotiations can continue.'

He said the company offered to increase current wage levels by 13.7 percent.

In effect, the increase for the lowest paid workers represented a rise of R9.55 a week in basic pay and a further increase of R2.25 a week in productivity bonus,' he added.

The workers demanded an across-the-board increase of R12.50 a week and the scrapping of the productivity bonus scheme.

According to a spokesman for the NUTW, Nnian and Lester agreed to reinstate only 70 of the 80 dismissed workers. The other workers are not prepared to accept the offer and are sticking by their demand that all 80 be reinstated.
Greenhorn SANS gains 'expertise'

WITL's slap of the tongue in a speaker discussing expertise in exports last week coincided with the "expertise" it may well be here to stay.

The Steenkamp and Kinsman report makes it clear that the pressure is there for a lot more "exporters." "Exactly what "exporters" may be elusive, but there are a few ground rules.

A firm that exports only when local demand is down is following a disastrous policy. The reason is very simple. A trade relationship is not built on smudged eggs. A firm that exports locally to improve its market for all South African companies in the same field.

South African exporters do have a less than perfect record overseas, and reports of official officers conceded on their recent visit.

Fluctuations

This may be because of the strongly cyclical nature of the South African economy and the Rand. But companies aiming at long-term export try to build allowances for the fluctuations into their planning. A case in point is South African Nylon Spun Yarns (SANS). SANS have been building their exports steadily over the last few years, with a record of exports of over R20m for last year, about 25 percent ahead of their planned export figures.

Markets include Japan and the United States, and places in between.

That SANS are able to export in the face of competition from larger companies in the United States and the Far East may seem surprising. The secret, says the managing director, Mr. John Schaffer, is a mixture of determination to export, finding the right niche, and quick action.

"You have to move, and move quickly," he says. The fibre industry is very much a network, and, if an opportunity occurs, he says, immediate action is the key.

SANS are keen to encourage exports by local companies using their yarns, and where a good relationship has been built up, SANS try to reach price agreements to push exports. They have kept yarn prices static for some time although the raw feedstock for both nylon and polyester on the world market is in dollars. With a lower rand exchange rate, SANS have seen a 40 percent increase in raw material costs in the last two years, but this has been avoided, passing this on.

There is room for change in the current export incentive, Mr. Smith feels. Currently incentives go to actual exporters, but there is nothing to aid suppliers further down the pipeline making their prices more competitive in the face of such fluctuations.

Perhaps a revision will be in order as "export" develops.

SATO say there are still places on an export marketing management course to be held at the Cape Sun from April 3 to 5. Clearly comprehensive, the course is aimed at directors and managers.

Course segments include developing an export strategy, in-market research, international banking and foreign exchange operations, export incentives, and marketing abroad.

While not exactly a snap at R400 for members, or P800 for non-members, the course is, says Safo with an exclamation mark, "now 200 percent tax deductible!"
The closed shop battle between the National Union of Textile Workers (NUTW) and the Garment Workers' Industrial Union/Natal (GWIU), at protective clothing manufacturer James North Africa (JNA) in Pinetown, continues.

In the latest round a number of JNA workers were summoned to appear before a GWIU disciplinary committee to answer "charges" of being NUTW members. The GWIU's letter to the workers warned them that the union's executive council would consider the "charges" against them even if they failed to appear.

The letter follows a ballot at the factory in February to determine which union had majority support among the workers. The NUTW, which is affiliated to the Federation of SA Trade Unions (Fesatu), achieved an overwhelming 219-43 majority over its Trade Union Council of SA (Tusca)-affiliated rival.

Tusca has a closed shop at the factory. Last year it changed its constitution to allow it to expel any member who joined another union. This means that any member of the Natal Clothing Manufacturers' Association (NCMA) who hires non-GWIU workers could face criminal charges in terms of the relevant legislation. The move was clearly intended to stop workers joining the rival NUTW and to prevent NCMA members from hiring those who do.

The status of the JNA workers has been hanging in the balance since the ballot. GWIU general secretary Franke Hansa refuses to tell FM what happened at the disciplinary meeting — he claims the proceedings are sub judice.

A worker representative tells the FM that the workers did not appear at the hearing. He also says that attorneys for the workers submitted a letter on their behalf to the GWIU stating that the notice served on the workers was not in compliance with the GWIU constitution as it was not delivered in good time. The legality of the GWIU constitutional change is also being questioned.

Despite the pressure being brought by the GWIU on the NUTW's JNA workers, they are unlikely to be dismissed. The company could, just possibly, resolve the issue by resigning from the NCMA. That would cause problems for the GWIU's 43 members at the factory, since in terms of the union constitution they would be barred from working for a non-NCMA employer.
R12m investment in PE textile firm

By LOUIS BECKERLING
Business Editor

PORT ELIZABETH-based industrial textile manufacturer Industex Pty Ltd is poised to make a R12-million investment in the manufacture of "geotextiles" — woven fabrics employed in engineering and building applications.

Announcing this at a day-long product launch to potential clients at the Marine Hotel yesterday, Industex's Belgian chairman, Mr François de Selhers de Morinville, revealed that R5 million worth of plant and machinery for the planned expansion was already on order, and the remaining investment would be made over a period of some five years.

The immediate expansion was of a highly capital-intensive nature and would consequently create a demand for only a limited number of jobs — some 40 in all.

"And these positions will be highly skilled, demanding a great deal of training," said Mr De Selhers.

Mr Ken Burt, geotextile project manager for Industex, said the factor that presented most appeal to potential clients was the boost in employment offered by the use of the fabric.

By way of illustration Mr Burt referred to the costs involved in laying a drain along a roadbed.

"Employing the conventional materials — which require the laying of expensive ground filler material to act as a strainer which will prevent 'piping' and the erosion of soil — runs into a cost of some R26,30 per metre (linear)," explained Mr Burt.

"Substituting the expensive graded material for a geotextile fabric results in a cost per metre (linear) of R13,65 — in other words a cost-benefit ratio of 2:1."

A major potential application of the product is as an anchor on river banks — restricting the erosion of banks by both rising floodwaters and the subsequently receding flow of water as the river level declines.

"The products have broad application in industry, mining, and agriculture, with great cost benefits to all," said Mr De Selhers.

"It has been extensively used in Europe and the United States, and the systems will bring to South Africa the most up-to-date technology and building techniques."

Ideal applications of the ground fabric said Mr De Selhers, was in road construction, soil filtration, and erosion control. The fabric was woven from polypropylene tapes, polyethylene monofilaments, and polyester yarns.

Mr De Selhers said as a sole licencsee, his company was planning the mass production of the product locally and also hold the export rights to Australia and New Zealand.

The product will also provide a new market for the locally-manufactured raw materials employed in its construction — including polypropylene chips and polyethylene.

Interviewed during a lunch break at yesterday's presentation, Mr De Selhers said the price of plastics raw materials in South Africa was a worrying factor.

"The price and quality of synthetic material from SA Nylon Spinners in Cape Town presents no difficulties as far as our other manufacturing divisions are concerned — slightly more expensive than world prices, but within reasonable limits."

"The same cannot be said for the supplies of polypropylene. When prices are up to 50% higher than those on world markets then something is wrong."

Mr De Selhers said he sympathised with the general principle that infant industries required protection, but this should be kept within a range of perhaps 20% of ruling world prices.

"This can be justified to prevent large-scale short-term fluctuations in prices following, for example, sudden changes in foreign exchange values."

"But 50% and more is quite wrong."

Mr De Selhers also said that a panel of senior industrialists — "men who know industry intimately" — be appointed to sit in judgment over allegations of dumping.

"Such a twin system, of limited protection for developing industry, and investigations into the dumping of products at prices below their raw material costs, is all the protection that should be granted."

(197) E Post 273/84
NUTW wins right to take dispute to Industrial Court

By Carolyn Dempster, Labour Reporter

In an important development in the long recognition dispute between the Frametex Mill, National Union of Textile Workers, the Durban Supreme Court yesterday handed down a judgment allowing for the dispute to be heard in the Industrial Court.

The ruling, in favour of the NUTW, means the case can be debated in the Industrial Court.

Frametex Mill opposed the request on the basis that the dispute be settled by a "trial of strength" between the two unions.

The conciliation board failed to resolve the dispute.

The NUTW then applied for an interim court order restraining Frametex Mill, with 3,500 employees, from recognising the Tucsa union.

JOHANNESBURG — In a key ruling, the Natal Supreme Court has rejected an application by the Frame Group of textile companies asking it to prevent a major union recognition dispute being considered by the Industrial Court.

This means the National Union of Textile Workers (NUTW) is now free to take court action against the company for allegedly refusing to recognise it and allegedly favouring Tucsa's Textile Workers Industrial Union.

In a ruling against Frame, Mr Justice Booyzen also gave a boost to the court's power in cases where "unfair labour practices" are alleged.

He endorsed a ruling by the court's deputy president, Dr D B Ehlers, who had found a labour practice could be "unfair" even if the party committing it had not violated a binding contract.

The Industrial Court has heard argument that its role in some "unfair practices" cases is limited to deciding if an employer honoured the provisions of a workers' contract and that it has no power to intervene if he did.

It is this view which has now been rejected by the Supreme Court.

The case was brought by Frame after the Minister of Manpower agreed to a request by NUTW that he appoint a conciliation board to consider the union's claim that the company was guilty of an "unfair labour practice".

NUTW alleges Frame undertook to recognise it at its Frametex mill if it represented a worker majority and also agreed not to favour either it or Tucsa's TWIU who were waging a recruiting battle in the plant.

It charges that Frame broke this agreement.

An application for the extension of an interim order restraining frame from recognising the TWIU was settled out of court.

Frame agreed not to recognise TWIU until the Industrial Court case was settled and NUTW agreed not to regard the undertaking to recognise a majority union allegedly made by Frame as legally binding.

Frame then asked the minister to scrap the conciliation board. It said that, because the union had agreed that the company had not violated a binding contract, there was no longer a dispute between the two sides.

The minister refused and Frame then challenged his decision in court — DDC.
For more than a decade the National Union of Textile Workers has been locked in a recognition battle with the massive Frame textile group. Labour Reporter CAROLYN DEMPSTER reviews the epic struggle in the light of recent developments.

Textile union battle for recognition continues

Despite persistent opposition from the Frame Group, the battle for recognition in the group's complex of mills at New Germany, Natal, by the National Union of Textile Workers (NUTW) continues.

In the Natal Supreme Court last week, Mr Justice Booyzen opened the way for the NUTW to take its case to the Industrial Court — exactly a year after the Fosatu union first applied for a conciliation board in a move to resolve the recognition dispute with Consolidated Frame Cotton Corporation Ltd.

But this is just the latest incident. The battle for recognition, and the Frame Group's response to NUTW's complaints, have continued with an ongoing efforts in the mills, have a long and complex history.

This dates back to 1973 and the widespread strikes in the Durban area which radically changed the nature of labour legislation in South Africa.

According to NUTW general secretary Mr John Copelyn, many of the workers involved in the strikes were Frame employees and one of the first factories targeted for organisation by the then new union was Frametex — the largest of the five factories in the complex with 4 000 workers.

To complicate matters, the Textile Workers' Industrial Union was also organising in the New Germany factories. Until 1979 this union was open only to Indian workers and worked closely with NUTW. With the change in legislation the relationship between the two unions changed.

Differences

The major differences were that the older established Fosatu union had access to the New Germany factories while the NUTW did not. Frame had a relationship with the TWU and was processing stop orders for their limited membership whereas the Fosatu union had no such relationship.

With its rapid growth in membership and other recognition successes in the textile industry, the NUTW was also variously regarded by employers as being the more militant of the two unions.

In brief, the initial attempts at recognition at Frametex led to two strikes in 1974 and 1978. On the one hand NUTW claimed Frame was frustrating the unions' efforts by intimidating workers. On the other hand, Frame said it was not prepared to become involved in any way in the competition between the two trade unions.

But, in April 1983, Frame told NUTW that it was prepared to negotiate. The Twasa union, because it had a majority in the Frametex Mill, even though the NUTW produced evidence to the contrary.

As a result the NUTW applied successfully for an interim order preventing Frame from recognising the Twasa union and from continuing to deduct union dues.

LEGAL ACTION

At the same time the Fosatu union embarked on a legal course in an attempt to win recognition and appealed to the Minister of Manpower to appoint a conciliation board. At stake were five allegedly unfair labour practices, linked to Frame's refusal to recognise a representative union and an agreement which the union claimed they had concluded with Frame on the issue.

For exactly a year, the case has bounced from one civil court to another largely as a result of NUTW's determination to see the merits of the matter debated in the Industrial Court, but, more precisely, because of Frame's persistent opposition. The corporation has refused to go a secret ballot as a test of representativeness, argues that Frametex forms part of the complex, and should be regarded as a whole, for purposes of union recognition, and has three times tried to prevent the recognition dispute from reaching the Industrial Court.

Mr Selwyn Lute, joint managing director of Frame, confirmed that Frame would apply for leave to appeal against Mr Justice Booyzen's judgment.

But that is not the end of the story. The NUTW has also tackled Frame over reprisals and is currently fighting for the reinstatement of about 25 workers who have been laid off since October last year.
IT was only a matter of time before the Minister of Manpower's refusal to allow key unfair labour practice cases into the industrial court was challenged in the Supreme Court.

Now Fosatu's National Union of Textile Workers (NUTW) has made the first move.

It will ask the court to overrule the Minister's decision not to allow 10 retrenched Frame Group workers to take their case to the court— a move reported in this column last week.

Even if NUTW wins, it would not set an automatic precedent for other cases blocked by the Minister.

But, in considering the case, the Natal Supreme Court will presumably set down guidelines on whether certain types of retrenchment could be "unfair".

If NUTW wins, it is likely that unions will take other ministerial refusals to the court.

In every case, the Supreme Court will have to rule on whether the practice at issue could be "unfair".

This could give it, not the industrial court, the key role in defining unfair practices. Meanwhile, the Natal Supreme Court has overruled an attempt by the Frame Group to keep a key union recognition case out of the industrial court— and in so doing has given the court its first boost for some time.

It endorsed an industrial court finding that a practice can be unfair even if the law has not been broken— in this case the law of contract.

This allows the court to rule practices "unfair" if it believes they harm labour relations, and not only on strict legal grounds.
Union to appeal on dues decision

BY STEVEN FRIEDMAN
Labour Correspondent

A KEY industrial court decision, upholding the right of an official industrial council to bar unions who are not members of the council from having union dues deducted by employers, is to be challenged in the Supreme Court.

Mr John Copelyn, acting general secretary of the National Union of Textile Workers (NUTW), yesterday confirmed that the union had launched this action which calls for testing of the right of councils to bar unions from receiving automatic deductions, or “stop orders.”

Its ruling will have implications for several industries in which councils have barred emerging unions, which refuse to join them, from receiving “stop orders” which are regarded by many unions as an important source of financial stability.

The decision against which the NUTW is appealing was given in a case brought by it against the Cape textile industry’s industrial council. A clause in the council’s agreement prevents the deduction of money from workers’ pay by employers, except for purposes laid down by it.

After applying unsuccessfully for an exemption allowing “stop orders” to be deducted on the union’s behalf, the NUTW appealed to the industrial court, arguing that the clause in the agreement barring deductions was meant to protect workers from employers who deducted money from their pay against their will, and that this could not apply where workers had joined voluntarily.

The council argued, however, that the clause was specifically designed to protect the unions which belonged to it. The court refused to overrule the ban, which was a blow not only to NUTW, but also to other emerging unions as many industrial councils have imposed similar bans on “stop orders” for unions who resist joining councils.
Workers 'locked out' of Epping factory

Labour Reporter

WORKERS at an Epping wool packaging firm say they were locked out of the factory today when they tried to return to work after a dispute.

The workers claimed they were locked out, while the regional general manager of the cooperative involved, Mr H J Scholtz, said the workers were on strike.

The 147 workers walked out of Boeremaakelaars Koop Bpk (BKB) yesterday after a month-old dispute about short-time.

"NEGOTIATED"

Mr Scholtz confirmed today the workers were outside the gates and said their return to work would be "negotiated".

"But we definitely won't take them back today," he said.

A spokesman for the Fosatu-affiliated National Union of Textile Workers, which claims majority membership at the plant, said today's situation "proves this is a lock-out".

"The workers are tendering their services, but the gates are closed."

The union spokesman added that company representatives had said they wanted to speak to a Department of Manpower official before entering discussions with the union.

Mr Scholtz confirmed he was speaking to a manpower official today.
Wool packers still away

Staff Reporter

MORE THAN 140 Epping wool packers who walked off their jobs last Thursday in protest at the use of casual labour on short shifts yesterday continued their stay-away.

The general manager of BKB woolbrokers, Mr Gideon Scholtz, said he was confident his labour force would return to sign new contracts today, adding that he was willing to enter into negotiations with their labour union, the National Union of Textile Workers (NUTW).

The dispute, over rotational afternoon shifts on a Wednesday, reached deadlock on Monday.

Mr Scholtz said yesterday that the new contract would include clauses that the workers continue to work short-time or overtime.

Workers fired

The month-old dispute came to a head on Thursday when Mr Scholtz fired 60 workers who had refused to work the rotational shift the day before. None of the 140 labourers had worked the shift for four weeks and were angered when Mr Scholtz hired casual labour to fill the shift.

Mr Scholtz said the shift was introduced to gain more working time for his labourers after his depot had had a slight increase in wool-bale receipts. Earlier the depot had experienced a marked drop in wool-bale receipts and he had reduced Wednesdays to half-days.
Fire started after dispute

EAST LONDON
Police are investigating a fire which broke out in a storeroom at the old Summerpride drive-in site late yesterday afternoon after an alleged pay dispute.

The fire broke out in a room of the old projection booth which was rented by an insurance company to store cotton salvaged from a fire at Consolidated Textiles Mills last year.

Mr John Glen-Leary, who stays on the property adjoining the old drive-in, which is being used to house the salvaged cotton, said he was exercising his dog when he saw about 80 people milling about the projection booth.

"I thought this was strange until I realised that the workers employed by the insurance company to sort the cotton were being paid before the long weekend," he said.

"While I was watching, I saw a man come round the corner of the building with what seemed like a food container."
The R5½-million Consolidated Textiles (Ciskei) Mill, being constructed by Murray and Roberts, should be completed by August 1984, three months ahead of schedule.

New Consolidated mill in Ciskei grows quickly

EAST LONDON — Construction of the R5½ million Consolidated Textiles (Ciskei) mill at Potsdam in the Ciskei is progressing rapidly and it should be completed by August, three months ahead of schedule.

Murray and Roberts (Ciskei), main contractor on the site, began work in June last year. The buildings, which cover a total area of 24 000 square metres, include an office block, mill, finished goods store, sorting shed, public shop, water reservoir and staff facilities. Concrete roads will service the various sections.

CTC is one of the first industrial concerns in the Ciskei to have obtained the land freehold and to have developed the buildings at its own cost.

Off-shutter concrete frames and roof construction of pre-stressed beams, rafters and purlins, have been the main construction methods used. Side cladding consists of a variety of face bricks brought in from Bloemfontein and Grahamstown.

All the pre-stressed components were manufactured by a subcontractor, Murray and Roberts Civils (Cape), in a yard especially established on the site — DDR.
VANDALS CAUSE 
R800 000 DAMAGE

The Natal Mercury, Thursday, April 18, 1974

Mrs Beatrice Shangeze at the machine she used to operate.

Contrasts to meet
Mr. B. B. and the company head several government
jobs close and interacted material with their materials
Some of the materials used in the machine are:

The manufacturing director Mr. Duraneeze said:

Not only are they all the materials, but also the machine

does not break down easily. The total of the materials

hitherto at present is around R600 000. Comments to exclude

DETECTIVES are investigating a break-in in which

No injuries were sustained.
Romatex interim earnings up 70%

Own Correspondent

Johannesburg — Romatex, the textile group controlled by Barlows, had a remarkably successful six months to March with earnings up 70 percent on a life depreciation basis.

Net attributable profit, excluding non-trading items, rose from R4.7m to R8m.

The company warns, however, that "there is every indication that conditions will be more difficult in the second half of the year."

Even so, the chairman, Mr Jack Ward, expects life earnings to be 20 percent up this year against 1982/83.

Dividend

The interim dividend has been increased from 10c to 15c but the directors caution that this is partly because of the intention to reduce the disparity between interim and final payments.

The much better than expected results for the six months to March are an indication of the way that spending in the economy forged ahead strongly in the last quarter of 1983.

A consequence of that spree — or, more accurately, of the lax monetary and fiscal policies that permitted it — is, however, that inflation is now still far too high.

That in turn necessitates tough policies for the rest of this year which will take an inevitable toll on most companies.

Romatex makes floor-coverings, textiles, packaging foam, automotive textiles, ropes and quilted products.

C G Smith, which is controlled by Barlows, has just under 60 percent of the equity.

Turnover

In the six months to March Romatex showed a 22 percent increase in turnover to R158m.

There was a 60 percent jump in trading income — from R11.1m to R17.7m — but profit was further boosted by a reduction in the proportionate interest rate burden and by tax benefits from capital spending.

On a pre-Budget FIFO depreciation basis — first in, first out — taxed profit was up by 61 percent to R10.7m from R5.6m.

The increase in company tax, however, from 46.2 percent to 50 percent knocked R800,000 off the actual profit.

There was also a R2m (R0.9m) life depreciation write-down but, thanks also to the Budget, no tax benefit this time against R700,000 in the first half of the previous year.

Lifo earnings

The net result was a 70 percent rise in lifo earnings to 33.5c from 19.5.

For the full year Mr Ward expects earnings to grow from 26.1c to about 38c.

On that basis the total dividend is likely to rise from 34c to 40c.

Comment. The Romatex results for this first half will obviously be welcome to shareholders but they should be seen in context.

The company has had some difficult times recently and estimated earnings of 82c this year should be seen against 96.3c in 1979/80 and 135.1c in 1980/81.

The latest results also point to the impact the Budget will have on company results.

Instead of the 33.5c reported Romatex would have been looking to around 39.5c for this latest six months without the Budget tax and allowance changes.

The company also warns that consumers are now curbing their spending.

At 770c (buyers) Romatex shares are on prospective yields of about 10.6 percent; for earnings and 5.2 percent for dividend.

Cape Times 27/4/84
An East London fireman directs his hose at blazing bales of cotton at Consolidated Textile Mills in the city last night.

45 firemen battle city textile blaze

EAST LONDON — A fire, fanned by last night's gale-force wind, broke out when cotton bales caught alight at Consolidated Textile Mills off Philip Fram Road, causing extensive damage.

The fire, with flames as high as 12 metres, began at about 9 pm. At least 45 firemen with the aid of six fire engines fought the blaze until 10 pm.

The roads on both sides of the complex were blocked off and a handful of by-standers watched as the firemen fought the fierce blaze with the wind against them.

Volunteers from the crowd helped firemen with hoses and ladders.

The fire licked at two buildings which flanked the roadway where it had started.

Firemen broke down a wood-and-iron partition to gain easier access to the blaze.

By 10 pm the fire was under control but the fire chief, Captain Bill Kenny, said it was likely to continue for some time.

Weary firemen knocked off duty, leaving a skeleton staff to continue fighting the fire.

Captain Kenny said the fire had started in cotton stacks along a roadway in the factory complex and last night's high winds had spread the fire along the row of stacks and from there into cotton stacked in three buildings.

He said the fire in these buildings had been contained by automatic sprinkler systems but the cotton bales would continue to smoulder for a long time and would have to be removed from the building.

One fireman was taken to hospital with a shoulder injury, but Captain Kenny said the injury did not appear to be serious.

Captain Kenny was unable to give an estimate of the damage caused but said it was extensive. He said the fire department would be carrying out an investigation.
International banker Leutwiler

... banks must accept write-offs

future generations
It also camouflaged the true cost of services and thus avoided accountability to taxpayers. He warned that these deficits tended to become self-perpetuating because they enabled services to be offered at cut prices, thus encouraging further demand. They increased the temptation to fund consumption spending by printing money.

Instead of aggressively pressing the Third World for repayment, he proposed a lifting of all import restrictions on subsidised exports from these countries. This, of itself, would be a major step towards alleviating the predicament of debtor countries.

Brock stressed that the only durable solution to Third World debt was a general increase in international trade, particularly through an expansion of exports. Protectionism would merely prolong the agony of the Third World.

In 1982, the US had purchased $36 billion of Third World-manufactured products. Europe bought only $21 billion and Japan $6 billion. Other countries should follow the US example, he said, and push towards greater trade activity and fewer restrictions.

Not sufficent attention was being paid to investment in the Third World, he said. "We ignore it at our peril. Capital investment in developing countries is a prerequisite to recovery." But it must not be invited and not forced upon recalcitrant recipients. "It creates jobs locally, profits locally and returns only accrue if returns are made. Unlike bank borrowing, there is no debt to service."

"The US, like any other nation, must realise that the capital pool is global and will not increase without our collective effort. One nation's wealth is not of an independent nature, it is interdependent on all countries," he said.

Paradox of crisis
According to former Brazilian Finance Minister Mario Simonsen, the paradox of the Third World debt crisis was that the developing countries were transferring capital abroad. The countries of Latin America, for example, were transferring abroad over 20% of their exports revenues, mainly to the benefit of the US. He felt it should be the other way round.

But Simonsen was hesitant about prescribing a solution to the problems of the Third World. He argued against the rescheduling proposals of the Hohatyn style at off-market interest rates. "There is no reason why creditors should accept any systematic interest rate relief," he said. "First, because lenders would be better off by capitalising into principal the part of the interest obligations that borrowers were temporarily unable to repay. Second, because as far as sovereign risk is concerned, there is a cloudy zone between the ability to pay and willingness to pay which could trigger a serious moral problem."

Once interest rate relief was granted to a debtor country, other indebted nations would claim the same benefits on the basis of equitable treatment, and good debts would be quickly transformed into bad ones. Developing nations might then face a long phase of credit rationing and, in the interim period, IMF-supported adjustment programmes should set balance-of-payment targets for debtor countries, indicating, as a consequence, the amount of principal and interest to be refinanced.

Simonsen also suggested an agreement between the main creditor nations and two international institutions, IMF and GATT. Since trade balances of debtor countries were under strict IMF targets, any export loss had to be offset by an equal import cut-back from creditor nations. Hence, protectionism in creditor countries was self-defeating.

Alphonse Egli, head of the Swiss Federal Department of Home Affairs, stressed that the emergence of official deficits should be taken as a sign that government was on its way to an excessive interference in the economy. Thus, in turn, led inevitably to "an expansion in government expenditure and greater demands on the taxpayer."
was just as rapid when the consumer boom ended. Operating profit and margins have slipped in the past two years. More worrying to investors, the return on capital has been sliding dramatically since 1980.

On the face of it, this decline may seem partly attributable to managerial problems. In fairness, though, the group, like most others at present, is undoubtedly taking a buffeting from intense competition in its markets.

At the tail-end of last year, business activity picked up, and again affirmed the company's high sensitivity to volumes and consumer demand. There were no boom in the ordinary sense of the word. But the sudden, if short-lived, stampede for consumer goods had an immediate effect on Romatex's results. Interim earnings a share for the six months to end-March (at 33.5c) were 70% up on the previous period. Turnover advanced by 22% from R160m to R193m and after-tax trading income, on a FIFO basis, was up 69%.

**Evening the profit trend**

Management has long been looking for ways of diversifying the firm's activities, and thereby evening out the profit trend. Previous efforts in this direction have led to the creation of four main divisions involved in trading and manufacture. These are:

- The floor covering division producing coverings for the household and commercial markets.
- The industrial division supplying components to the motor industry, foam, components for the bedding industry, and non-woven products.
- The mills, which make ropes and fibres for the agricultural and packaging industries as well as carpet components.
- A fabric division supplies worsted cloths and household textiles to the consumer market.

But the main problem, says chairman MD Mackenzie, is to seek out another market.

Jack Ward, the MD, sees scope for moving within traditional and related trading precincts — even into related ventures — is continually limited. Further expansion into the motor components business, for example, would mean competing with a host of well-established suppliers — without any reduction in Romatex's exposure to the consumer market. And a move from worsted fabrics into cottons or cotton blends would mean running into the likes of heavyweights such as the Frame Group and Tongaat Textiles.

Perhaps most inhibiting of all are the lines of ownership linking Nampak back to its controlling shareholder, Barlows, through C.G. Smith. Certain areas of packaging, for example, could represent a natural extension of Romatex's activities. To some extent it is already active in this area through its bag-making ventures. But, as Ward makes plain, Barlows would not welcome an aggressive push by Romatex in this direction, since that would involve competition against other Barlow group firms like Nampak. Presumably, also, Barlows' broad presence similarly closes the way for expansion in many other sectors.

**Living with boom-and-bust**

To a considerable extent, Romatex's activities will remain largely confined to its existing areas. Management — and shareholders — may have to continue living with the boom-bust cycles.

There are some other options though. In particular, Ward says the firm is looking closely at investment opportunities abroad. The main principle in assessing foreign investment prospects is that the company should stick to the sectors it knows best. Storage is a case in point. Ward says there is potential to expand Romatex's growing Island View Storage operation in Durban with offshore liquid storage ventures.

Management is forecasting lower earnings in the current six months, largely because of anticipated slower demand for floor-coverings and motor vehicles, and the ripple effects of the drought on consumer spending on textiles and packaging. It is an outlook that makes the need for diversification all the more desirable.

"We're working more and more on long-term strategic thinking," Ward says.

Main objectives will be to balance the business by looking for less cyclical investments — or to find ways of making the laggards perform better.

Despite the difficulties, growth through direct acquisition is not being ruled out. There have been some useful acquisitions, such as that of Nampak Ropes & Twines, a C.G. Smith subsidiary acquired in July 1983 for cash to merge with the existing ropes and twines business. Ward stresses that acquisitions must be justified by commercial considerations.

Certainly, the balance sheet is rock-solid and there should be no shortage of funds to finance new ventures. Borrowing capacity is, if anything, under-utilised. The debt-equity ratio is only 0.20 at present, which Ward notes is well inside management's debt ceiling of 0.50. He points out that the firm could raise R80m at virtually a moment's notice.

There are current plans to invest some R30m in capital programmes in existing operations. These projects include a R1.2m...
plant to be built by the automotive division at Rosslyn, and expansions to the existing plant in Port Elizabeth. A new venture into woven packaging and a cash injection into partly-owned Berg River Textiles is also a possibility.

Shorter-term prospects hinge substantially on the timing and extent of an upturn in consumer spending. A solid pickup is not expected to happen before the first quarter of next year. Usually, retailers start restocking as soon as they regain confidence that their markets are recovering, and manufacturers benefit some months ahead of the resurgence in retail sales.

After the disappointments of the past 12 months, with demand repeatedly hammered back by bad news such as the sliding gold price, rising interest rates, the drought and gcst hikes, retailers may well adopt a more cautious approach to restocking. Nevertheless, Romatex has shown its ability to lift its profits rapidly in a more buoyant market, and Ward predicts that profits should again be looking healthy by 1986.

Looking further ahead, the clothing and textiles industries, which account for the major slice of Romatex's earnings, have comparatively limited prospects. As Ward notes, they are mature industries, which cannot hope to achieve the fast expansion currently being attained in the younger high-technology industries. There are also deeper problems of imports from the Far East, the fragility of tariff protection, and a levelling off in some population growths.

The motor industry should continue to show steady growth in line with present vehicle sales rates, but profitability of motor and component producers will be constrained by intense competition. The attractions of a volume-sensitive company like Romatex lie in its ability to recover strongly when demand turns upwards. Its future earnings pattern will also be determined to a considerable extent on its success in flattening out the roller-coaster effect inherent in its current trading areas. For that its diversification plans will have to be carefully considered and well laid.
to appeal against his judgment. The appeal will be heard by a full bench of the Natal provincial court in September.

The March case, which was heard in the Durban and Coast Local Division of the Supreme Court, centred on an issue with a complicated history.

The NUTW has long been trying to gain recognition from CFCC at the Frametex mill of the company's New Germany complex. The union alleges that at a meeting with the company in October 1982, CFCC undertook to recognize it at the mill provided it represented the majority of the Frametex workers. The NUTW claims it later proved - although the company disputes this - that the majority of workers were indeed NUTW members but that the CFCC had decided to favour the Tusca-affiliated Textile Workers Industrial Union (TWIU).

Whether CFCC agreed to recognize the NUTW at the October 1982 meeting and whether or not that agreement was enforceable by law later became hotly disputed. The union alleged that CFCC broke that undertaking by favouring the TWIU. The company contested it. In a Supreme Court case heard in September last year, the NUTW agreed that in any future proceedings it would not claim that any contractually binding agreement on recognition had been concluded by CFCC.

Unfair labour practice

In the same month, however, the Minister of Manpower appointed a conciliation board to establish whether CFCC had committed an unfair labour practice by refusing to give effect to the alleged agreement to recognize the union made in October 1982.

CFCC asked for the board to be scrapped because, as a result of the Supreme Court case, there was no longer a dispute. But the NUTW contested that, claiming that a breach of an agreement — even if it was not contractually binding — did constitute an unfair labour practice.

In March Mr Justice Booyzen endorsed the union's contention. This opened the way for the NUTW to contest the main issue in its battle with CFCC, whether CFCC has committed an unfair labour practice by allegedly refusing to recognize the NUTW and favouring the TWIU. However, after the judgment was delivered, CFCC gave notice that it would contest the judge's findings.

This week Mr Justice Booyzen said that it was very difficult for him to evaluate whether another judge would come to the same conclusions as he had in March. He therefore granted CFCC leave to appeal against the judgment, although he said the matter was not important enough to be heard by the Appellate Division.

According to a lawyer acting for the union, the judgment means that a possible hearing of the main case in the Industrial Court will be delayed yet again.
Workers back single union representation

Labour Reporter

IN ONE of the largest trade union meetings at Curries Fountain in Durban, more than 15,000 garment workers yesterday pledged support for the Texta-affiliated Garment Workers' Industrial Union in the face of union rivalry that threatens to disrupt the clothing industry.

Hundreds of clothing factories in Natal were shut down to enable workers to attend the rally convened by the union to discuss alleged inroads made into its membership by the respective Textile Workers and other unions.

Most workers were on duty last Saturday at normal rates of pay to get the day off yesterday.

The meeting was attended mainly by Indian and black women and unanimously resolved to give the GWIU full support.

It called on the union to use all powers at its disposal, including strike action, to oppose infiltration of rival unions into the garment industry.

GWIU supporters carrying placards denouncing rival unions were applauded as they marched into the crowded sports ground.

Banners stated 'Unity is strength - we are happy with our union', and 'Garment workers do not want more than one union'.

Opening the meeting, union president Ismail Muckdoom said attempts were being made by other unions to win support although the GWIU had a closed shop agreement with many factories.

He said the GWIU had a membership of more than 55,000 workers at 425 clothing factories in Natal.

Since its formation about 50 years ago, it had made significant strides in improving wages and working conditions.

He said the union was not racially-segregated and its membership was open to all races.

The presence of workers at the meeting was a public demonstration of their faith in the GWIU, he said.

He claimed that the GWIU was a workers' union and was not affiliated to any political body.

General secretary of the union Frankie Hansa told the meeting that attempts were being made to sow division among garment workers by allowing more than one union to represent them.

Part of the large turnout at the Garment Workers' Industrial Union meeting at Curries Fountain in Durban yesterday.
Sacked Mercury workers ask for jobs back

Labour Reporter

Four striking workers, who were dismissed by a Pinetown textile factory in an example to other workers, have asked the Industrial Court to have them reinstated.

An application for a reinstatement order was made by Mr. Chris Alphonse, on behalf of Mr. Ebrahim Hope and three other former employees of Ninian and Lester (Pty) Ltd, who were among those who went on strike on February 29 in protest against the shift system.

In papers filed in Court, the applicants said the work stoppage followed the dismissal of all the striking workers.

The company agreed to re-engage them on March 12, but only took back 15 workers, of the remaining 75 workers were no other positions open to any of the others.

They accused the company of engaging its workers in a manner which was wrong, unfair, and unjustified in that it failed to treat all equally.

Treatment

They also claimed that the company did not hold a disciplinary inquiry, failed to determine whether there were any circumstances in which they justified their dismissal.

Mr. D. B. McGregor, a director of the company, agreed in terms of the agreement between the National Union of Textile Workers and senior shop stewards that no action was taken at the factory with the exception of the men who had been involved in the illegal strike and the dismissal of other workers.

The President of the Court, Mr. D. R. R. Schuit, reserved his judgment for November 10.

Mr. B. Acker appeared for Ninian and Lester (Pty) Ltd.

Mr. B. Acker appeared for Ninian and Lester (Pty) Ltd.
els of dust emission.

So far the union's two-year national campaign has turned up 30 workers suffering from suspected brown lung (byssinosis), a disease thought to be associated with cotton dust particles.

The survey, which has revealed vasty varying levels of dust control 'The Frame Group's New Germany factories employ between them some 7,000 mill workers, a group the union believes could be at high risk.

To circumvent the ban, the union's medical examiner, Dr Neil White, has been conducting medical examinations of workers at a local church hall. Tests have shown that of the 1,500 workers examined, 90 displayed symptoms of brown lung.

Frame Group joint MD, Selwyn Lurie, however, vigorously denies that the tests mean the workers are stricken with the disease. He says byssinosis is a notoriously difficult disease to diagnose conclusively and that its symptoms are common to a host of other diseases. This is confirmed by Dr White.

Further, Lurie says the group is in the forefront of industrial health and safety in the textile industry and has modern and sophisticated machinery which reduce cotton dust to the maximum extent possible. In addition, plants have been re-equipped with modern waste filtration which has further reduced hazards.

According to Lurie, the group is co-operating with the special committee on byssinosis set up by the Textile Federation. It has two representatives on the six-man committee, chaired by a doctor, and he says he will act on any of its recommendations.

Laudable as the federation's efforts are,
**CNA GALLO’S SOURCES**

<table>
<thead>
<tr>
<th>Sales</th>
<th>% of group</th>
<th>Pre-tax % of group</th>
<th>% of profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail stores</td>
<td>192 5</td>
<td>67 9</td>
<td>9 3</td>
</tr>
<tr>
<td>Gallo division</td>
<td>70 2</td>
<td>24 7</td>
<td>9 4</td>
</tr>
<tr>
<td>Support subsidiaries</td>
<td>21 0</td>
<td>7 4</td>
<td>4 3</td>
</tr>
<tr>
<td>Holding company financial services</td>
<td>283 6</td>
<td>100</td>
<td>24 1</td>
</tr>
</tbody>
</table>

The CNA stores will also remain general booksellers, while specialist shops formerly held by Gallo, such as the Exclusive and Campus bookshops, will concentrate on specialist markets.

Band notes that non-CNA retailers probably account for about 85% of Gallo’s sales and will always remain a major part.

Longer term, management expects the SA market to increasingly follow US and UK trends. That means preparing for another major market — that for cable and satellite TV. Possible government subsidies for computer education in schools could provide considerably more impetus to acceptance of these media.

Stronger emphasis on educational products, the Gallo plan to make the group’s earnings less cyclical.

Bloom predicts higher earnings for the group this year, flowing from the elimination of loss-making companies and the expansion into the profitable video business. Despite the recent share price fall, the market recognises there is potential as it values the share well above the net worth of 182 7c. By next year, if consumer spending revives in line with forecasts, the company should look increasingly attractive. The share yields 8.5% at the current price of 250c, against the yield of 4.8% for the sector.

*Andrew McNulty*

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**THE CLOSED SHOP**

**Controlling the entry points**

Few labour issues can heat emotions like that of the closed shop. The practice of employers hiring only workers who are members of specific unions is controversial — and particularly so in SA, where race is an ever-present factor in the workplace.

Before 1979, in the pre-Wehahn period, Africans could not be members of legally-recognised trade unions. The closed shop was widely condemned by labour reformists as entrenching job reservation. Only recognised unions could enter into closed shop agreements prohibiting employers from hiring non-union labour — and all these unions excluded Africans.

Since government accorded legal recognition to black trade unions, much has changed. Unions mainly representing unskilled black workers — founded both before and after Wehahn — have flourished. And as they gained strength they began to challenge the closed shop prerogatives held by the older unions. Some have applied for, and been granted exemptions. The Federation of SA Trade Unions (Fosatu) affiliate, the Paper Wood and Allied Workers’ Union, has, for instance, been exempted from the SA Typographical Union’s closed shop at a number of Nampak factories.

At one stage it seemed that if the emerging unions continued to gain exemptions, there would be a long-term erosion of the closed shop. But, recently, the older unions have begun to use the closed shop to resist the organisational gains made by the newer unions. One defensive tactic has been to develop a mechanism to expel workers from established unions if they join emerging unions — so bringing down closed shop penalties on the employer.

This seems to be the case in the present battle between Fosatu’s National Union of Textile Workers (NUTW) and the Garment Workers’ Industrial Union (GWIU). Both have members at the Pinetown protective clothing manufacturer, James North (Africa). Conflict started last year when the NUTW applied to the Natal clothing industrial council for membership. The application was refused on the grounds that the NUTW did not have sufficient representation in the industry. The GWIU subsequently announced that it would challenge the industrial council’s decision in the Industrial Court.

The GWIU, which is affiliated to the Trade Union Council of SA (Tuscas), followed up late last year by amending its constitution to allow it to expel any member who joined another trade union. It was a masterful tactic. Labour law does not prevent workers from being a member of two trade unions. But in terms of the GWIU’s closed shop agreement with James North, it meant that the company would be liable for censure and prosecution by the industrial council if it continued to employ NUTW members.

While the GWIU’s tactic was undoubtedly aimed at ensuring its survival against the NUTW onslaught, it posed a gigantic headache for James North. No company enjoys being caught in the middle of a trade union membership war. James North took the sensible decision to test the workers’ true feelings by conducting a secret ballot. The result was a resounding victory for the NUTW. Some 219 workers voted in favour of it, while only 43 opted for the GWIU. But the GWIU did not take the matter lying down. It alleged ballot irregularities and worker intimidation, and has questioned the impartiality of James North’s ballot auditors.

The NUTW’s challenge of the Natal clothing industrial council’s rejection was heard in the Industrial Court last week. No decision had been handed down by the time the *FM* went to press. But the GWIU did concede in court that the ballot results were accurate. The judgment will be crucial for determining the future of the GWIU’s closed shop in the Natal clothing industry, into which the NUTW has made significant inroads.

General secretary John Copelyn tells the *FM* his union has organised some 5 500 Natal clothing workers — although not all fall within the GWIU’s closed shop.

The closed shop emerged as a point of contention in another case heard last week in the Rand Supreme Court. This arose out of an application lodged in March by the National Union of Furniture and Allied Workers (NUF AW) for an urgent interdict preventing the Paper Wood and Allied Workers’ Union (PWAU) from recruiting workers in the furniture manufacturing industry. The furniture union, which disaffiliated from Tuscas recently, argued that the PWAU was acting in contravention of its

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**FOCUS ON OIL PRICES**

At the beginning of this year the *FM* created a markets section to focus on and extend its coverage of foreign and domestic financial and commodity markets. This week it extends that coverage by including key oil prices, both spot and forward, quoted in international markets. See page 104.
own constitution, which did not cover furniture workers. The NUFAW’s action stemmed out of the PFWU’s encroachment at Brits furniture factory Pat Cormick. But the NUFAW obviously intended to stop its Fosatu rival from organising anywhere in the furniture manufacturing industry.

A complicating factor in the case is that the PFWU had applied to have its scope extended before the NUFAW’s application to the Supreme Court. By the time the matter came up for hearing last week, the extension had been granted. The hearing therefore revolved around costs and whether the NUFAW had been entitled to prevent the PFWU from recruiting furniture workers at the time the application was lodged.

The NUFAW argued that employees who joined the PFWU would be endangering their right to continued employment under the furniture industry because it has a closed shop. The PFWU’s legal representatives countered by saying employees had every right to belong to more than one union. The NUFAW stated in court that it intended amending its constitution to prevent this— as did the GWU. The FM went to press before the court passed judgment.

Flashpoint issue

These two cases vividly illustrate how the closed shop has become a flashpoint between the emerging and older unions. Tucsa general secretary Arthur Grobblemba is a staunch supporter of the concept: “It is a legitimate means whereby trade unions can ensure that they retain their representation and representativeness. The Labour Relations Act provides various escape routes to keep them on their toes.”

But while the emerging unions seldom have much in common with Tucsa, it would be easy to see the mark to assume that they are against the closed shop in principle. A leading Fosatu representative told the FM: “We feel the closed shop is a legitimate means of developing a union’s interests, but it has been abused in SA because of minority and racist unionism. The closed shop must be based on representativeness. The biased closed shop that some SA trade unions have not been based on that. Workers also have a right to get out of a closed shop in the event of a union losing a representation.”

According to a National Manpower Commission (NMC) report on the closed shop issued in 1981, 50 industrial councils out of a total of 104 had 57 closed shop agreements covering about 250,000 workers, 25,000 of them union members. The report stated that certain unions were involved in up to 87 closed shops. Of the exclusively white unions, 25% had closed shops, while of the unions catering for whites, coloureds and Africans, 22% had closed shops. Only one black union had a closed shop. A senior government spokesman tells the FM these figures remain roughly valid.

The majority of these agreements contain a reciprocal clause—that employees are obliged to work only for employers who are party to the agreement, while employers can only hire union labour.

The NMC’s investigation of the closed shop arose from the Wiehahn commission’s consideration of the practice. It reveals exactly how contentious the closed shop is in terms of the Wiehahn report the majority of commissioners recommended that the closed shop should be maintained, subject to constant surveillance by the NMC. However, government in its responding White Paper, favoured the minority view that future closed shops should be prohibited and that existing agreements should be maintained depending on the wishes of the participating parties. But it instructed the NMC to investigate the matter further.

After much deliberation the NMC’s 1981 report recommended that the capacity to negotiate closed shops should be retained but that more safeguards should be considered. The NMC stated that although there are strong philosophical and practical objections to the closed shop it is a long-established practice in SA and that the retention of which will have more advantages than disadvantages. It is a way of recognising that trade unions need some sort of security arrangement which is justified because of the role they play in the maintenance of industrial peace.

It added that a prohibition on future closed shops, despite possible merits, would result in profound disruption of a large number of stable employer-employee relationships.

In its White Paper on the fifth Wiehahn report government accepted the NMC’s recommendation but decreed that a 90-day period should be allowed before an employee has to become a union member.

That will not be the NMC’s last word on the closed shop. It is shortly to release another report on safeguards.

There are many arguments for and against the closed shop—and they are not restricted to SA. According to Kate Jewell of UCT’s Business School, the International Labour Organisation (ILO) has not taken a stand on the issue despite the fact that it has adopted more than 156 conventions on labour issues. This, she says, could be seen as indicating the conference’s acceptance of the practice. However, it could also be indicative of the difficulty of formulating a convention acceptable to the three parties involved in the ILO—international labour, management, and the organisation’s various states’ representatives.

Arguments for closed shops are:

□ They contribute to industrial peace since they lead to the development of larger and stronger trade unions. This oblige employers to pay due heed to them and to comply with agreements.

□ They help prevent the establishment of a large number of trade unions in the same industry, so contributing to greater trade union stability.

□ They aid trade union discipline, and consequently help employers too.

□ It would be unfair for non-union members to derive benefits from the actions of trade unions without bearing the obligations of membership, and... squander the rights of those who have to pay for them.

□ They are so entrenched in SA that abolition will lead to disruption.

Some find these arguments compelling. But in the final analysis closed shops restrict both employees’ and employers’ labour choices. Thus, goes against the grain of all that free enterprise represents. Just as workers should have the freedom to associate and to join the trade union of their choice, they should also have the freedom not to associate. In a country like SA this is a vital principle.
IT started with a cough. Greta thought it was a winter's cold... until it didn't go away.

Monday was bad. It was then she started her weekly stint at a cotton factory in Pinetown. It was always bad on a Monday. She had fits of coughing and chest tightened with pain. And she wheezed.

She didn't relate any of these things to the place she worked. There were no signs which said "Beware! Cotton dust could be dangerous to your health!"

Her employers, part of the multi-billion rand textile industry in South Africa, did not take internationally-accepted safety precautions against brown lung disease.

Greta Maphumulo has worked in the cotton industry off and on since she was 19. At 55 she is a respiratory cripple.

"It's so hard to breathe. Especially when I walk up a steep hill or carry heavy things or get dressed," she said through an interpreter.

In 1976 the coughing started. She said the doctor employed by the factory suspected she had asthma, but cough medicine he prescribed did not help.

This year Dr Neil White, medical officer for the National Union of Textile Workers, diagnosed her sickness.

The test of the lung function of 4500 workers in the industry. Using a spirometer, we found Greta had only 43 percent of her expected lung function.

"She showed the classic symptoms of brown lung," Dr White said.

The disease can be brought under control if detected early.

"The solution is to prevent further exposure to cotton dust — which is being done now. Unfortunately in Greta's case the damage is permanent."

Soon after Greta's diagnosis, she was told she was "no longer a useful employee."

She had worked most of her life in the cotton industry, but was now named by her. She felt angry she had not been warned of the hazard of cotton dust.

Now she spends her days at home in Umlazi, looking after her youngest child, Mchedle, 14. And she is adamant she will not allow her daughter to enter the cotton industry.

"I don't know if I'll be able to get another job," Greta said. "Maybe I can get work as a domestic. I am doing a bit of sewing and taking peppermint cough mixture, but it doesn't help. It only helps if I lie down a lot."

She doesn't know if she will get compensation.

One of a handful of victims of the disease who have been compensated is John Hlela, 34, of Hammarsdale.

He worked for 10 years in a spinning department as a cleaner, using a compressed-air blower — a process which stirs up clouds of cotton dust.

"He was told he was no longer a useful worker."

Dr White said, "John Hlela showed marked symptoms of byssinosis. Initially he experienced chest tightness, usually at the beginning of the working week. And when he walked uphill he became short of breath."

"Eventually it became so bad that he couldn't breathe when he was working. He had to rush outside to get fresh air preventing the disease from spreading."

He stayed away from work for three weeks and came back without a sickness certificate. The company dismissed him as a result.

Dr White carried out a lung function test on Mr Hlela in July, 1981, and the result was told. Asthma treatment didn't help and he applied for workers' compensation.

In June, 1983, he was ruled 70 percent disabled and granted a R109.50-a-month pension.

By granting this compensation, said Dr White, the state acknowledged that byssinosis was caused by cotton dust in the factory.
NEARLY 20,000 workers in the country's cotton mills are at risk from the killer disease, brown lung, because no safety standards are set down by law.

The insidious lung disease is caused by inhaling cotton dust over a long period of time. It leads to blocking of the lung passages, and if not checked early it is incurable and can be fatal.

Although the toll of respiratory cripples—written off as permanently disabled—is rising, South Africa lags far behind the rest of the world in formulating protective legislation.

Brown lung disease, or byssinosis as it is known medically, can be cured after thousands of American cotton workers were crippled by byssinosis in the 1970s, stringent laws were brought in to reduce the hazard.

And after a great deal of scientific research, the World Health Organization set a limit of 0.25mg of cotton dust per cubic metre as the maximum safe level, above which workers risk becoming disabled.

Ten times

In South African mills the National Union of Textile Workers has measured concentrations up to ten times greater than this safe level—an indication of the need for enforceable standards, said union general secretary John Copelyn.

For the past three years the union has investigated conditions in mills and come up with the following list of changes it would like to see introduced:

- Employers must warn workers that cotton dust can damage their health.
- Workers must be given masks to protect them from the dust.
- Workers must be allowed to monitor levels of cotton dust.
- Levels of cotton dust must be kept below the internationally-acceptable limit by using appropriate ventilation.
- Regular tests to be carried out on workers.
- Workers showing symptoms of brown lung disease should be given job security by being transferred away from dusty areas without loss of wages.

Fell short

Most cotton processing factories fell shockingly short of these requirements, said Mr Copelyn.

There were no warning signs, no prescribed masks (one Natal mill issued masks last month for the first time in 20 years), monitoring of dust levels was haphazard, and workers still risked being fired once they became crippled by the disease.

Mr Copelyn said employers were aware of the danger of exposure to cotton dust and were guilty of neglect.

He said the Textile Federation had taken up the issue only after the union had "stirred up the dust." The union had campaigned for three years to warn workers of the danger of cotton dust and the union doctor screened thousands of workers for symptoms of the disease.

As a result, six disabled workers have been compensated for life and another 30 are applying for compensation.

Mr Copelyn said the Textile Federation represented employers' interests and was "creeping into an area directly affecting unions. It is yearning to be able to make representations to the state that either no cotton dust standard be set or that no changes from the present practices of employers are required."

He recalled that in America employers bitterly opposed the high standards required for the safety of workers.

"The standards were challenged by employers, who said they were unfairly harsh on the industry, but all their attempts to get standards relaxed came to nothing."

Meanwhile, the Textile Federation has set up a special committee to investigate byssinosis, and the executive director, Stanley Schlagman, has slammed the union's campaign as "emotive and dramatic."

He said an investigation of the international scene over 16 months showed South African conditions warranted further study before laws could be formulated.
"No way," retorted Mike Getz, president of the National Federation of Clothing Manufacturers. Getz says manufacturers will continue to buy abroad, in spite of the higher costs, largely because of the poor delivery track record of fabric makers and their inability to supply more than about 25% of high fashion categories.

The main problem, according to Getz, is that retailers ran down their stock levels last year and have been forced to replenish their shelves in order to meet even the expected reduced consumer demand. Textile manufacturers, who managed to get their lead times down to around six weeks last year because of reduced activity, are finding lead times once again stretched to 12 or 14 weeks because demand has come back so strongly.

Though they have fairly full order books, clothing manufacturers fret that if demand at the retail end falls off even further, those orders could disappear at a moment's notice. "Retailers," says Getz, "are making their decisions the way their till is ringing." The upshot says Getz, is that clothing manufacturers are coming under heavy pressure to offer retailers a bigger variety of ranges with much shorter delivery times "Instead of a stock turnaround of three or four times a year, they want us to go the US route of six to eight stock turns a year.

While he acknowledges that the textile industry has its problems, Wilson claims "jittery" retailers are exacerbating the situation. "It's a question of 'we don't know what we want, but we will let you know eight weeks in advance.' You can imagine what that does to our lead times.

Even with the best will in the world, there is some doubt whether retailers' revised expectations will ever be met. Some say the heavily diversified nature of the textile industry, a throwback to the policy of import substitution, makes it impossible for it to "turn on a sixpence" and re-gear for a new line.

But Wilson argues with proper vertical planning, involving the three arms of textile production, clothing manufacture and retailing, as is done overseas, "there's no reason why we can't adapt."

Ironically, the body best placed to institute such inter-industry planning is his own Textile and Clothing Advisory Council on which all parties are represented.
Business Day

Jaff lashes out at textile industry

By ELIZABETH ROUSE

THE doyen of the clothing industry, Mr Sam Jaff of Delswa, has lashed out at the inefficiency of the textile industry which is now seeking further protection.

He says in the annual report that "a significant proportion of our drop in profits in the past year is a result of poor service received from the textile industry, and unfortunately the situation shows no sign of improvement."

The efficiency of the Japanese industry is attributed in part to the smooth flow of raw materials to the industry. This guaranteed flow, without the need to build up heavy stocks, can be of enormous benefit to the textile industry in South Africa." Mr Jaff finds it "most surprising" that the textile industry has the gall to seek more protection in view of its inability to provide the clothes industry with timely deliveries and service in terms of their contracts.

The Delswa group, however, spent R1m on extensions to its Kimberley factory that will provide ideal working conditions for its staff, says Mr Jaff. Plant is constantly being upgraded. Sophisticated computer techniques are being introduced this year He foresees another difficult year ahead for the clothing industry. However, Delswa's order books are once again full for the first half of the year.

Although margins continue to be depressed, he expects that earnings will be maintained.

COMMENT. Delswa's earnings a share dropped to 147.5c in the year to April 1984 from 1983's high of 270.9c but the dividend was maintained at 70c. Having anticipated a difficult year, Delswa kept cover high at 2.1 in the past year.

Delswa is one of the top women's clothing companies and has successfully ridden out bad years. Its balance sheet is sound and although the factory expansion had to be financed partly from borrowings, net interest paid was reduced to R293 000 from R335 000 in 1983.

The dividend should be held at 70c, making potential dividend yield 8.2% at the current price, compared with the clothing sector's average yield of 5.5%. The shares at about 850c are trading at a large discount to net asset value of R12.99 and are a good long-term hold in the clothing sector.

Deal for non-smokers

FEDERATED Life Assurance has introduced a new series of premium rates on its life insurance contracts which give a discount to non-smokers.

A "typical comparison" of rates is: A male aged 35 next birthday who effects a whole life with-profits policy for R30 000 will pay R104.10 a month if a smoker, and R85.70 if a non-smoker — a difference of 17.7%. — Sapa.

90 DAY ASSETS

18-65%

Cuts hit pump industry

By DAVID FURLONGER

Industrial Editor

THE pump industry is unlikely to recover this year after being badly affected in 1983 by severe spending cuts, says a report.

Market prospects for pumps in South Africa add that it predicts a medium-term average real growth rate of 4% a year.
HEALTH and safety has emerged as the major bargaining issue on the mines. Now it seems set to become a key source of conflict in the textile industry.

For some time, Fosatu's NUTW has been testing thousands of workers for byssinosis - a disease which, it says, is caused by exposure to cotton dust and could be fatal. Recently it said it had found more than 50 cases of the disease among workers at Frame group factories.

Frame replied by charging that there was no conclusive evidence that the disease was caused by cotton dust nor that it need be fatal.

The Textile Federation, which represents employers, has reacted equally sharply to NUTW's campaign, charging that it was emotive and misleading.

The Federation is seeking to counter NUTW by setting up its own byssinosis campaign which may also involve mass-testing of workers.

Recently the NUTW and Federation met to discuss the issue - but this meeting heightened tensions.

NUTW argued that worker leaders had a right to take part in any investigation into workers' health - the Federation said employers were better able to assess the effects of cotton dust in workplaces and did not need union help.

Apparently, NUTW rejected this view as arrogant and left the meeting.

Should the Federation launch its own tests, NUTW may well urge workers and companies where it has recognition agreements not to co-operate.
Frame strikers tense as co-workers are laid off

By STEVEN FRIEDMAN
Labour Correspondent

All but five of more than 300 workers at the Frame Group’s Consolidated Woolwashing and Processing Mills at Pinetown, struck for the second day running yesterday in support of wage demands, according to a spokesman for the National Union of Textile Workers.

But a statement by the Frame group’s joint managing director, Mr Selwyn Lurie, said there had been a “partial” stoppage only, caused by a “handful” of workers who prevented others going to work.

Strikers gathered at their union office yesterday and the company was allegedly refusing to negotiate with the union.

According to an NUTW organiser, Mr Jabulani Gwala, the CWPM stoppage came amid tension at Frame’s biggest Pinetown mill, Frametex, over retrenchments.

Seven workers had been retrenched at Frametex yesterday, he said. While the unrest had not yet spread beyond CWPM, it was possible the dispute would escalate. More than 300 workers are employed at Frametex.

There have been a series of retrenchments at Frame group mills recently, which the NUTW believes could spark unrest. The retrenchments are the subject of several key court actions.

The strike at CWPM was prompted by wage increases granted to workers at Frame’s Pinetown cotton mills, but not to workers at CWPM, which is part of the blanket division.

Mr Lurie yesterday defended the decision, saying Frame workers were only due for a wage increase in January.

Workers in the cotton division in the Durban area were given an “interim increase” this month “to help them in coping with increased inflation”.

This had not been possible in the blanket division which had been “more adversely affected by the serious economic downturn aggravated by the drought and past mild winters”.

However, he said, employers had been considering “how to alleviate the plight” of blanket workers and the National Textile Manufacturers’ Association was discussing the wages of blanket workers at present.

The stoppage, he charged, could “prejudice” these discussions.

Mr Gwala said Frame had refused to negotiate with NUTW on the dispute. In his statement, Mr Lurie hinted at possible action against the strikers, saying that the strike could “prejudice the position of the workers at the plant concerned.”
'Work or else' warning given

Labour Reporter
MORE than 160 mill workers, who have been on strike since Monday in support of their demand for more pay, were yesterday given an ultimatum to return to work today or be summarily dismissed.

Mr Selwyn Lurie, joint managing director of Consolidated Woolwashing and Processing Mills, in Pinetown—a subsidiary of the giant Frame group—said yesterday that because of the 'partial work stoppage' at the mill, no announcement on wages would be made until work returned to normal.

He said regarding the annual wage increase due to be granted to weekly-paid workers in the blanket industry in January next year, the National Textile Manufacturers' Association agreed that a portion of it be brought forward to the pay-week, starting October 1, to assist workers in coping with increased inflation.

This decision has been taken on a national level in spite of the fact that the blanket industry has been adversely affected by the serious economic downturn aggravated by the drought and past mild winters.

These factors resulted in a cutback in production and unfortunately necessitated subsequent retrenchment in the industry.

The Pinetown mill of Consolidated Woolwashing and Processing Mills Limited falls within the scope of the blanket industry, but because of the partial work stoppage there, no announcement will be made until work there returns to normal,' he added.

Mr Lurie said that in the meantime it had been decided to extend to today the deadline by which the strikers must resume working. Those who ignored the return-to-work ultimatum would be dismissed for breaching their terms and conditions of service.

The company would start engaging new employees on Monday to fill vacancies caused by workers who did not resume working by today.
Striking Pinetown mill workers fired

24/11/84

Labour Reporter

ONE hundred and forty-two striking Pinetown mill workers were fired yesterday after ignoring a return-to-work ultimatum after a week-long strike over pay.

Mr Selwyn Lune, joint managing director of Consolidated Woolwashing and Processing Mills Ltd — a subsidiary of the Frame group — said yesterday the company would begin engaging new employees on Monday to fill the vacancies.

He said 130 workers had reported for duty yesterday and letters had been written to those absent from work, summarily dismissing them as they had failed to return to work in spite of warnings given to them last Friday and again yesterday.

But Mr Jabulani Gwela, a spokesman for the Posatu-affiliated National Union of Textile Workers, said all the workers had decided at a meeting late yesterday to return to work on Monday on condition that none of the strikers was dismissed.

Mr Lune told the Mercury letters of dismissal had been sent out already and as far as the company was concerned there was no change in its stand.

He said the NUTW was not recognised by the company. The Textile Workers' Industrial Union had a recognition agreement in the blanket industry.

The workers downed tools last Friday in support of their demand for more pay.
Pretoria strikes settled

Labour Correspondent

MEMBERS of the Pretoria-based National General Workers Union at one plant ended a strike yesterday and those at another firm would return to work on Thursday, the union's general secretary, Mr Donnie Kumalo, said yesterday.

He said about 250 workers at Supercom, at Roslyn outside Pretoria, who struck for pay demands, had returned yesterday.

At Bold Stone, where 70 workers struck demanding union recognition, the NGWU had agreed yesterday that strikers would return on Thursday.

This assurance was given, according to Mr Kumalo, at a meeting of the building industry's industrial council called to discuss a formal dispute between Bold Stone and the union.

"Boldstone declared the dispute late last week, saying the union had committed an "unfair labour practice"."?

At yesterday's meeting, Mr Kumalo said, Boldstone complained that the union had repeatedly demanded recognition without ever producing proof of its membership.

He said the NGWU had agreed to give the company this proof at a meeting tomorrow.
Da Gama, Saawu to negotiate

EAST LONDON — The Da Gama textile company and the South African Allied Workers’ Union (Saawu) are to open negotiations “very soon” on a recognition agreement.

In a joint statement, Da Gama and Saawu announced that a referendum among the workers of Da Gama’s East London factory had indicated that 78.5 percent of the workers wished to be represented by Saawu.

The referendum was held on July 18 and 19.

“In line with Da Gama Textiles policy to negotiate with any party that truly represents the majority of workers, Da Gama will now proceed to negotiate a recognition agreement that will lead to formalising relations with Saawu,” the statement said.

Yesterday the general manager (personnel) of Da Gama, Mr. Frank Judd, said the negotiations would begin “in the very near future.”

Mr. Judd said the recognition agreement would cover Da Gama’s East London factory only and would not apply to the company’s factory near Zwelitsha in Ciskei.

Saawu has been banned in Ciskei.

He said the agreement would affect some 1,500 employees of the company.

Saawu’s branch secretary, Mr. Yure Mdyogolo, confirmed that the union would not be pressing for recognition at Da Gama’s Ciskei factory.

“We are not organised there,” he said.

Da Gama, which is a joint venture between the Industrial Development Corporation (IDC) and Tootal, is one of the Border’s biggest industries — DDR.
800 down tools in factory dispute

Argus Bureau

EAST LONDON — About 800 workers at Consolidated Textile Mills downed tools here and were removed from the factory grounds by police.

The workers said they were protesting against having to subscribe to the Tuscana-affiliated Textile Industrial Workers' Union.

A South African Allied Workers' Union spokesman said the workers downed tools about noon yesterday. Workers on the 2pm shift joined the strike when they came to work.

WITH BATONS

They were later removed from the factory grounds by police armed with batons and using dogs, the spokesman said.

Sawu claims to represent 80 percent of the nearly 4,000 employees at the factory.

The workers continued the strike today and met officials of Sawu to discuss the issue.

Lieutenant Dot van der Vyver, police liaison officer, said: "Police had not used force to remove the workers. No teargas or dogs were used, she said."
EAST LONDON — Police removed a small number of workers who had stopped work and refused to leave the premises of the Frame Group in Chiselhurst yesterday, the police press liaison officer, Lieutenant Dot van der Vyver, said.

The joint managing director of the Frame Group of companies, Mr Selwyn Lurie, said in a statement from Durban yesterday "A small number of employees unlawfully stopped working this morning in part of our East London complex and coerced several others into joining them."

"As a result the workers concerned were notified that unless they resumed working immediately they would be summarily dismissed for breaching their terms and conditions of service and that the company would commence re-engaging new employees to fill any vacancies," Mr Lurie said.
By KEITH ROSS

EAST LONDON — The police allegedly used batons to disperse nearly 1,000 workers who went on strike at the Frame Group works in East London yesterday.

The workers were demanding that the group's management recognize the South African Allied Workers Union (Saawu).

They objected to paying 50c a month in subscriptions to the Textile Industrial Workers Union.

Saawu's chief organiser, Mr Boyce Melitasa, said today more than 400 workers on the morning shift downed tools over the issue of recognition.

He said they were joined on strike by the afternoon shift when it came on duty at 2pm.

"About 80% of the Frame Group workers are Saawu members," he said. "But the management refuses even to speak to us.

"So the workers went on strike and, about 4pm, the police arrived and drove them from the premises."

Mr Melitasa claimed the police used dogs and batons to move the workers who then dispersed.

He said the workers had reported to the factory this morning, but had then immediately downed tools.

"We still hope to get the chance to speak to the company's management," he said.

A company spokesman was unwilling to comment on the strike.

The police Public Relations officer for Border, Lieutenant Dot van der Vyver, said she knew little of the strike.

She was unable to confirm or deny that dogs and batons had been used to disperse the workers.
One

To find the poker
number, just add the
number to the poker
table. If the total is
the number, the
correct number is
the poker. If the total
is less than the
number, subtract
the number from
the total until the
total is less than or
equal to the number.

Steele Friedman

Union Tension Stakes Frames, Natal Mills
EAST LONDON — Allegations that security police had assaulted people in the South African Workers’ Union (Sawu) offices were treated “with contempt” by the head of the security police in the Border, Brigadier A P van der Merwe, said yesterday.

He was reacting to a statement issued by Sawu’s branch organis- er, Mr Boyce Melitafa, at the weekend alleging that security police raided the Sawu offices on Friday morning and assaulted people with “gun butts”.

Brig Van der Merwe said the statement only proved “the mentality of the person who wrote it”.

“I challenge Sawu to go to a charge office and lay charges of assault and public violence on those who were injured in the assaults. No such thing happened at all,” he said.

Police deny EL assault allegations

In his statement, Mr Melitafa said that at about 8 a.m. on Friday, a group of workers from the Frame Group had come to the Sawu offices to report what had transpired in the company on Thursday.

“While they were in the office, seven security policemen from Cambridge entered the offices. When I inquired what they were looking for, they said they were arresting me. They then started beating the workers with gun butts inside the offices, saying they should go out. A lot of the workers then fled,” Mr Melitafa said.

“Two workers sustained some injuries. They have deep cuts on their heads.”

Mr Melitafa said there were also armed police in the street outside the Sawu offices “and a lot of people were scattered in all directions.”

DDR Factory rivalry blamed.

Rain expected to move inland soon

EAST LONDON — The heavy rains over the Border coastal area at the weekend are expected to start clearing up tomorrow and to move inland.

The weather office at the airport here reported that the rain had reached inland as far as Stutterheim where 6 mm was measured.

East London had 23 mm of rain and, in adjoining areas such as Kidd’s Beach, up to 30 mm was measured. The temperature in East London, which was 27°C on Thursday, fell gradually as the cold front started moving in on Friday.

The maximum temperature yesterday was 12.4°C and the minimum 11.5°C.

The rain was due to a large high pressure cell pushing in cold moist air behind the cold front.

Aluwel North and Jamestown had fairly warm weather over the weekend, with cloudy weather setting in yesterday afternoon.

In Barkly East the sun was shining until yesterday afternoon when it became overcast and cooler.

Queenstown also had no rain, but it was cold with a maximum temperature of 10°C and a minimum 7°C.

King William’s Town had six mm of rain.

Meanwhile, more than 100 mm of rain fell in parts of Durban and along the Natal coast yesterday causing widespread flooding.

Houses, factories and factories were flooded and damage to many of them is believed to run into thousands of rand.

Even the circus ring under Boswell-Wilkie’s big top was flooded.

Mr Del Elsey, of Port St John’s, said heavy rain started falling early on Saturday night.

Whale washed up

KIDD’S BEACH — A small whale died after being washed up at the weekend on the beach at Monkey Bay between Kidd’s Beach and Gulu Moul.

Mr Jack Payn of Kidd’s Beach, an honorary conservation officer, contacted Dr F W Sallows, curator of the East London Museum, who tentatively identified it as a Cuvier’s beaked whale.

The carcass will be more carefully ex- amined.

Woman escapes being buried alive

DURBAN — A young epileptic woman narrowly escaped being smothered by a deluge of mud which smashed into an Umhloti holiday home bathroom and rose to just below her chin during yesterday’s heavy rains.

Elise Janet, 22, a member of a group from Randfontein, was trapped in the bathroom while two matrons and members of the party tried to break down the door to free her.

Soil which was washed down from an excavation site higher than the holiday home built up behind the building until it reached the roof.

The red mud and silt burst through the windo's of two dormitories filling them almost to the ceiling.

Luckily when the level fell, it washed her neck, one of the boys managed to kick the door in,” a member of the group, Sister Lottie Vorster, said.

— DCC
POLICE DENY SAAWU CLAIMS OF ASSAULT

EAST LONDON — Allegations that security police had assaulted people in the offices of the South African Allied Workers' Union (Sawwu) in East London were denied today by the head of the Border Security Police, Brigadier A P van der Merwe.

Brigadier van der Merwe was reacting to a statement issued at the weekend by Sawwu's branch organiser, Mr Boyce Melitafa, alleging that security police had raided the Sawwu offices on Friday morning and assaulted textile workers from the Frame Group in East London with "gun butts."

Brigadier Van der Merwe challenged Sawwu to lay charges of assault against the police and to produce those who were injured in the alleged assaults.

"No such thing happened at all! I treat the allegations with the contempt they deserve," he said.

In his statement, Mr Melitafa said seven security men had entered the Sawwu offices early on Friday morning, saying they had come to arrest him.

"They then started beating workers with gun butts. A lot of the workers then fled. Two workers sustained deep cuts to their head."

Mr Melitafa said that when he inquired from the security police what they were looking for, they said they were going to arrest him.

"There were four black and three white policemen. They started beating the workers inside the office saying they should go outside," he said.

"This clearly indicates the security police are not interested in civilised ways of handling matters," he said.

A separate statement prepared by Sawwu workers at the factory said they had petitioned management to stop deducting subscriptions from their pay packet for the Textile Workers Industrial Union (TWIU) — a Tucsa affiliate.

A condition of employment at Frame Group was membership of TWIU.

On Wednesday, a delegation was sent to management with a view to discussing the issue but Mr W Coetzee, a labour officer, said he had "no time to attend to the issue."

When Mr Coetzee appeared the next day, according to the workers' statement, he was accompanied by two policemen.

"Mr Coetzee said he would discuss the matter and the decision arrived at will be filtered through the liaison committee which is not representative of the workers."

"This is clear enough that he was not prepared to discuss anything with us. After we returned to work, Mr Coetzee and Mr Sabbagh came back to us carrying pamphlets which read 'anybody who is not working during working hours will be summarily dismissed and new people will be engaged in their places."

"Whilst we were busy reading the notices, Mr Sabbagh accompanied by police gave us three minutes to leave the company's premises. Whilst we were trying to change our overalls, police entered the department and started assaulting people with gun butts and let loose the dogs," said the statement.

"Everything was then in turmoil and people left their belongings inside the company's premises as they fled from the police. A lot of people were injured some were severely bitten. Though we don't know the exact number..."

Workers who came to work at night shift at 6 p.m. on Thursday found the company's gates locked and they were told by police to go home.
600 hired at Frame

EAST LONDON — Over 600 new workers have been engaged at the Frame Group textile factory here following a stayaway by employees at the factory last week.

The joint managing director of the Frame Group, Mr Selwyn Lure, said from Durban yesterday that the new employees had been hired to fill vacancies caused by the summary dismissal of employees at the factory who had breached their terms and conditions of service by not returning to work.

"Consequently, work is slowly returning to normal and from the many inquiries which have been received, it is expected that production will soon return to previous levels."

Representatives for the two unions involved in the dispute, the Textile Workers' Industrial Union and the South African Allied Workers' Union, could not be reached for comment.
Brown lung: textile workers claim relief

DURBAN — Workmen's compensation claims have been made for 30 employees of a New Germany factory who are believed to have the potentially fatal brown lung disease.

These claims follow a health and safety campaign by Dr Neil White, medical officer of the National Union of Textile Workers, who screened 2,000 workers of the Frametex mill in May.

Brown lung, or byssinosis, is an insidious lung disease contracted by workers inhaling cotton dust. It blocks lung passages and is incurable if not detected in the early stages.

Dr White said his survey showed 30 people "who can safely be said to have brown lung."

They were screened by a radiologist to exclude diseases such as tuberculosis, which could show the same symptoms. They were then referred to another doctor for more examinations.

Dr White said he expected the claims to take about a year. He had written to the joint managing director of the Frame Group, Mr Selwyn Lurie, asking him to transfer the workers to a dust-free area.

Dr White, an authority on brown lung disease, said he was concerned at the lack of protection for the country's 42,000 cotton workers.

"At the most conservative estimate, quoted by employers, the incidence of the disease is four people in 1,000."

Mr Lurie said the group had only had one case of a worker with brown lung disease and he had been transferred to a dust-free section.

"Our policy is not to retrench any workers found to have symptoms of byssinosis. Workers who show any symptoms of lung disorders are transferred to where there is less risk of cotton dust contamination."

The textile federation was asked to research the problem internationally 18 months ago, Mr Lurie said, and overseas diagnostic equipment (the same used by the union) was being bought for the industry. — SAPA
A call for governments to moderate restrictions
BORDER

LSONIA
IN, 5200

METAL
FOR THE EAST
AREA FOR 25
non ferrous metals

NAIRN INDUSTRIES (Pty) LTD
MANUFACTURERS OF PRIMAVERA WITH "TUFFSEAL"
FESTIVAL Vinyl floorcovering — now asbestos free

At present, another government committee is investigating the protection measure in the textile and clothing trade, but to date no findings have been announced.

These findings will play a major role in industry in the Border region Ciskei and Transkei as the textile and related industries are the biggest single industrial employer of labourers.

The Frame Group employs 5,000 thousand labourers in South Africa and Ciskei; the Da Gama group and Transkei Ciskei about one third belong to the textile, garment and allied industries and that at least 10 new factories in this field would be established during the course of this financial year.

Mr. Meisenthal said that a very large portion of these Ciskei manufacturers produce for the export market, which attracts much needed foreign exchange to their Ciskei.

Why then, if the textile and related industries have fallen under hard times, are the Border, Transkei and Ciskei areas still being protected?

Concerning the desirable level of protection, the report said that as a result of the applications of formula duties, the textile and apparel industries are over-protected and that the setting of maximum prices below full costs are given.

It is generally felt that the success of the textile and related industries in this area depend on a variety of factors, but one of the most important being the productive utilization of labour.

The words of the MD of Da Gama Industries, Mr. Harry Pearce, sums up the general feeling of the textile industries in the Border area, he said: "The future for the textile industry depends partially on the government's attitude to import policies, the value of the rand and industrial peace."

"Da Gama, on its part, will do its best to be an efficient producer and a good employer. The Border area does offer financial incentives, but employers must concentrate on training labour and being efficient producers."

The study was prepared by the GATT secretariat in accordance with a decision of the GATT ministerial meeting in the Department for textiles and clothing in 1982 with a proposal for duties on the overall world trade in manufactured goods.

In 1982, according to the report, Hong Kong, Italy, South Korea, the Republic of China and West Germany in that order were the five principal exporters of clothing while the United States, West Germany, Soviet Union, Britain and France were the top five on the import side.

In textiles, the top five were West Germany, the United States, France, Italy and Britain.

Clouning trade have ceased to be valid.

These included the contention that the challenge presented to industries in Western countries by cheap imports was largely limited to textiles and clothing employment and production in those industries was of importance to the countries overall economic activity.

The study said that the fundamental issue facing Western trade policy officials was how to respond to the pressures for changes in production and trade patterns linked to economic growth.

For the Year the Steenkamp report said that South Africa's industrialization policy should be based on modernization and selective import duties against normal foreign competition, combined with export promotion.

The report dealt with both the desirable and desirable level of protection in the textile and clothing industries.

In the matter of form the committee recommends that implications of import controls be abolished as soon as possible, but without unjustifiably disrupting any sector of the textile and clothing industries.

The report says import duties should constitute the means of protecting industry, valorem duties taking care of normal competition and interim, as well as formula duties, attending to disruptive rivalry in the form of pricing below full costs.

Concerning the desirable level of protection, the report said that as a result of the application of formula duties, the textile and apparel industries are over-protected and that the setting of maximum prices below full costs are given.

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In textiles, the top five were West Germany, the United States, France, Italy and Britain.
Union angry over absenteeism talks

Labour Reporter

A MAJOR Fosatu affiliate is angry about a meeting between a large textile firm and about 60 Cape Town doctors to discuss "sick certification".

The National Union of Textile Workers (NUTW), which was barred from the meeting between SA Nylon Spinners and the doctors in a city hotel last week, said it was "astonished at the company's attitude to labour relations".

The industrial relations manager of SANS, Mr Peter Richardson, said absenteeism cost the South African economy R1 500-billon in lost productivity.

"PRIVATE SEMINAR"

He confirmed that SANS had held a "private seminar" last week with about 60 doctors "to share experiences in the area of sick certification".

"We hoped to learn more about the medical side of sickness absenteeism and hoped that the doctors in turn would gain a better understanding of the effect that sickness absenteeism has on the productivity of our operation."

An NUTW spokesman said "We are astonished that the company should dictate to the union where and how we should be involved in such an important question as absenteeism."

The dispute is rooted in union opposition to a company practice of sending supervisors to visit sick workers at home.
dated Frame Cotton Corporation (CFCC)
The NUTW mill is owned by Consolidated
Woolwasing and Processing Mills and
Natal Knitting Mills by Natal Knitting
Mills Frametex, which employs some 3,500
people, is the largest mill and is the key
to the complex
Much of the litigation centres on a meet-
ing between NUTW and Frame director
Abe Frame in October 1982. At the meeting,
according to NUTW, it complained that
TWIU, which had been granted stop - order
facilities at Frametex, was being given
preferential treatment Abe Frame with-
drew TWIU's stop - orders, and NUTW
claimed he undertook to recognise any union
which could prove it had majority mem-
bership in any of the mills
NUTW says it submitted over 2,000 mem-
bership forms signed by Frametex workers
to CFCC However, it claims management
raised "bogus objections" to many of the
forms and refused the argument that it had
a majority
In April last year, CFCC recognised
TWIU at Frametex on the basis that the
majority of the New Germany complex
employees belonged to it NUTW contended
that CFCC had deliberately fostered the
strike rather than approached its employees
during working hours to resign from NUTW
to join TWIU It also argued that TWIU did
not have the majority in Frametex, a point
which was not disputed by the company,
and that management had deviated from
the undertaking made by Abe Frame to
recognise unions on a mill-by-mill basis
Litigation followed NUTW applied to the
Industrial Court for a status quo order to
interdict CFCC from recognising TWIU at
Frametex In May, the court granted NUTW the order Ne-
ther CFCC nor TWIU opposed the applica-
tion At the same time NUTW applied to con-
tinue it also asked the Minister of Man-
power to appoint a conciliation board to
hear the dispute It claimed CFCC had
committed an unfair labour practice by fa-
vouring TWIU Labour law decrees that
where no industrial council exists — as in
case the warning parties have to
meet at a conciliation board before they can
seek final relief in the Industrial Court
CFCC stated that in situations in which
there is recognition of unions, em-
ployers should not be deprived of the
prerogative to test a union's strength, if
necessary, by weathering a legal strike
Then came an event which changed the
course of the dispute A status quo order is
valid for 30 days NUTW's attorneys
failed to extend the order in time and, de-
spite attempts to have it renewed in the
Industrial Court, it lapsed On learning that
the order had lapsed, CFCC intimated that
it would accord recognition to TWIU at
Frametex In response, and because the
Minister was still considering the appoint-
ment of the conciliation board, NUTW
sought an interdict in the Durban Supreme
Court It alleged that the October 1982
agreement was a contractually binding
arrangement preventing CFCC from recog-
nising TWIU
Deal struck
In September, in the course of the hear-
ing, a deal was struck between the two par-
ties CFCC agreed not to recognise TWIU
as the collective bargaining representative
of its Frametex employees CFCC also
undertook not to grant TWIU facilities at
Frametex Both undertakings were made
pending a refusal by the Minister to appoint
the conciliation board, failure by a board to
resolve the dispute and, in that case, the
matter going back to the Industrial Court
for final determination
This placed NUTW back in the position it
had lost when the status quo order lapsed
But, in return, NUTW made a major con-
cession to CFCC The union agreed not to
use the argument that a contractually bind-
ing agreement had been concluded in Octo-
ber 1982 This had the effect of restricting
the union to Industrial Court action and
prevented it from taking the matter to the
Supreme Court
Later in the month, the Minister finally
appointed the conciliation board But both
parties reported to the Minister that the
board would not settle the dispute As a re-
result, the Minister directed the board 30 days later
that the matter should be heard by the
Industrial Court In papers prepared for the
hearing, NUTW alleged that CFCC's "delib-
erate" fostering of the "sweetheart" TWIU
constituted an unfair labour practice It re-
quested that CFCC should hold a ballot to
determine which union had majority sup-
port
But before the case could be heard, CFCC
applied to the Supreme Court for a declara-
tion that the dispute for which the Minister
had appointed the conciliation board had
been resolved as a result of the deal struck
previously in the Supreme Court The Min-
ister had not have the right to hear the case, since NUTW had
conceded that no binding agreement had
been given by Abe Frame and that there
was no longer a dispute NUTW contended
that an agreement had been concluded,
even though it was precluded from con-
cluding that it was contractually binding
and that a breach of the agreed
amendment was an unfair
labour practice The court agreed
the union's argument
This would have opened the way for the
case to go back to the Industrial Court.
But CFCC sought, and obtained, leave to ap-
pel against the Supreme Court's judgment
It will be heard before a full Bench of
the Natal Provincial Division on September
17
There the issue rests for the moment But CFCC's new ini-
tiative in claiming that it now has a ma-
ajority in the New Ger-
mor complex could change the whole
complexion of the dis-
pute Much depends
on whether the Minis-
ter of Manpower ap-
points the board and,
if so, what he decides with reference should be

Textile workers ... target of two unions

Financial Mail August 24 1984
Frame unravelled

A new dimension has been added to the battle by the National Union of Textile Workers (NUTW) for recognition at the Frame Group's New Germany factory complex.

Last week, the union, which is affiliated to the Federation of SA Trade Unions (Fosatu), applied for a conciliation board to consider its claim to represent the majority of workers in the complex. This is a direct challenge to its rival in the complex, the Textile Workers' Industrial Union (TWIU), an affiliate of the Trade Union Council of SA (Tucsa).

The Frame Group is the largest textile manufacturer in southern Africa, employing some 33,000 people. At New Germany, three of its five mills — Frametex, Seltex and Pinetex — are owned by the Consoli-
Dispute

with textile

group hots up

Mercury Correspondent

JOHANNESBURG—the National Union of Textile Workers has declared a dispute with the Frame group of textile companies, charging that the company refuses to recognise it even though it represents most workers at Frame's New Germany complex of mills.

This is a significant escalation of the 10-year recognition dispute between the union and company.

The New Germany complex is a key centre of Frame operations and until now the NUTW has claimed to represent a worker majority at only one of the five mills.

Frame has refused to recognise it—partly because it has not been representative of workers in the complex as a whole.

After a recent organisational drive at the Pinetex mill — the second biggest in the complex — the NUTW claims to represent a majority in the entire complex.

It has asked the Minister of Manpower to appoint a conciliation board to settle the dispute.

If the board is appointed, and if it fails to settle the dispute, the union may strike legally or launch industrial court action against the company.

The Frame group's managing director, Mr Selwyn Lurie, said yesterday it was too early to comment on the NUTW's claim to represent a majority or on whether the company would oppose the application for a conciliation board.

Many of the cases challenge retrenchments at Frame mills and one deals with the company's alleged refusal to stop deducting union dues from the pay of workers who resign from the NUTW's rival at the mills, the Textile Workers' Industrial Union.

The key dispute thus far has centred on the largest mill in the complex, Frametex, where the NUTW claims a worker majority and alleges that Frame is both refusing to recognise it and is favouring the TWIU.

Meanwhile the NUTW claims to have recruited a majority at Pinetex as well.

This, it says, is enough to give it a worker majority in the complex as a whole and to entitle it to bargaining rights for the entire complex.
Strike threat over Frame, union dispute

By STEVEN FRIEDMAN
Labour Correspondent

The National Union of Textile Workers (NUTW) has declared a dispute with the Frame group of textile companies, claiming the company refuses to recognize it even though it represents most workers at Frame's New Germany complex of mills.

This is a significant escalation of the 10-year recognition dispute between the union and the company. The New Germany complex is a key centre of Frame group operations and until now the NUTW has only claimed to represent a worker majority at one of the five mills. Frame has refused to recognize it — partly because it has not been representative of workers in the complex as a whole.

After a recent organizing drive at the Puentez mill — the second biggest in the complex — the NUTW now claims to represent a majority in the entire complex.

It has asked the Minister of Manpower to appoint a conciliation board to settle the dispute. If the board is appointed and fails to settle the dispute, the union may strike legally or launch an industrial court action against the company.

Frame's managing director, Mr Selwyn Lane, said yesterday it was too early to comment on the NUTW's claim to represent a majority, or on whether the company would oppose the application for a conciliation board.

"The matter has been referred to our legal advisers and we are waiting for their assessment before commenting publicly," he said.

The NUTW's application for a conciliation board follows a protracted legal dispute between the two sides. More than 30 court cases are believed to be pending as a result of this.

Many of the cases challenge retrenchments at Frame mills and one deals with the company's alleged refusal to stop deducting union dues from the pay of workers who resign from the NUTW's rival at the mills, the Textile Workers Industrial Union (TWU).

The key dispute thus far, however, has centred around the largest mill in the complex, Frametex, where the NUTW claims a worker majority and alleges that Frame is not only refusing to recognize it but is favouring the TWU.

The Frametex dispute is still before the courts, but in the meanwhile the NUTW claims to have recruited a majority at Puentez as well.

Thus, it alleges, is sufficient to give it a worker majority.
Textile union is set for showdown

By Carolyn Dempster, Labour Reporter

The decade-long dispute between the National Union of Textile Workers (NUTW) and the Consolidated Frame Cotton Corporation is set for a final showdown.

This week the union declared a dispute with the corporation on the basis of its refusal to recognise a representative union at the New Germany factory complex.

And within the next two days, application will be made to the Minister of Manpower for the appointment of a conciliation board to consider the dispute.

The move comes after a vigorous recruitment and organising campaign in the complex's five factories of Pinetex, Frametex, Natal Knitting Mill, Nortex and Seltex.

Of these, Frametex has a workforce of 3,600, Seltex with 600 workers and Pinetex with 1,300 workers are owned by the Consolidated Frame Cotton Corporation (CFCC).

A spokesman for the NUTW said it was clear the union had majority membership at three of the five factories Pinetex, Frametex and the Natal Knitting Mill.

The membership was established despite fierce competition from a rival union, the Textile Workers' Industrial Union which is affiliated to the Trade Union Council of South Africa (TUsca).

If the Minister appoints a conciliation board, this will open a new avenue in the battle for recognition which has raged in and out of courtrooms for the past 10 years.

In March, the Natal Supreme Court rejected an application by the Frame group asking it to prevent the industrial court from considering the recognition dispute between the two unions.

This cleared the way for the NUTW to take the dispute to the Industrial Court.

However, in June, the Maritzburg Supreme Court granted CFCC leave to appeal against the judgment.

The appeal will be heard on September 17 by a full bench of the Natal Provincial Court.
Conditions and pay are poor for women working in kwaZulu

Mrs Mahlangu pays a high price for being employed in Isithebe, kwaZulu, writes Carolyn Dempster.
At the multinational textile company where she works, the starting wage is R15 a week and the working conditions are "too appalling".
Across the "border" in South Africa, the same company operates another factory.
Here, the starting wage is R45 a week and working conditions fall under the watchful eye of the unions and the Industrial Council for the textile industry.
Mrs Mahlangu (not her real name) has little option where she would like to work.

NO PROTECTION
She is locked into the homeland through South Africa's influx control laws. The factories in Isithebe are the only places she is likely to obtain a living, now and in the immediate future.
Union protection, for improvements in wages and working conditions, is also a distant hope.

Mr M "Prof" Sneke, an organiser with the National Union of Textile Workers (NUTW) which is gathering membership in this growth area, was hesitant in naming the companies involved in this kind of exploitation.
"They all feel they are doing the people a favour by providing work opportunities in these areas.
"The impression they give is that if pushed, they are prepared to close down and move the factories elsewhere."

In fact, much of the incentive to the employers in starting up industries in the homeland was the lure of lower wages, he commented.
For Mrs Mahlangu, the working hours may be the same as in the sister factory in Durban, but the workload is far greater.

MASS DISMISSALS
And, Mr Sneke says, the working conditions are pathetic and bear no comparison to the Durban factory.
The NUTW's attempts to enlist the aid of the kwaZulu Government in the past in disputes with the Bata Shoe Company, owner of the KwaZulu Shoe Company, have proved fruitless.
The disputes led to mass dismissals, selective rehiring and recruitment of non-unionised labour.
Mr Sneke believes there is no reason why future disputes, once they become volatile, should not follow the same route, with the kwaZulu Government ranged on the side of employers.
Firm fights ruling over union dues

Pietermaritzburg Bureau

THE Consolidated Frame Cotton Corporation yesterday appealed in the Supreme Court against a decision by a magistrate interdicting the company from continuing to deduct union dues in favour of the Textile Workers Industrial Union (SA) from the wages of certain workers.

Mr Justice Broome and Mr Justice Nienaber reserved judgment in the matter.

Durban Magistrate Mr G J Botha granted an application in January this year by 19 workers from the Pinetex Mill in Pinetown, for a court order declaring that deductions from their wages in favour of the TWIU were unlawful as they had joined another union, the National Union of Textile Workers.

In an affidavit, Mr Julius Sithole said that in September 1982 he and other workers had given written authorisation to the company to deduct union dues from their wages.

When they joined the other union a year later, they wrote to the company cancelling the stop order.

The company had responded that their authorisation could not be revoked except in accordance with the TWIU constitution.

Mr Sithole said if the company had in any way obliged itself to make the stop order deductions and remit them to TWIU, it had been done without the knowledge or consent of the workers.

"We would not have willingly bound ourselves to allow deductions to continue after our resignation from TWIU or retraction of the stop order authority," he said.

In an answering affidavit, the joint managing director of the Frame group, Mr Selwyn Lurie, denied that the workers had resigned from TWIU and claimed that they had notified the company of this. Frame, he said, was not authorised to receive the resignations.
Workers claim attacks

Labour Reporter

DEFIANT workers, who tried to get to work at the strike-hit Dunlop Tyre factory in Durban, had become targets of vicious attacks, it was alleged yesterday.

The families of several employees expressed concern after the alleged abduction of an Indian worker, who was bundled into a car outside the Sidney Road factory gates this week and driven away.

It was also reported that another black worker at the tyre factory was stabbed outside the factory gates yesterday morning.

Wives of a number of workers telephoned the Mercury yesterday, saying they were worried about their husbands' safety.

There appear to be no security precautions for employees who brave intimidation at the gates to get to their place of work, said one woman, who declined to be identified.

Dunlop's industrial relations manager, Mr Glen Sutton, yesterday promised to investigate the allegations.
Job seekers beaten by strikers, claim

Mercury Reporter

STRIKERS at a Ham-marsdale textile factory had assaulted a number of job seekers at the factory, it was claimed yesterday.

"The National Union of Textile Workers blamed the violence on delayed negotiations as it 200 of its members at the industrial township's Progress Knitting and Textiles entered their 13th day on strike yesterday.

A report that strikers had attacked an employee with bricks on Monday could not be confirmed. Police kept a close watch on the factory yesterday, but said the situation was calm.

Nearby shopowners said they had been warned to close their shops at noon as trouble had been expected. Police denied having told shopkeepers to do so.

Workers went on strike over the dismissal on August 20 of a cutting-room worker, Mrs Joyce Nkosi. NUTW branch secretary Obed Zuma said Mrs Nkosi had allegedly threatened a supervisor with a pair of scissors.

A Progress spokesman, Mr LM Epstein, said workers had defied the advice of union organizers on August 24 and had gone on strike.

"The workers were told if they did not return to work they would all be dismissed. They did not return and were dismissed," he said.

"On August 27 the secretary and the local organizer of the NUTW were told Mrs Nkosi would be reinstated without loss of pay," said Mr Epstein.

Mr Zuma said the company had agreed to take back all the dismissed workers, except a shop steward and 10 others.

Agreed

The strikers agreed Mrs Nkosi should go back to work, but the rest of the factory would stay out in sympathy with the 11 dismissed workers.

Mr Epstein said the company was replacing those on strike. Former employees had been invited to apply for employment.

"The taking on of new workers has been slow due to intimidation of work seekers by unruly elements. There have been cases of stabbing and assault," he said.
Strikers allegedly assaulted job-seekers

DURBAN — Strikers at a Hammarsdale textile factory assaulted a number of job-seekers at the factory, it was claimed yesterday.

The National Union of Textile Workers blamed the violence on delayed negotiations as 1,200 of its members at the Progress Knitting and Textiles factory entered their 13th day on strike yesterday.

A report that strikers had attacked an employee with bricks on Monday could not be confirmed. Police said the area was quiet yesterday.

Workers went on strike over the dismissal on August 26 of a cutting-room worker, Mrs Joyce Nkosisi.

The NUTW branch secretary, Mr Obad Zuma, said Mrs Nkosisi had allegedly threatened a supervisor with a pair of scissors.

A Progress spokesman, Mr LM Epstein, said workers had been told they would be dismissed if they did not return to work.

On August 27, the secretary and the local organiser of the NUTW were told Mrs Nkosisi would be reinstated without loss of pay, said Mr Epstein.

Mr Epstein said former employees had been invited to apply for employment.

"Hiring" new workers has been slow due to intimidation of job-seekers by "unruly elements. There have been cases of stabbing and assault," he said.

— Sapa
Worker crushed
in cotton baler

Mercury 12/19 1934

A WORKER was crushed in a cotton baler at a Pinetown factory yesterday afternoon and died before rescue workers could get to him.

His name has been withheld until his family has been notified.

It is believed he was in a pit where cotton is compressed into bales when the apparatus was switched on and he was crushed.

Factory workers removed his body before rescue workers arrived on the scene.

Police are investigating.
16 percent pay rise in blanket industry

Labour Reporter

SOME textile workers are to get pay increases of more than 16 percent in terms of a new National Industrial Council agreement for the blanket industry, it was announced yesterday.

Mr. Selwyn-Large, chairman of the National Textile Manufacturers' Association, said the agreement had been reached after protracted negotiations between the NTMA which is the employer party on the council, and the two trade union parties to the council -- the Textile Workers' Industrial Union and the Textile Workers' Union (Transvaal).

Minimum

He said the new agreement would be effective from September this year to January, 1968.

The overall effect during the period of the agreement is an average increase on minimum wage levels of over 16 percent in the urban centres and over 15 percent in the decentralised areas.

The agreement provides for six grades of work classification, each job being specifically defined so that the same minimum wage levels are applicable to all workers in the same grade, irrespective of their race and without any differentiation between male and female," he said.

Satisfactory

Mr. Norman Daniels, general secretary of the Textile Workers' Industrial Union, which is the major trade union party to the Council, described the outcome of the negotiations as satisfactory, particularly in the light of the recessionary conditions prevailing at present in the labour-intensive heavy textile industry.

He felt that it would greatly assist in stabilising the industry.
Wage rise for textile workers

EAST LONDON — The National Industrial Council has agreed to an average increase in minimum wage levels in the textile manufacturing industry of over 16 per cent for urban and over 15 per cent for decentralised areas.

The average increase is applicable to the period between September 1984 to January 1986.

The decision was the conclusion to negotiations between the Employers' Organisation Party, the National Textile Manufacturers' Association, the Textile Workers' Industrial Union, and the Textile Workers' Union. The joint managing director of the Frame Group, Mr Selwyn Lutze, said yesterday.

Mr Norman Daniels, general secretary of the Textile Workers' Industrial Union, said the outcome of the negotiations was satisfactory as far as the worker was concerned, particularly in the light of the prevailing recessionary conditions in the labour-intensive heavy textile industry.

He said "This will greatly assist in stabilising the industry."
Textile chief glum on hopes of job creation

Financial Reporter

THE textile and clothing industries hold out little hope of making a serious contribution to increasing employment, says the chairman of the Textile and Clothing Advisory Council.

At the council's recent annual meeting in Cape Town, Mr Ernest Wilson said: "Regrettably, I do not see our industries as making a significant contribution to the provision of new jobs in the '90s and in the 21st century."

"The wind of change has been at gale force in our industries for three years and few if any of our organisations have not been radically affected by the new ball game where productivity, efficiency and flexibility are the name of the game.

"Those of us who remain in business in clothing and textiles will be in high technology, highly sophisticated and automated industries in capital rather than the labour-intensive sector."

The anticipated growth in the economy will not result in the creation of a proportionate number of extra jobs, but will merely improve marginally the current employment level.

"This is a factor of which Government does not appear to be sufficiently aware as it pursues its free trade policies and the short-term advantages of homeland investment."

"The year had been dominated by uncertainty and nervousness, with mini-booms followed or preceded by doldrum recessions."

There had been a call from the distributors for greater flexibility in the manufacturing sector, for shorter lead times and for more positive innovation in design and development.

"In paradox to these needs was the need for critical asset management due to the prohibitive cost of money, resulting in manufacturers keeping raw material stocks to a minimum. Added to these problems are the prospects of sharp cost increases in raw materials against a backdrop of lower anticipated consumer spending."

"There had been a marked slowing down of imports, both of clothing and textiles, prompted mainly by the devaluation of the rand."

"I would emphasise, however, that this is only a short-term respite and that the industries' endeavours to secure reasonable protection through tariff revision cannot afford to be relaxed."

Sectoral reports to the meeting mentioned that both wool and cotton prices would increase. Stability was also foreseen for synthetic fibre prices because petrochemical prices were denominated in dollars.

In fabrics, the cotton and synthetic weaving sectors had shown a steady improvement, but employment remained below the 1981 level.

Worsted weavers reported a sustained improvement over 1983, due partly to the replenishing of stocks which had previously been at very low levels. Sales had increased by 30% in the first seven months of 1984, compared with the same period of 1983, but were still 15% below those of 1981.

There was uncertainty about the future and fear of weakening demand in 1985 in view of the increased wool price. The cotton and synthetic weavers were also fearful of weakening demand leading to the cancellation of orders.

In the woven fabrics sector, output had declined steadily since 1981 because of a fashion swing from knitted to woven fabrics. Moreover, the sector had not experienced any mini-booms. However, some tablecloth lines had sold well and there was a strong demand for cotton knits.

The clothing industry reported that there were demands from retailers for shorter lead times so that stock turns could be improved from the current three or four times a year. But lead times and delivery delays by the industry's suppliers made the prospects of achieving this remote.

Orders placed with the clothing industry appeared to be realistic, but in relation to consumer demand.

The wholesale trade was faced with problems arising from a lack of liquidity and high interest rates. There was difficulty in maintaining turnover because of resistance to higher prices at all levels of the distribution chain.

Multiple-store retailers were experiencing erratic sales and little growth was foreseen. The demand was for more basic fashion merchandise. Reliability of deliveries and of quality was important.
disregard any GWIU members who were also NUTW members if he was satisfied that they would have resigned from GWIU had it not been for the closed shop. NUTW was unlikely to obtain registration in the industry.

The NCMA made these points in supporting NUTW’s application:
□ It believed in freedom of association, which has the natural corollary that workers should be allowed to belong to a union of their choice,
□ NUTW was a growing force in the Natal clothing industry;
□ If the exemptions were not granted, NCMA members could find themselves in the invidious position of having to resign from the NCMA and thereby also from the industrial council as a result of being faced with two alternatives either ignoring the wishes of their employees by refusing to recognise NUTW and risking industrial strife, or to breach the council agreement by employing non-GWIU people.
□ The refusal of the application could lead to the ultimate collapse of the NCMA and thereby the council, and
□ It was important to maintain the industrial council system in the clothing industry.

Industrial peace

Legal representatives for NUTW argued in the interests of industrial peace and to ensure that the closed shop was not used as a restrictive practice, the court should recognise that special circumstances existed for the council to grant the exemption.

The court found that the company faced a dilemma NUTW was representative of the majority of its workers, yet because of the closed-shop provision in the industrial council agreement, it could not grant the union shop order facilities.

Workers who were GWIU members by virtue of the closed shop were aggrieved at having to pay dues to a union they did not wish to belong to. However, if workers resigned from GWIU, the company would not be entitled to continue employing them. The council had also refused NUTW’s application for exemptions for other agreements it had reached with James North about retrenchments and working short time.

In its judgment, the court noted: “From the above circumstances, the inference can be drawn that the refusal of the (industrial council) exemptions may jeopardise the formal relationship in existence between NUTW and the company, which in turn can lead to a stalemate position at the company’s premises, thereby frustrating the objects of the [Labour Relations] Act.” Thus, it said, was industrial peace.

NUTW general secretary John Copelyn tells the FM the union has already applied to the industrial council again for membership. Applications for exemptions from the closed shop for several other factories have also been lodged.
Victory for 3 Workers

MORE than 500 workers who had been on strike at a Durban carpet factory protest against the dismissal of three co-workers this week returned to work after management agreed to reinstate the three.

The workers returned to work at Crossley Carpets, after negotiations with Seawor representatives.
Disturbance outside factory ends quietly

Post Reporter

THERE was anger, but no violence, outside a factory in Neave Township today when a crowd of between 700 and 800 people started shouting at one another, according to the managing director of the firm.

Mr. Francisco de Selhers, managing director of Industex, where there was violence between dismissed workers and job seekers last week, said he believed there were more problems between the two groups.

On Friday about 300 striking workers were dismissed by Industex for disputing the terms of their contract when they refused to return to work on Friday. They then reportedly attempted to prevent job seekers from entering the factory premises.

The workers, led by the National Union of Textile Workers, refused to return to work unless a security official was dismissed.

Mr. De Selhers said that when the police arrived today he asked them to keep a low profile, which they did.

He said the crowd later calmed down and all was quiet.

Mr. De Selhers said he had hired some new workers on Friday and was busy training them.

He said he was not re-hiring dismissed workers "at this stage."

Mr. De Selhers said he might hire more people in the course of the week, but was not doing so today.

Mr. De Selhers said some of the people outside his factory were ex-workers who were waiting to be paid.
Union meets over strike issue

Post Reporter

THE National Union of Textile Workers was meeting again today in a bid to resolve the strike at Industex, in Port Elizabeth.

A week ago about 300 Industex workers downed tools after their demand that a fellow worker be fired was not met.

They consequently lost their jobs.

Yesterday hundreds of work-seekers — including strikers — waited patiently outside the factory when they heard that jobs were available.

On Friday strikers began to feel uneasy when it became known that Industex was hiring new workers.

Violence erupted and some strikers beat up people trying to apply for jobs.

The managing director of Industex, Mr Francou de Selhers, said he would be hiring more staff today.

Production had suffered and would continue to do so until new workers had been trained.

Any strikers wanting to return would have to reapply for work, he said. However, many of their jobs had already been filled.

The leader of the trade union, Mr Gaidonald Ngqawana, could not be contacted for comment.
Union meets over strike issue

Post Reporter

THE National Union of Textile Workers was meeting again today in a bid to resolve the strike at Indutex in Port Elizabeth.

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The managing director of Indutex, Mr Francois de Selhers, said he would be hiring more staff today.

Production had suffered and would continue to do so until new workers had been trained.

Any strikers wanting to return would have to reapply for work, he said. However, many of their jobs had already been filled.

The leader of the trade union, Mr Gaindonald Ngawana, could not be contacted for comment.
Textile strikers hope for solution

Post Reporter

A SOLUTION to the differences between Industex management and the strikers should be found by tomorrow, the leader of the National Union of Textile Workers, Mr. Gammondal Ngawana said today.

Last week about 300 Industex workers downed tools after their demand that a fellow worker be fired was not met. They consequently lost their jobs.

Mr. Ngawana maintained none of the strikers had re-applied for jobs — "only the scabs".

The strikers were united in their standpoint not to back down, he said.

Meanwhile a spokesman for Industex said crowds of job seekers were still queuing outside the factory and more would be taken on or re-hired today.

Management has refused to fire the man the workers want dismissed because he "has done no wrong".
Industex refuses to hire workers fired after strike

Post Reporter

MANAGEMENT at Industex is refusing to hire former employees who went on strike.

This was confirmed today by the managing director of Industex, Mr. Francois de Selliers.

Just over a week ago workers at Industex downed tools and refused to return to work unless a colleague was fired.

This original demand that a colleague be fired was no longer the main issue in negotiations between management and the National Union of Textile Workers, Mr. De Selliers said today.

He said management was now making a few demands.

Mr. De Selliers confirmed that no strikers would be re-hired.

He said legal advisors had cautioned him about rehiring strikers who wanted their jobs back because the process of re-employing on a selective basis might be considered unfair labour practice.

The factory was still taking on new staff, but not at such a rapid rate. He was hoping negotiations with the union would succeed so that part of the original workforce could be taken on again. He said there had been considerable production losses during the past few weeks.

He confirmed that job seekers were still queuing outside the factory today.

The leader of the the National Union of Textile Workers, Mr. Gindonald Ngawana, could not be contacted for comment today.
Garment trade chiefs in heated exchange

By DAVID FURLONGER
Industrial Editor

THE clothing industry boss, Mr Mike Getz, has been accused of seeking a confrontation with textile manufacturers.

The accusation was made at the weekend by Mr Doc Payn, the vice-president of the Textile Federation.

He was reacting to comments by Mr Getz, the president of the National Clothing Federation (NCF), at its annual meeting in Durban.

Mr Getz said unreliable deliveries of woven goods had led to a "calamitous situation".

"Our industry is plagued by unreliable performances, protracted deliveries and unheard-of lead times."

He accused suppliers of making no effort to correct the situation and of using import protection barriers to maintain shortages and high prices.

"Protection should not be a licence for unreliability, inconsistent quality, poor service and poor delivery."

Mr Payn replied: "It is unfortunate that the president of the NCF has chosen this time to attempt to cause a confrontation with the textile industry."

"It is more unfortunate because it comes at a time when relations between the two industries in the last three years have been much more harmonious than previously."

Mr Payn said the textile industry had short-term commitments to customers who had placed orders before the recent fall in the rand.

"Perhaps it is those clothing manufacturers who were previously importing fabric, but now find it too expensive, who are the ones complaining about not being able to get fabric to meet their short-term needs."

He questioned the suggestion that South African clothing was now more expensive than foreign goods.

"How can this be when the rand has devalued so drastically during the last six months? In some cases, overseas goods are cheaper, but they are less now than before."

"It is a fact that South African textile producers are competitive with a variety of products in overseas markets and many are now building up a regular business in the export field."

In spite of this, some South African clothing manufacturers continued to buy overseas goods, which were both more expensive and of suspect quality.

Pleading for co-operation between the clothing and textile industries, Mr Payn said: "The name of the game at the moment is survival. It is no good starting a war of words that no one will win."

Textile dispute to go to court

Labour Correspondent

A LONG-RUNNING recognition dispute between Po- seva's National Union of Textile Workers (NUTW) and the Frame Group of textile companies will come to a head in the industrial court early next year. This means that several attempts by the Frame Group to prevent the dispute from being decided in court have now failed.

The dispute centres around the company's New Germany mills, where NUTW claims to represent a 70% worker majority. It charges that Frame has refused to recognise it despite this and that the company has attempted to keep NUTW out of the mills by recognising Tuesday's Textile Workers' Industrial Union.

This is an "unfair labour practice", says NUTW, which sought an order preventing Frame from recognising the rival union.

The company denies that NUTW represents most workers at the mill complex.

The case could have a crucial bearing on NUTW's 11-year battle to win recognition at the New Germany mills.
Clothing, textiles hard hit

Financial Report

Clothing manufacturers feel the pinch as textile and garment industry

In the last quarter of the year, clothing manufacturers suffered a significant

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Strike 'over' as plant re-hires men

By CATHY SCHNELL

THE strike at Industex is over as far as the company is concerned.

The managing director, Mr Francois de Selliers, said today the company had no option but to re-hire workers if minimum production levels were to be maintained.

A continued poor production level could have led to stoppage of production by the company's major customers, thereby creating temporary unemployment for tens of thousands of workers employed by clients, their suppliers and customers. This could have caused social disruption.

Mr De Selliers said he assembled the workers at the factory yesterday and told them he would re-employ strikers on a selective basis.

The strike was over as far as he was concerned, he told them.

The president of the National Union of Textile Workers, Mr Gammadion Ngqawana, criticised the firm's decision to re-hire some of the strikers.

He said some strikers going back to work had split the solidarity of the strike action. "Scabs" had been going round encouraging strikers to return.

Mr De Selliers said he planned to replace the 1 000 strikers with newcomers and about 400 strikers chosen on a selective basis.

Productivity had suffered greatly and it was time the unacceptable level of unrest at the plant over the past 10 months came to an end.

He said strikers who would not be re-employed would be paid gratuities. He had also offered to improve the pensions of all the workers.

Management and the National Union of Textile Workers had been unable to come to an agreement and Industex had been forced to deal with the situation itself, said Mr De Selliers.

Requests by the union to re-hire all the strikers had been unacceptable because of unrest in the workplace, he said.
MANUFACTURING - TEXTILES

1985

Footnotes

1. Overtime rates - for work on Good Friday, Ascension Day, Day of the
    Assumption, the Feast of the Sacred Heart, the Day of Thanksgiving,
    and December 25th.

2. Additional allowance - AC/HC allowance.

3. Annual leave - 30 days in the first year, 35 days in the second year, and 40 days
    thereafter.

4. (a) For employees earning less than R50 per week.
   (b) For employees earning more than R50 per week.

* Day off at half pay.

Additional notes:

- Pay on other public holidays, the rate is double or one
  day off at full pay.

- Double plus one day off at full pay.

Promoters

- Park, Randburg, and Wonderboom
  Magisterial Districts of Pretoria, Tshwane, Kempton
  Pretoria Baking and Confectionery Employees' Union

Trade Union: Pretoria Baking and Confectionery Employees' Union

Associate

Pretoria Employment Organisation: Pretoria Master Bakers

Baking and Confectionery Industry (Pretoria)
Taiwan barter news
angers textile industry

By PRISCILLA WHYTE

THE textile industry is angry at news of a proposed barter involving coal and minerals for Taiwanese textiles.

The news was contained in a Press report emanating from Taipei which also said the Taiwanese Economics Minister would visit South Africa this week to discuss the proposed barter arrangement.

Mr Stanley Shigman, executive director of the Textile Federation of South Africa, said the federation objected strongly to any barter deal including textiles.

The National Clothing Federation has asked for more information from the Minister of Trade and Industry, Dr Dawne de Villiers, and has requested that it should be consulted if the barter arrangement is to include clothing.

A spokesman for the Department of Trade and Industry said yesterday that they knew nothing of an agreement to barter coal and minerals for textiles.

Mr Shigman said that the Textile Federation had approached Dr de Villiers two months ago to meet textile industry representatives and discuss any items relevant to trade with Taiwan.

He said the Minister had declined, saying a meeting was not necessary because clothing and textiles were not on the agenda.

Under the present normal conditions of trade, Taiwan is already the largest exporter of clothing to South Africa — supplying more than a quarter of the clothing imported.

According to the federation, 10.8-million m² of fabric was imported from Taiwan in 1981, compared with 11.5-million m² in 1983 and 16.5-million m² (worth R30m) last year.

The total value of textile imports into South Africa during 1984 was R335m and the total turnover of textiles sold was R26m.

Mr Shigman said: “What is disturbing is that 70% of all fabrics imported from Taiwan were under rebates of duty in 1984.”

He said the federation believed the barter arrangement favoured Taiwan because South African primary products (coal and minerals) which Taiwan does not have would be traded for a Taiwanese product (textiles) that SA is capable of producing itself.

The clothing industry believes that, because it is labour-intensive, it can contribute towards a solution of this country’s unemployment problem if it is able to retain its market share.

However, according to the NCF, the clothing industry has been stagnant for the past four years with production last year being below that recorded in 1980.

In a statement the NCF said, “If the major foreign supplier of clothing is given preferential access to our market to increase its already substantial share, employment in the local industry, which is already falling off, will shrink further.”

It said the clothing industry now employed 115 000 workers compared with 130 000 in 1981.

If there is to be an agreement with Taiwan, the NCF asks that it be a properly-structured bilateral trade agreement entered into after full consultation with the interests concerned and not an ad-hoc barter arrangement.

Both the chairman and managing director of the Transvaal Coal Owners’ Association (TOCA) said they knew nothing of talks with Taiwan on an exchange of SA coal and minerals for Taiwanese textiles.

TOCA coal for export during 1985 had already been allocated to customers.

According to industry sources, the banks are acting as intermediaries between buyers and sellers of the affected barter commodities.
Sharp drop in Romatex profits

JOHANNESBURG — The textiles group Romatex suffered a sharp drop in profitability in the six months to March, with attributable profits declining by 74 percent compared with the same period of last year.

The directors state in the interim report that the chief culprit for this was the marked decline in private consumption expenditure on durables and semi-durables resulting from the austerity measures introduced by the government in August last year.

Aggravating factors were reduced margins and an adverse change in product mix resulting from consumer tendencies to purchase cheaper merchandise, non-recurring re-organization expenses in the period amounting to R2m, and high interest rates and borrowings of approximately R25m to finance capital expenditure which would only produce profits in the future.

Attributable profits for the period were R2.6m, compared with R10m in the comparable period.

Earnings per share were 10.8 cents (42c).

Operating profit declined by 48 percent to R9.3m (R17.7m).

The group has declared an interim dividend of 5c a share (15c).

Turnover increased by six percent to R207.6m but the directors point out that when inflation and the impact of the rand foreign exchange rate on much of the group's raw material purchases are taken into account, turnover dropped substantially in real terms.

Looking to the remainder of the financial year, they say that although trading conditions are not expected to improve and results will be lower than for the comparable period of last year, they are however expected to be "materially better" than the first half-year.

— Sapa
R6-m payout for three Frame group directors

By DEREK TOMMEEY
Financial Editor

THREE Frame group directors are each to get R2-million for agreeing not to work for a competitor should they leave the group.

They are Mr A Berman, Mr S Lurie and Mr S R Peimer, joint managing directors of the four Frame group companies.

This and the promise of a revised Frame group dividend policy are contained in a statement issued by the group today.

The proposed payment of R6-million has been written into service contracts offered the three men by the Frame family and is part of a move to resolve the conflict between the two parties.

The statement says the Frame family, which owns 75 percent of the group, believes there is an inherent conflict between the three men’s position as trustees of the will of the late Philip Frame and their role as executive directors.

SIX MONTHS NOTICE

The three men do not agree with this contention but are willing to respect the view of the Frame family.

They have agreed to the reconstitution of the board of the Frame trust which now comprises four persons nominated by the Frame family — C Friedman, M E King, G H Stein and CA Stride. They have also been appointed to the board of the main companies.

The service contracts stipulate that the three men will continue as joint managing directors of the Frame group. However, in the event of control changing, they or the board of trustees will have the right to terminate their contracts on six months’ notice.

FUTURE POLICY

The three men have agreed not to work for a competitor for a period of five years should they leave the group.

The statement adds that the future policy of the group, including its dividend policy will be decided by the reconstituted boards.

In view of today’s statement the way at last seems open after several years of dispute for the Frame family to make the best use of their inheritance, either by selling it or by accelerating its growth through share issues or raising loan capital.

The late Philip Frame’s policy of financing the group’s expansion entirely from internal resources, while it may have had the merit of keeping the group free from debt, must have greatly retarded its expansion.

This policy is even more to be regretted as the inflation of recent years would have rapidly reduced any debt burden incurred.
Frame three accept trade restraint

By Duncan Collings

Following the out-of-court settlement earlier this week between the protagonists disputing the late Mr Philip Frame's will, which effectively left the Frame family in control of the textile group, three senior executives have agreed to restraint of trade agreements.

The three, Mr A Berman, Mr S Lurie and Mr S S Penner will each receive R2 million in return for a five-year restraint of trade agreement.

Each of the three has entered into service contracts with the group and will remain joint MDs of each of the group companies. The restraint of trade agreements will only come into effect and will run for five years if any of these three leave the employ of the group.

Should direct or indirect control of the group vest in anything but the existing Frame family trust either the three directors or the group have the right to terminate the service contracts at six month's notice.

The Frame family has a 75 percent interest in the group, but speculation is rife that a change of control could soon be negotiated. However, no mention is made of this in today's statement by the group.

Shares of group companies Natal Canvas, Natal Consolidated, Consolidated Textile and SA Woollen Mills were suspended on the JSE yesterday, but will be relisted today.
Old Mutual unit trust turned in a creditable 6.95% growth. The trust acquired 200 000 Gencor shares and disposed of some 130 000 shares in Rex Trustform and that company's parent, African & Overseas. Exposure to fixed interest-bearing securities was increased to R14.8m, or 5.32% of the total portfolio.

Of the two UAL funds, UAL Mining and Resources performed best, largely because of the heavy exposure to mining shares and a high level of liquidity. Mining and Resources topped up its mining stocks with additional purchases in Amecol, Wit Collins, Cons Murch, Palemmin, Western Areas and Randfontein. For the first time since Gencor shares were bought

The consensus of opinion among fund managers is that equities once again look attractive. Moreover, most believe that interest rates have peaked. So in the months ahead they will probably reduce liquidity and increase their holdings of quality industrial and mining shares.

GEFCO

Optimism reigns

After floundering for the past year, Griqualand Exploration and Finance Company (Gefco) has recently attracted considerable attention. In the first three months of this year, 2.4m shares changed hands, some 81 000 more than the total 1984 volume.

Earlier this year the price fell to a yearly low of 120c, below the 1981 bottom of 130c. According to one broker, the bulk of the sales were from Sanlam, which was also a seller during 1984. Gefco's share register reveals that by December last year, Sanlam's stake had dropped from 6.7% in January to 5.4%.

Sanlam may have been influenced by the bad press comment arising from the US-based Environmental Protection Agency's (EPA) efforts to ban asbestos sales in the US. And, with the wide assortment of investment possibilities available to the insurer, the group may have decided to lighten its Gefco holdings and place the funds in more promising investment areas.

However, considering Gefco's strong performance recently, the insurance giant may be having second thoughts about remaining a seller. The recent EPA decision to drop its antiasbestos campaign has helped to prop Gefco's share price to almost 200c.

Investor optimism concerning Gefco's outlook is confirmed by MD Pat Hart, who is confident that the EPA's action "must improve prospects." He says that the US asbestos cement market grew by about 8% last year, and expects consumption to increase slowly, helped by the EPA's change of heart.

This is important for Gefco, which is reliant on the asbestos cement market for between 75% and 80% of its worldwide sales. According to Hart, the USA provides the group with only 8% to 12% of its business. Most of Gefco's production is shipped to Europe, the Far East and Africa, which together account for between 50% and 60% of turnover.

Though the EPA's softer stance on asbestos could encourage more investors about the group's prospects, Gefco is not yet out of the woods. Hart says that the "worldwide over-supply of asbestos continues to put pressure on prices." During the past two years, the dollar price paid for Gefco's asbestos overseas has fallen by at least 20%.

Hart expects the "demand for asbestos to move in line with supply over the next two years." But this will be totally dependent on the fortunes of the building and construction industry, which accounts for 80% to 90% of group sales and remains less buoyant in Gefco's major markets than in the US.

According to one broker, Gefco should be in a strong position to generate meaningful profits once the oversupply situation is rectified. Gefco is the world's largest producer of blue asbestos (crocidolite), which is more sought after than white asbestos (chrysotile). Blue asbestos is claimed to be stronger, longer-lasting and more resistant to acids, chemicals and sea water than the white product.

White asbestos, however, is more readily available and less expensive than blue. As a result, white asbestos outsells blue by a ratio of 40:1. Hart says that asbestos products normally contain a mixture of both blue and white fibres and adds that "many producers prefer to include up to 25% of the blue product in their total formulation because of the unique characteristics in the better quality product."

Hart points out, however, that Gefco is facing stiff competition in the US from Canada, which is the major producer of white asbestos. Though blue asbestos normally commands a much higher price, Gefco must reduce its prices to account for the big difference in transportation costs.

The share price has moved substantially above its 40-week moving average for the first time since 1983. It seems to be following the same pattern that was established in 1981, at the start of a bull market that eventually carried the price above 400c.

In my view, investors should wait for the moving average to turn bullish before becoming more optimistic. If Gefco manages to maintain earnings, then the dividend should be at least 20c. On technical and fundamental considerations, the group's prospects seem to be improving, and long-term investors should be rewarded by accumulating the share at current levels.

FRAME GROUP

Maybe this time

There was a sense of déjà vu about the recent steep climb in the prices of Frame Group's controlling shares, Natal Consolidated. For four years now, the shares have firmed ahead of scheduled court hearings that held promise of settling the long dispute over the validity of the late Philip Frame's will.

In the past, the court hearings have come to nothing — usually being adjourned — and the shares fell again. This time things may turn out differently. The intensity of the bidding suggested that something was going to happen. Since April 15, Natal Consolidated has risen from 4 300c to 6 000c, and Natal Canals from 2 500c to 3 750c — probably the sharpest rises yet seen in these shares.

Characteristically, the court hearing that was due to take place on Monday morning was adjourned until Wednesday. As we went to press, I was told that Wednesday's hearing may well be adjourned again. However, it seems that all concerned may now be interested in reaching a compromise.

One source tells me that there has been "feverish" activity between the legal teams for both parties in trying to reach such a solution. Indications are that both the family and the company are closer than ever to an out-of-court settlement.

However, if this takes place along the lines now being suggested, it seems likely to put paid to the hopes of those who have been accumulating the shares. The main attraction lies in the possibility of a settlement which would eventually allow all or part of the assets to be sold. Or, alternatively, that the traditionally tight-fisted management policy could be changed to allow a more conventional approach to dividend payments.

The Frame companies' assets are believed to be worth far more than the balance sheet value. The net worth of Natal Consolidated, for example, has been estimated to be more than R100m, a share Petronar, particularly Barlow Rand subsidiary Romatex, has been said to be sniffing around the Frame companies. But there is little prospect of any asset sales as things stand now.

Essentially, the family have been seeking to have changed, or invalidated, the terms of the Frame's second will, which placed the ma-
agement of the company in the hands of three directors, Selwyn Lurie, Archie Berman and Sid Penmer.

The will was designed by Frame to replace his first will, which nominated his son-in-law, Max Ulfan, as his successor. The move came after a family tiff. But I am told that the disinherited Ulfan, who now lives in London, claims to have given up his aspiration to run the company.

At an earlier court hearing, Ulfan and the rest of the family accepted the contents of a codicil to Frame’s first will, which specifically stated that he (Ulfan) was never to be made a trustee.

However, the family resents the fact that it has only limited control over what was essentially a family business. The present trustees are the three directors, plus Mrs Bertha Frame and Frame’s daughter, Hazel Westbury. The family would like another trustee appointed to oversee their interests. Frame’s second daughter, Joyce Ulfan, has been suggested.

The directors, fearful that their testamentary given right to control the destiny of the company may be undermined, are resisting the talk that if a compromise is concluded, it could involve some form of restriction on any new trustee’s voting rights.

In any case, the terms of the will state that the trustees have to be unanimous before the assets of the group can be disposed of. Both of these factors would make any sale of assets look highly unlikely. Unless, of course, those who are buying the shares know something else.

On fundamentals, however, the shares don’t justify their present prices. Results for the six months to December show that the group is under pressure. The recession has knocked a hole in black spending and inflation is causing input costs to spiral. Markets for the main lines in textiles, blankets and footwear remain depressed, as reflected by the reduced profits turned in by some divisions.

For investors who are interested in gaining a cheap entry to the Frame assets, a broker has pointed out that the investment trust, New Berman, holds a small but material stake in the group. New Berman MD Arnold Witkin refused to confirm this. Apparently the company does not disclose its listed investments because they are part of a trading portfolio. Notably, though, the listed investment yielded only 2.5% on the book value holdings of R1.1m in 1983, and 4.4% on last year’s holdings of R2.7m. These low returns could indicate a substantial Frame group holding.

GOLD QUARTERLY

MARKETING TIME

Recent encouraging comments on the gold market have whetted the appetites of those investors who believe they see signs of a new bull run developing. However, several analysts last week said that they had turned cautious on near-term prospects for gold and were waiting for a downwards correction in the share prices and possibly bullion as well.

In the event, they have been proved right. While the shares have, on the whole, remained firm, the market has turned markedly more subdued, with the emphasis swinging towards profit-taking and consolidation.

What is still needed is more evidence that the dollar has fundamentally cracked and that the US economy is going ex-growth. Only then will overseas investors again turn positive on gold. In recent days, quarterly figures that show US corporations’ profits are slowing down, and slower than expected first-quarter US growth gave weight to bearish views on the dollar. But by Monday the dollar had recovered much of last week’s sharp fall, apparently supported by moderate forecasts on the rate of increase in the US consumer price index. A resurgence in US inflation may be the missing ingredient that will finally ensure a lift-off for gold.

Hartebeesfontein

Gold production was reduced by a decline in recovery grades to 9.8 g/t (10.1 g/t), and working profit was R80.8m (R74.9m) Distrib-

MARKET TALK

It is now nearly three months since the Neethling and Du Preez families — major shareholders in Kaap-Kunene and Suderland — announced plans to buy out minorities and delist the shares.

“We are running a little behind schedule,” says Kaap-Kunene’s MD Vivian Epstein. “But we hope that in early May we will release both companies’ financial statements for the year to end-December.” Apparently, details of the offer to buy out minorities in Kaap-Kunene at 420c a share, and Suderland at 130c a share, will be released simultaneously.

Epstein denies market rumours that Armscor has withdrawn its expropriation offer to buy Kaap-Kunene’s coastal land in the Cape Sources maintain that the land, which stands in last year’s balance sheet at cost, is worth considerably more than book value. In response to this, Epstein merely says “The balance sheet will reflect Armsgor’s offer price.”

While the market marks time, Suderland stands at 119c and Kaap-Kunene at 395c. One market commentator suggests the shares could go higher if the minorities reject the offer. Epstein confirms that the offer prices remain unchanged.

The Supreme Court last week knocked on the head GSF’s plans to merge Clydesdale and Apex coal mines. Mr Acting Justice Harris decided to disallow the merger completely, after having earlier given the group two weeks to refer any relevant factual evidence to the court in support of the merger.

But it seems the story will not end there. Minorities were not opposing the plan — in principle anyway — merely the terms of the offer to Apex minorities. Apex has announced that it intends to apply for leave to appeal against the judgement. This decision, the group says, is supported by the board of Clydesdale.

If previous experience of such cases is any guide, there may be a long wait — possibly months. GSF’s Dru Gnodde says he can’t say at this stage how long the appeal will take.

“I could take a long time,” he says. “In the meantime, operations are back to normal for both companies, and the shares can be traded as usual.”
a partner at Hayman, Godfrey and Sanderson and now at Kangra Holdings, and Gerald Stein, a senior partner at the legal firm Werksmans. They have personal and professional relationships with the family King told the FM that "I've known the Frames for years. It's partly a friendly thing."

Asked whether any changes are envisaged at this stage, King said: "That will be up to the board. This is an enormous group. I think the dust will have to settle on this arrangement and the new trustees will have to settle down as well."

Indeed, as the FM has pointed out (December 7, 1984), the labyrinthine financial accounts are of limited value in assessing the value of the group. Any outsiders joining the board would need time to form any reasonable view of future policies. Certainly, it is generally assumed the value of the assets is substantially under-stated in the accounts. But the lack of useful information makes the shares highly speculative.

Stockbrokers believe that a sale is inevitable. But they point out that it is not likely to take place immediately because of the state of the economy. And, if the family are sellers, they don't see the group going to a single buyer. Rather, they see it being broken up into various "digestible pieces." Tipped as potential purchasers of some assets are Rotex, Tongaat Hulett and AECL, all of whom could benefit from acquiring portions of the group.

Graham Fisher

PEPKOR

Targeting exports

Pepkor's recent R5m acquisition of Veeka's British fashion division has provided a timely boost to manufacturing capacity. Provided that present forecasts are met, the purchase should help profits in both the short- and long-term.

Bertiash, which already had spare capacity, produces about one third the turnover of Pepkor's House of Monastic Management's willingness to acquire this much new capacity in present conditions says something about its expectations on performance. Essentially, the weak rand has left the export market ripe for the picking, and the group is going for it in a big way. Last year's exports of R1,5m are expected to rise to between R10m and R11m in 1985/86, and to R30m in the next five years.

Optimism on exports could be subdued by upward movements of the rand, but chairman Christo Wiese is adamant that exports "must also work at a better rand than we have now. If we work at a 50c rand for the next 10 years we are looking at disaster. While we are at 50c we are building fat for the 90c rand."

Main export markets are the UK and USA, but already orders have been received from Italy and Belgium, with France and Germany likely to follow. The first orders from Japan are expected to be signed in the next 12 months, says group export executive George Tickle.

The group's export success of the past year was built on a small range - schoolwear, women's underwear and beach things. But orders are now in for men's shorts and men and women's outerwear. After starting with a trial shipment to the UK of women's cotton panties three years ago, management thinks Pepkor is now probably SA's largest exporter of these items, with sales last year of R600,000. It has entered the UK market in schoolwear, with sales for last year totaling R400,000, and sales of the Durban-manufactured rubber-soled beach things reached R300,000 in the US and Canada.

On the home front, Bertish is to retain its relatively up-market identity and labels, of which Embassy suits and Conulate shirts are probably the best known. This might seem to go against the trend, with group sales benefiting from what MD Tom Ball agrees is a fairly substantial amount of "down shopping" throughout the marketplace. However, the Bertish labels won't be sold in Pep stores. On both the management and manufacturing sides, Ball sees the deal as "horizontal diversification with large synergistic benefits."

As part of the deal, Pepkor acquired Veeka's President divison (excluding the embroidery business), which will augment Cravateur. Overall, the payroll will be increased by some 700 people, taking the total to about 18,000. Performance in the year to end-February has been good. Group sales were up more than 32%, while total manufacturing sales for 1985/86 may top R200m.

For all the optimism, though, Pepkor's share price has fallen to attract as much enthusiasm as others in the stores sector, which yields an average 4.8% on dividend. At 105c, the counter yields 6.4%, compared to Edgars' 5.9%, Foschini's 4.5%, Boyman's 5% and Clicks' 2.5%. Why is this hard to say, but Ball thinks investors might be wary of Pepkor's "conglomerate" nature, compared to the straight retail operations of some competitors.

Gordon King

MARKET TALK

Analysts were hard-pressed this week to explain the sudden price jump in Safficon and its holding company, Sakers. Both ended the week on 450c, 30% higher than their prices of a week ago. Although trading in both stocks remained relatively thin, someone seemed determined to buy ahead of the March results.

Yet, results for Safficon are expected to be poor. At the September interim, chairman Sidney Bossook revised downwards by 50% his dividend projection to 17c a share, while warning shareholders that conditions for motor retailers in general were deteriorating fast. At 450c, the shares yield a prospective 3.8% on dividends, a thin return for any counter in the recession-hit motor sector.

Bossook assures me that "nothing has happened to justify the sudden price rise." His earlier dividend projections, he says, are a good indication of what the final payout is likely to be. Perhaps someone believes that Safficon's considerable asset base, equivalent to some 626c a share, justifies a better rating.

Neville Glaser

On its 43% price rise to 350c, Williams Hunt has been among the best performers on the JSE this year. The group was restructured last year and returned to profitability with earnings of 11c a share in the year to December. A stockbroker's analyst contends that the share is on the move because investors' attention is again focused on its net worth. Another factor may have been expectations of a further improvement in profits.

Williams Hunt now has some 32% of its assets in property and 44% in its subsidiary, General Tuc. The analyst estimates net worth at some R10, but on potential short-term earnings and dividend yield considerations the share has little to recommend it. Apparently chairman Manne Simchowitz is firmly opposed to stripping the group of assets - but some investors appear to think otherwise.

Brona Zimek

Davis, Borkum Hare (DBH) is losing its fourth analyst in as many weeks. Engineering and building specialist Malcolm Basford is taking a job with Gencor Dave Gleason and two colleagues moved this month to Money & Hellidge. Talk has it that the staff armageddon is related to the salaries that DBH pays its analysts. But Basford denies that money was the motive for his move.

Christopher Marchant
Hearing to settle union battle

Labour Reporter

A CRUCIAL hearing in the Cape battle for membership between two textile unions will be held in Pretoria this month.

The National Union of Textile Workers (NUTW) is trying to get stop-order rights for members at Table Bay Spinners, from which it is barred because of a closed-shop agreement with the industry, which grants stop-order rights only to the Textile Workers' Industrial Union (TWIU)

NUTW is affiliated to the Federation of South African Trade Unions and TWIU is a member of the Trade Union Council of South Africa.

Last year the NUTW applied to the industrial council for exemption from this agreement. When this was refused the union took the issue to the Industrial Court, which ruled in favour of the TWIU.

But the Cape Supreme Court set aside the Industrial Court ruling and referred the matter back for fresh hearing.

BREAKTHROUGH

This hearing will be held in Pretoria on May 28.

A legal representative for the NUTW said it would be an entirely new hearing except that the Industrial Court would now have to heed the Supreme Court ruling and consider factors not considered at the first hearing.

In Natal the NUTW has achieved a breakthrough in its bid to break the closed-shop agreement exercised by the Transvaal-affiliated Garment Workers' Industrial Union.

An Industrial Court ruling by Mr Y Bulbulia has ordered a Pinetown firm, Natal Overall Manufacturers, to settle a dispute with the NUTW by holding a ballot to determine whether workers support the NUTW or the GWIU.

In terms of the court order, if the NUTW wins the ballot the company must negotiate with it in future retrenchments, must negotiate a recognition agreement with the union and must provide it with stop-order rights.
fully broke GWIU’s closed shop at James North (Africa) in Pinetown, after a series of complex court cases. At the time when NUTW’s victory was announced, there was speculation that the Fosatu union would continue its battle to gain supremacy in the Natal clothing industry. Developments at Natal Overall appear to bear this out.

According to NUTW general secretary John Copelyn, his union started organising at Natal Overall at the beginning of last year. A dispute between NUTW and the company arose later, he says, because several of its members were retrenched without prior consultation. As a result, NUTW brought an unfair labour practice claim.

Natal Overall defended its action. Copelyn says, claiming that GWIU, which has a closed shop at the factory, was consulted and agreed to the retrenchments. NUTW’s argument against this was that the company’s workers are unwilling members of GWIU, and only remain so because Natal Overall is an NCMA member.

In terms of a settlement reached between NUTW and the company, Natal Overalls has undertaken to pay R2 500 in a lump sum to seven of the retrenched workers and the court has ordered that:

- Natal Overalls must hold a secret ballot on or before May 22 to determine whether the workers support NUTW or GWIU.
- Each union will nominate a person to observe the ballot, to scrutinise ballot papers, and have equal time to meet with workers beforehand.

Furthermore, if NUTW wins, the company shall:

- Consult with NUTW prior to any planned retrenchments of its members.
- Deduct union dues from NUTW members’ pay packets (This means that NUTW will not have to apply to the Natal clothing industrial council for an exemption for the company to make the deductions).
- Negotiate in good faith with NUTW or reach a recognition agreement with it.

On the other hand, if the ballot shows NUTW does not have majority support, the Fosatu union shall desist from requiring or compelling Natal Overalls to deal with it on any matter for at least a year after the ballot.

Says Copelyn “We have not got past the closed shop. But what is significant about this order is that it means that NUTW will have to defend its claim to representivity and employers will have to deal with us on that basis rather than hiding behind GWIU’s closed shop.”

Commenting on the order, Geoff Hendt, senior researcher at Stellenbosch University’s Graduate School of Business, who advised the company, says “The process of challenging the closed shop, which is allegedly not endorsed by a large proportion of workers, is now greatly simplified. I believe this represents a significant stabilising feature in the Natal clothing industry.”

If NUTW wins the ballot, it is likely that several other manufacturers in Natal will face the same problem.

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Financial Mail May 10 1985
Man claims he jumped off train to escape attackers

EAST LONDON — A Frame Group textile worker told the regional court yesterday he had jumped off a train in an attempt to escape a group of assailants on his way home from work.

Mr Sandile Stompi, 26, Mr Sibusiso Gwala, 25, Mr Tomanaqa Hanjana, 24, and Mr Buyisile Tyla, 34, all of Mdantsane, pleaded not guilty to intimidating workers to try to stop them from attending work by assaulting them in August last year.

A Frame Group employee, Mr K. Nase, told the court that a group armed with sticks, pieces of iron and a hammer had boarded a train at the Highgate Station on August 8, and assaulted him because he had gone to work that day during a strike.

"I tried to get off the train at the next stop and the group grabbed me from behind and assaulted me. One of them, Mr Stompi, shouted that they would prevent me from getting off so that they could throw me out while the train was in motion," Mr Nase said.

He said he had managed to escape and phoned the police from Dawn after getting off the train.

While being cross-examined by defence counsel, Mr K. Naidu, Mr Nase said he had identified Mr Stompi at an identification parade held by police at the Gasson Centre.

He said he had identified Mr Stompi at the parade after the four men had made an appearance in the Magistrates' Court.

He said police had fetched him on previous occasions to participate with other workers in identification parades at Fort Jackson and Cambridge.

Mr Nase denied he had seen Mr Gwala at an identification parade at Fort Jackson, after Mr Naidu told him that Mr Gwala had in fact been one of the men police had held there for identification.

He said another worker, Mr S. Nqwili, had identified Mr Gwala, also at the Gasson Centre.

Mr Nase told the court that he had seen Mr Stompi at the Southernwood Station in the custody of police while he was making a statement in connection with the incident.

He denied seeing Mr Stompi being escorted by police on the platform of the station.

The court heard that a policeman had escorted Mr Stompi on the station and asked other workers there if he was one of the men who had been involved in the attack.

Mr Nase said Mr Stompi had been in the middle of the group, armed with a hammer, when they had attacked him, but could not say he had seen if Mr Stompi had assaulted him because he had had his back to the group who assaulted him while he was struggling to get off the train.

He could not say if any of the other three men had been involved in the assault on him.

He told the court among the injuries he had suffered were an open wound on the head and a broken finger on the left hand.

The case continues today.

The magistrate was Mr D. Crumpe and the prosecutor was Mr D. Charters. Mr Naidu appeared for the four men assisted by B. K. Swana — DBN
Court told woman changed evidence to suit occasion

EAST LONDON — A Frame Group worker changed her evidence to suit the occasion, the regional court heard here yesterday.

Defence counsel, Mr. K. Naidu, representing four men who have been charged with intimidation, said this to a complainant, Mrs. Nambuzo Beauty Ntombi, while cross-examining her.

The state alleges that Mr. Sandle Stompi, 25; Mr. Subusiso Gwala, 25; Mr. Tomsanaga Hanja, 24; and Mr. Buysile Tyali, 34, all of Mntumtane, attempted to stop Frame Group textile employees from attending work, by assaulting them in August last year.

Mrs. Ntombi told the court she had been returning home on a train after working night shift when a group of workers rushed into her carriage screaming that they were about to be assaulted.

"Then Mr. Stompi came rushing in and assaulted me with a hammer," she said.

She said she knew him because he often led singing on the train and had taken money collections on previous occasions.

"When I tried to get off the train at Dawn Station, Mr. Tyali also assaulted me by dealing several hard blows on my back."

"Later that day I saw and identified Mr. Stompi to police at the Southwood Station, where he was being escorted by a policeman."

Mrs. Ntombi said she had been present at an identification parade at a police station where she had been asked to identify her assailants.

During cross-examination, she said she had attended a later identification parade at Gasson Centre, where she had pointed out Mr. Stompi and Mr. Tyali as her assailants by touching them on the shoulder.

Mr. Naidu told the court that Mr. Tyali had instructed him that Mrs. Ntombi had been present when police arrested him at his home.

Mr. Naidu also said that Mrs. Ntombi had, according to Mr. Tyali, heard the police asking him about another man.

Initially Mrs. Ntombi confirmed she had been present with police at Mr. Tyali's residence, and heard them inquiring about the other man, but later in the hearing, retracted and denied she had been there.

She said she had been in a police patrol car while police fetched Mr. Stompi from a funeral near his home.

She denied evidence that she had said "something" to police when identifying Mr. Stompi and Mr. Tyali.

She also denied that she had said in her statement to police that the two men had punched and slapped her.

In reply to a question put to her by Mr. Naidu, asking her where the state had acquired such information, she said she had no idea.

Mrs. Ntombi added she had known Mr. Stompi because one of the complainants had shouted from outside Dawn Station, that they had been assaulted by him.

Earlier, she told the court she had mentioned his nickname to police, and they had told her he was of "Stompi family."

Mrs. Ntombi later retracted statement Mr. Naidu said she had not mentioned Mr. Stompi's name in a statement to police, but said she had.

The case was postponed until August 12 and bail for the four accused was extended.

The magistrate was Mr. D. Cronje and Mr. D. Charters appeared for the state.
THE Industrial Court will hold a fresh hearing tomorrow into stop-order rights in the textile industry for the National Union of Textile Workers.

The NUTW is trying to get stop-order rights for members at Table Bay Spinners, from which it is barred because of a closed-shop agreement in the industry. This grants stop-order rights only to the Textile Workers' Industrial Union.

The TWIU is affiliated to the Trade Union Council of South Africa.

Last year the NUTW, an affiliate of the Federation of South African Trade Unions, applied to the Industrial Council for exemption from the agreement.

When this was refused the union took the issue to the Industrial Court, which ruled in favour of the TWIU. But the Supreme Court, Cape Town, set aside this ruling and referred the matter back for a fresh hearing.

_________________________ Without tariffs ____________________________ trade with tariffs ___________________________

1) supply & demand curves for wheat in USA

2) supply & demand curves for UK

Before international trade, price in USA = \( P_1 \), in UK, price = \( P_2 \)

\[ X = \text{exports} \]

\[ I = \text{imports} \]

Wheat is exported from USA to UK, and due to the extra wheat on the market in UK, the price falls from \( P_2 \) to \( P_3 \). As there is now less wheat available on the USA market the price rises from \( P_1 \) to \( P_3 \). We can see that international trade brings about equality in the price of wheat in both countries i.e. \( P_3 \). In USA, consumers are worse off after international trade as they have to pay more for their wheat, but the producers benefit as they receive more money for their wheat in UK than they did in USA. In USA, the quantity demanded falls from \( Q_1 \) to \( Q_3 \), while the supply increases (due to trade) in UK, the consumers benefit as there is an surplus of wheat now and they pay less for it. The producers lose out as they can't sell their produce at the higher price \( P_3 \) as there is competition from USA. Another factor of international
800 textile workers to lose jobs

Finance Editor

EIGHT hundred workers at all levels are to lose their jobs at Hebo. Textiles between now and October, a company spokesman said yesterday. The jobs will go in phases.

The textile company, a part of the Tongaat-Hulett group conglomerate, has a factory at Hammarsdale, near Pietermaritzburg.

Demand for the two products the mills make, denim and industrial canvas, has slumped and the redundancies are part of 'scaling down the operation', the spokesman said.

Lay-offs

Talks have been held with the National Union of Textile Workers on a redundancy package.

The spokesman would not disclose the number of workers at Hebo, saying only it was a 'large' operation.

However, Tongaat Textiles (Tontex) has 4356 workers and the 800 reduction represents an 18 percent staff cut.

Tontex has five mills - David Whiteheads at Tongaat, Prilla at Pietermaritzburg, Nova Mills at Wellington and Texstyle International at Verulam, as well as Hebo.

The redundancies follow the lay-offs this week at Tontex, when 360 workers at the Red Hill kilns lost their jobs and a further 540 'may' go later this year.

Last Friday Mr Chris Saunders, chairman of Tongaat-Hulett said, during the company's annual meeting, that there would be 'further retrenchments at all levels' in the group.

Hebo has been going through a rough time in the past 18 months. The joint venture with the Frame Group to manufacture corduroy has been closed down temporarily because the fabric has been out of fashion for the past two or three years.

The denim division saw a 'major downturn' during 1984.

There were also retrenchments at the Hebo plant last year and the company started working short time in an effort to keep jobs open.

The company spokesman said yesterday that Hebo products would still be available, but at a reduced level.

While Tontex turnover was up last year at R135 million (R120 million in 1983/4), profit fell heavily to R3 800 000 (against R7 500 000 in the previous year) and the number of workers fell by 300.
Saiccor has five years to cut pollution

Mercury Reporter

Saiccor, the textile factory which pollutes the sea off Umkomaas, has been given five years by the Department of Water Affairs to 'get its house in order'.

The factory has been told to reduce the sulpho-lignates - which cause the purple colour of the effluent - by 80 percent.

Saiccor says that with R20 million on extensions to the plant will eventually reduce the percentage of sulpho-lignates by about 45 percent.

Options available to the factory are to reduce the lignates by the required further 35 percent, an extension to the existing 2.6 km pipeline out to sea costing in the region of R20 million, or the introduction of a R320 million process to remove the sulpho-lignates by reverse osmosis.

Mr. Lin Graepeel-Bitant of the Department of Water Affairs said Saiccor was expected to inform the department of its progress 'in reasonable time'.

This follows numerous complaints from South Coast residents, and local authorities, who have recently approached local and central government for action to be taken.

The effluent a purple stain which causes foam, discourses the ocean and often leads to bathing being banned.

Although it not scientifically proved many deep sea fishermen say the pollution does considerable damage to the marine ecosystem.

Last night Mr. Norman Boulter, works director at Saiccor, confirmed that talks with the Department of Water Affairs had taken place.

See Editorial Opinion.
Mercury Reporter

SAICCOR’S permit to pump effluent out to sea on the Natal South Coast is to be revoked and amended to include a five-year ultimatum stipulated by the Directorate of Water Affairs.

According to Mr Gottfried Grobbelaar, deputy director of the department, the permit will only allow pumping to continue as long as steps are taken by the factory to improve the ‘aesthetic’ appearance of the effluent before 1990.

He denied allegations made by Mr Mick Colloott, the Town Clerk of Scottburgh that a similar ultimatum had been issued to Saiccor long ago without any results.

The five-year ultimatum includes reducing the sulpho-ignates — which cause the discolouration of the sea — in the effluent by 80 percent.

And this could cost the company anything between R20 million for an extension to the existing pipeline or R200 million to introduce a largely land-based process of reverse osmosis.

Yesterday Mr Grobbelaar who disclosed he had attended several South Coast protest meetings on an incognito basis, said the new R70 million plant recently put into operation by Saiccor and the ‘most likely alternative’ of lengthening the pipeline would result in the effluent being ‘invisible to the naked eye’.

He emphasised that extensive investigation had positively proved that no damage was done to marine life by the effluent, but admitted the colour and foam posed an aesthetic problem.

Problems with the existing pipeline — which cost close on R4 000 000 to install — were caused by a build-up of acetone.

Chemical analysis done before the pipe was built failed to record the traces.

‘Although exhaustive studies were done by top consultants employed by the department, and Saiccor nobody realised what a deep colour the effluent would have’.

Although he said it was premature to say what action would be taken if the ultimatum was not adhered to, Mr Grobbelaar pointed out that, in terms of the new Water Affairs Act, the department could terminate the factory’s water supply, lay criminal charges against the company or move on to the firm’s premises and erect an alternative plant eventually, recovering the money from the company.
ABOUT 400 textile workers — nearly 30% of the work force — at a Uitenhage factory have been given two weeks' notice.

Mr Norman Daniels, general secretary of the Textile Workers' Industrial Union, which represents the workers, said Veldspun International had been forced to retrench staff.

Attempts to get comment from the company were unsuccessful today.

Mr Daniels said the retrenchments reflected the state that the textile industry was in around the country. "Not a single textile industry in the country has been unaffected by the downturn."

The wool section of the industry has been particularly hard hit.

Mr Daniels said "the best deal in bad circumstances" had been negotiated.

The workers will get their pension, or provident fund contributions, plus the company's contribution and interest accrued.

This will become available six weeks from Friday.

As regards medical aid, those who have been contributing to the Midland Chamber Group Medical Fund (MCG) for three years or more will be able to make claims for the next three months.

The company has also agreed to pay any outstanding medical debts to fund.

Leave pay will be paid pro rata, and they will get one week's severance pay. The workers will also get full pay for this week and one week's pay for every year of service.

The company has agreed that if there is an upturn in the economy, the retrenched workers will be the first to be engaged.

About 70 workers have also been given notice at a Port Elizabeth shoe factory.

Mr G Batt, a director at Jack & Jill Footwear, said they had been forced to put off the workers as a result of slow sales and lack of orders.

The workers, about 15% of the work force, have been given the assurance they will get the choice of re-employment when business improves.
The Prince's mother, Queen Ntombi (37) was thought to be close to Mfanasibh (a nephew of Sobuza) But she has apparently begun to play a more active role than was at first expected She wants to see the monarchy's authority restored, say Swazi sources Signs are that she has fallen out with Mfanasibh as popular discontent with the Lqogo leaders' arrogance and reports of their alleged involvement in various financial scandals reach her.

Further, according to Swazi sources, erstwhile friends in power, Mfanasibh and Masibu, seem to have fallen out and, it is said in this country of seething rumour, independent lines are being drawn between them They have in recent months been noticeably out of the limelight.

Twelve years later

A notable industrial relations milestone was reached last week with the announcement that the Frame Group has signed a recognition agreement with Fostato's National Union of Textile Workers (NUTW). The NUTW has been recognised as the majority union at Frametex, the largest of five Frame group factories in the New Germany complex near Durban.

The NUTW began organising Frame Group employees soon after the union was established in 1973. The union's often bitter campaign for recognition has included industrial action and Industrial Court and Supreme Court litigation.

In terms of the same agreement, the Textile Workers' Industrial Union (TWIU), an affiliate of the Trade Union Council of SA (Tusca), is recognised by the company at three smaller factories — Seltex, Nortex and Natal Knitting Mills At Pinetex, the fifth New Germany factory, neither union was able to establish a majority.

The majority union at each factory was decided by an audit of stop-order forms several weeks ago Frametex employs about half of the 6 000 people employed at the complex, Pinetex a quarter and the remainder work at the three TWIU factories.

The two unions — which have often been at loggerheads over NUTW allegations that the Tusca union was receiving preferential treatment from the company — will now jointly negotiate with the three Frame Goup companies involved over wages and those conditions of employment which apply throughout the complex.

The two unions are entitled to access facilities and shop steward recognition and training at the factories where they are recognised. Grievance, disciplinary and retrenchment procedures have also been agreed.

So ends SA's most drawn-out recognition dispute, one which will always have an important place in any account of SA labour history.

ZIMBABWE

Zapu ban looms

Zimbabwe PM Robert Mugabe's "final warning" to Zapu, allied with the sustained harassment of Joshua Nkomo and his close colleagues, suggest that the Zimbabwe government is moving close to banning the sole remaining effective opposition party.

Mugabe chose the Heroes Day commemoration service as his platform for delivering his ultimatum. He said the time had come to make the Zapu leadership fully answerable for its "overt and covert actions." Unless they "mend their ways," he said, the government would have no alternative but to take "very stern measures" against them.

There have, of course, been final warnings before, but nothing much has happened. However, since the July elections in which the ruling Zanu (PF) failed to make headway in Matabeleland, not only has the tone of the anti-Zapu rhetoric hardened, but prominent Zapu officials have been arrested and Nkomo himself has been deprived of aides and bodyguards, as well as his passport and travel documents.

The replacement of Willie Musarurwa, a long-time Nkomo confidant, as editor of the Sunday Mail, also signalled growing impatience in the government ranks with Zapu.

Mugabe may well be the recent events represent a stepping up in the war of nerves, rather than any definite plan to deal with Zapu — and Joshua Nkomo — once and for all. But the stridency of the anti-Zapu and anti-Nkomo rhetoric suggests that the government is serious this time.

Whether the policy will succeed in inducing Zapu members to cross the floor and join the government remains to be seen, but clearly this is one of the objectives of the campaign. If enough of the 15 Zapu MPs (two of whom have already been arrested) opt for a quiet life as a government backbencher rather than the less comfortable status of opposition, the government might feel justified in speeding progress towards the implementation of the one-party state.

Alternatively, it might be that the erosion of Zapu's political structure will leave Zimbabwe with an effective de facto one-party state, the only other political organisation being Ian Smith's Conservative Alliance and the group of so-called independent MPs who do not consider themselves a political party anyway.

This second interpretation makes greater sense, since there are major constitutional obstacles to be overcome in the legal establishment of a one-party regime. The offensive against Zapu could achieve a de facto one-party system within the next year. With the subsequent abolition in 1987 of the 20 white parliamentary seats, this would leave Zanu (PF) as the sole operational political party.

There is one serious drawback to this scenario — the reluctance of the Ndebele people, reflected in their bloc support at the polls last month for Nkomo, to be absorbed into Zanu (PF). The danger is that this opposition will be driven further underground and, given the widespread bitterness already caused by military operations in Matabeleland in 1982-1984, the problem could rumble on in parts of the rural west for a long time.

There are, however, those who argue that there has never been a better time to crush the dissidents in Matabeleland since, with SA pre-occupied with its own internal difficulties, Pretoria's "destabilisation" efforts are unlikely to be strenuous.
Upswing may be ‘mortal blow’

A Sudden upswing in business, after political unrest, could lead to mass unemployment in the textile and clothing industry.

Ernest Wilson, chairman of the Textile and Clothing Advisory Council (TCAC), said yesterday a sudden upswing would bring in a rush of imports. Primary and secondary industries by that time would be so weakened by contraction and mass lay-offs of skilled labour that they would be unable to respond to stronger demand for at least six months.

"In the process, the clothing and textile industries will become sitting ducks for an import bonanza which could deal a mortal blow and lose 100,000 or more jobs in the process," Wilson predicted.

He said there was need for an accelerated reform programme to get the growing number of jobless back to work.

He added that the unrest was at least as much from economic as political causes.

Synthetic Fibres forecast a steady decline in domestic demand. Exports, however, should provide reasonable area for marginal contribution.

Cotton is still freely available across an acceptable range of qualities and prices.

- Wool prices will be determined by the state of the rand.
- In the weaving sector, cotton has been on a par with 1984, which was down on 1983 sales.
- Worsted have been badly hit by consumer rejection of high wool prices, with 25% of the workforce being laid off.
- In the knitting industry, lower imports have not prevented 800 being laid off.
- In the retail sector, chain stores are between 15% to 20% down in unit sales.

Edgars' CE Vic Hammond said yesterday he did not see an upswing in demand bringing down destructive imports because the rand was too weak.
30 percent retrenched by Veldspun

Argus Business
PORT ELIZABETH — More than 30 percent of the work-force of the Uitenhage-based textile giant Veldspun International were to be retrenched today because of a slump in the textile industry.

The secretary-general of the Textile Workers’ Industrial Union, Mr Norman Daniels, said his union had been negotiating with the company for several weeks to gain the best possible deal for the workers.

He said the workers would receive their pension fund contributions as well as the company’s contributions and accrued interest.

“It is an unhappy situation, but it is not really the company’s fault. The whole textile industry has been affected by the economic downturn,” he said.
Ex-strikers fighting on

FORMER employees of a Port Elizabeth industrial fabrics manufacturing firm, Industex, are still continuing their battle for remuneration or alternatively the payment of money allegedly owed to them by the firm.

Mr Stark Made, a spokesman for a special committee of the ex-employees, told the Evening Post today that a meeting would be held at the Daku Hall in Kwazakele on Friday at 2pm to report on the progress made by their legal advisers.

The possibility of taking legal action against the company will be discussed at the meeting.

The strike at the factory took place last November after a woman employee was dismissed for allegedly being drunk and after a black supervisor claimed a breathalyser test had been conducted on her.

The woman denied taking the test or being drunk.

The workers then called for the dismissal of the supervisor (a member of their own union, the National Union of Textile Workers) and Management rejected this.

The company replaced the strikers and offered to re-employ 250 to 300 of the 1,000 employees on strike and pay the remainder gratuities. The union rejected the offer.
Durban textile plant to close

DURBAN — About 500 workers of the Frame Group's Natal Canvas Rubber Manufacturers Footwear Division in Durban's Umgeni Road will lose their jobs when the factory shuts down at the end of the month.

Mr Selwyn Lurie, the Group's Joint Managing Director, said the decision to close the footwear manufacturing operations would not affect the giant Frame Group's clothing and textile divisions.

The 1984 directors' report of Natal Canvas refers to the footwear division being adversely affected by the importation of cheap canvas footwear from the Far East.

It was decided to make severance payments to all retrenched workers, according to length of service — Sapa
Most textile workers are back

Dispatch Reporter

EAST LONDON — Ninety per cent of the Da Gama Textiles work-force has returned to work at the Cyril Lord plant following a recent work stoppage there.

The chief executive of the company, Mr T H Pearce, said Thursday had been D day for workers to return to work or be dismissed, and those ignoring the ultimatum represented only 10 per cent of the total work-force.

Mr Pearce said that by Monday the plant would operate in full shifts again.

"An advertisement published for the first time yesterday attracted so many people," he said, "that all 100 posts vacated by those workers dismissed for not returning to work had already been filled before the end of the day.

"Everyone seems happy to settle down and continue as usual."

A committee of seven, elected by the workers, would represent the staff in dealing with the management, he said.
Frame group companies
increase divs 400 percent

DEREK TOMMEY
Financial Editor

THE four Frame group companies have all increased their dividend payments by 400 percent.

With this they have at last justified the faith of those investors who have been buying the shares on infinitesimal dividends — some for the last 30 years say stock exchange old-timers — in the hope that the companies would increase payments to shareholders one day would be more closely aligned to their earnings.

That day has at last arrived now that the heirs of the founder, Mr Philip Frame, have agreed to set aside some of provisions in Mr Frame's will concerning the operations of the group. Though whether the dividends are equal to the expectations of investors is a moot point.

The dividends are for the year ended June, and will be paid in two equal tranches in November and December.

- Natal Consolidated Industrial Holdings is paying 50c against 10c last year which improves the dividend yield of its shares from 0.7 percent to 6.7 percent.
- Natal Canvas Rubber Manufacturers is paying 62.5c against 12.5c previously to increase the dividend yield on its shares to 1.8 percent from 0.4 percent.

- Consolidated Textile Mills is paying 31.25c after 6.25c last year. The dividend yield on its shares is rising to 2.9 percent from 0.4 percent.
- SA Woollen Mills is paying 50c (10c) to put its shares on a dividend yield of 6.25 percent against 1.3 percent.

In spite of their sharply increased dividend payments the shares of Natal Com and Natal Canvas are still, giving low returns and this raises the thought that they might now be overpriced.

However, there are still strong hopes in the share market that a major organisation might make a bid for the Frame group which could possibly justify the present share prices of these two companies.

There is also the probability that as the group no longer has to depend on internal funds for expansion its profit growth could accelerate quite sharply in the future. The introduction of some gearing into its finances would also help increase its dividends.

So in spite of their low dividend yields it seems unlikely that there will be any immediate major change in the share prices of the Frame group companies.
Johannesburg — Frelax Ltd bought 49 percent of Coal Spinners (Pty) Ltd, Residue Disposals (Pty) Ltd and certain trading operations of J G de V Leach for R1.67m Frelax ordinary shares at R2 each, Rand Merchant Bank Ltd announced yesterday.

The statement said, "based on the 1985 audited results of Frelax, the deal would have cut net asset value a share to R1.18 from R1.32 the purchase is effective from November." — Reuters
to take strong action. Ms. Shapron, a member of the Cape Peninsula Democratic Party, has shown great determination and courage in her fight to ensure that the rights of the textile workers are protected. This decision was taken after a meeting at which the leadership of the company was convinced of the necessity for change. The workers are being supported by the National Union of South African Workers, and the campaign is expected to gain momentum as the situation unfolds.

The Cape Town Police Commissioner, Mr. H. K. M. M., has urged action to prevent further violence and ensure the safety of all involved. The Commissioner has also called on the workers to remain peaceful and to engage in dialogue with management in the best interests of all parties.
Earnings from textile exports set to increase

LAWRENCE BEDFORD

Earnings from textile exports are likely to rise sharply next year, says Textile Federation executive director Stan Silagman.

The main reasons are the weaker rand and a new agreement allowing SA exporters to increase shipments to the US by 25%.

Exports of spun man-made fibre yarns to the US totalled 463,5 tons between June 1984 and May 1985 — 400% up on the previous year — and led to quota talks between the two countries.

Under a three-year agreement worked out between government officials of the two countries, SA this year may export finished yarns 24% above shipments cleared into the US for the 12 months ending May 1985, with a 5% volume increase in each of the next two years.

Silagman says total SA textile exports this year are worth about R80m and predicts this could rise to R110m in 1986.

He adds that negotiations on US quotas took place at the same time as the passage through Congress of the Trade and Apparel Control Bill, which gives the US protection against imports from countries over which its degree of control is deemed inadequate. Other countries have been forced to accept restraints.

Countries like Mexico, Turkey and Brazil — caught in a situation similar to SA’s — have been forced to accept restraints, including a roll-back to previous penetration levels.

However, Silagman says SA enjoyed certain advantages in its negotiations with the US.

“Apart from the favourable trade balance in favour of the US as a supplier of raw materials to the SA textile industry, we have argued that SA has no physical or quantitative controls on US goods entering the country.”
THE FRAME GROUP

The leopard and his spots

For many years, the four shares that comprise the Frame Group were largely ignored on the JSE. Dividend returns were minuscule, annual accounts and reporting standards were virtually useless to the investor, and it was impossible to place a value on the group. In 1985 all this changed.

A compromise settlement to the protracted legal wrangle over the terms of the late Phillip Frame's will (FM May 3) has unlocked the extraordinary shareholders' wealth in this sprawling and complex textile empire. Investors have responded with enthusiasm. The share prices started soaring ahead of the legal agreement in April, and their total market capitalisation has increased since January by 90%, rising from R173.8m to R330.8m. This places them among the year's best performers in the JSE's industrial sector — but their market value still remains relatively low when compared to the total assets of R1 billion revealed in the latest annual report.

Just how realistic is the market in pushing the Frame shares to these levels — and is the run over yet? The stocks have been chased primarily by individuals each has a relatively small issued capital, and the shares are difficult to get. This, together with the paucity of reliable information and the low returns, has largely ruled out the institutions.

Speculators — for that is what most of them are — who have bought the shares have obviously smelt changes in the wind, changes which extend beyond merely liberalising the dividend policy. And there is no doubt that strange things are happening in Hime Street, Durban, where the stand Frame empire has its headquarters. Change is overt in the 1985 annual reports. Gone is the dour old format with its insultingly poor disclosure. In a blaze of photographic colour, the reports reveal for the first time the enormous underlying wealth.

The total assets figure of R1 billion was arrived at after some of the properties were revalued for the first time in decades, while others were brought to account for the first time. Frame's land and buildings, revalued at end-June at R258m, are totally unencumbered. “So many managers show you their factories, but they don't show you the bonds on them. We don't have bonds on our buildings,” says joint MD Selwyn Lure.

Lure is the traditional spokesman for the three-man management triumvirate, the others being Sydney Peen and Archie Bereman. Part of the group's opaqueness is embodied in Lure's style. It isn't that he refuses to see you, in fact, he's friendly and receptive. Face to face, Lure is a fountain of youthful enthusiasm and chuckles irrepressibly as he tackles all sorts of subjects. But he naturally dominates the conversation, talking incessantly, mischievously leading the interviewer away from any pre-determined path.

He describes a virtually debt-free organisation, whose factories are said to cover 1m m², equivalent to 250 Johannesburg city blocks. Into these factories go half of SA's annual cotton crop, and out of them come almost all the country's blankets, and a major proportion of its textiles.

Structurally, the Frame balance sheets are as solid as the Rock of Gibraltar. Although textile manufacture is enormously capital intensive, the group has no reverse gearing, and its land and buildings are totally unencumbered.

With these advantages, perhaps the most gratifying (for shareholders) of the recent changes was not difficult to accomplish. Dividend cover was reduced, to enable a 500% hike in payouts throughout the group Investors have never questioned Frame's ruthless culture, but they resented the fact that its tight-fistedness extended to dividends. The possibility that Phillip Frame's grip would one day be loosened from the dividend policy has for years been a talking point on the JSE.

But a company does not easily change its culture. In everything it does, it carries the PERFORMANCE PATTERNS

Joint MD Lure; and (top) Frame plant at New Germany

Financial Mail December 13 1985
imprints of the entrepreneurs who created it. And no matter how much its ownership and direction changes, autocratic roots cannot easily be made to yield democratic fruits All of which makes the central question a difficult one Is the Frame group really changing? Or is it like the unloved uncle who, on his annual Christmas visit, unexpectedly splash out with presents for the kids, and light heartedly jogs to the music — only to show later that he is still his tough old former self?

That, at least, is how many view the Frame group’s change of heart. The changes, after all, appear to have been made somewhat reluctantly. Lure, however, says that “Actually we were pleased to increase the dividends, but we were simply unable to do so before.” Even so, if culture change is usually difficult, it must be near impossible in the Frame empire. There cannot be many companies whose culture is so deeply embedded in the philosophy of a single man, and a man who is no longer with us at that.

Phillip Frame was an unusual character, and undoubtedly a hard one German-born, he built his textile empire along pre-war Teutonic lines. His labour philosophies were won in an era where the privileged worked, while many less fortunate starved, and no labourer ever questioned his wages or working conditions. Inevitably, the Frame group, which Frame established in 1928, became known for its sweat-shop tactics, and interminable battles with unions.

Having lived through Germany’s economic crash in the Twenties, Frame developed a horror of bank debt. Whatever he acquired — whether it was lunch in a restaurant, or a multi-million rand factory — he paid in cash. When his group expanded beyond his own resources, he united shareholders’ equity as the lesser of two funding evils.

Once Frame’s outside shareholders were on board, they were treated offhandedly and made to endure decades of dismally poor dividend payouts. The group, in fact, became caught in a negative rating cycle, which began with its aversion to bank debt.

Because it eschewed outside debt, Frame’s profit retention had to be kept high, partly to fund its own rapid expansion. To facilitate the high retention, dividends were cut to the bone, causing investors to accord the shares extremely poor ratings. The low share prices, in turn, meant that the group could not again turn to the equity market for funds, so dividends remained suppressed, thereby perpetuating the poor ratings.

If Frame gained a reputation for harshness, at least it could be said he was utterly consistent when it came to money. He was equally hard with creditors, shareholders, his own family and even himself. What’s more, he attempted to impose his harsh philosophy from the grave, through the restrictive terms of his 1974 will.

When the will was activated after Frame died, control passed to Frame’s family, although their shares were to be kept in a trust for them. Management was to continue much as before, with dividend payouts at their traditional level.

The family, most of whom live abroad, rebelled and opposed this. They wanted more say in running the company, which the will had left entirely in the hands of Lure, Bernhard and Pemmer, and they wanted a more generous dividend policy. After all, they, and not the minority shareholders, had most to lose from the group’s parsimony. The out-of-court settlement seemed to please everyone (PM May 3).

At present, the triumvirate remains completely responsible for day-to-day management. Strategic decisions have to be approved by the main board, comprising the three operating directors and four non-executive directors (who are also trustees) representing the family.

Another immediate effect was that important changes have been made to the accounting policies of the listed companies. Natal Consolidated Industrial Investments (Nat Cons), Natal Canvas Rubber Manufacturers (Nat Canvas), Consolidated Textile Mills Investment (Contex), and SA Woollen Mills (SA Wool)

The group structure has been cleaned up, Nat Cons becoming the holding company, with the other three listed firms its subsidiaries. The subsidiary and associate holdings which were previously ignored have been brought fully to account. This meant reshaping an existing structure that was so complex the auditors had to design a special computer program to help unravel lines between the various companies. "Our difficulty was to avoid double-counting of assets," says Lure. "Certain companies had been consolidated into one part of the group and simultaneously equity accounted into another part."

A benefit of these adjustments should include better efficiencies, and improved ability to monitor profitability. Outsiders I spoke to were critical of Frame’s productivity — but Lure disputes this and it is clearly difficult to measure. For one thing, outright ownership of the properties allows management to price goods without adding the usual overhead premiums for rental, mortgage or finance costs. Needless to say, the Frame group consistently outguns competitors in its main markets.

Indeed, because there has been no debt, or rent or mortgages to be paid, Frame factories under Philip Frame’s regime may have been less than totally efficient, yet more than competitive. But there seems little doubt that since Frame’s death six years ago, the triumvirate management has considerably im-

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**FRAME'S NEW SHAPE**

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<td>SA Wool</td>
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Sun International
INDUSTRY

Clothing trade urged to go for affordable prices

By DICK USHER
Business Staff

THE challenge for the textile and clothing industries next year is to contain raw material costs to ensure the consumer could buy clothing at affordable prices, says Mr Simon Jocum, chairman of the Textile, Clothing and Retail Advisory Council (TCAC).

When it came to export orders he hoped that manufacturers would be able to get a better deal from the textile mills so that a joint contribution could be made to promoting exports.

Mr Jocum, in his annual report to the TCAC, said one of the most significant achievements of the year was the completion of a code of conduct.

The code sets standards for business practices in the industry, aiming to ease points of friction between supplier and buyer and at settling disputes through negotiation rather than the courts.

It is not a legal document but a gentlemen’s agreement.

Mr Jocum said that there had been “quite a bit of Press bashing” between the textile and clothing manufacturers “each party quoting different statistics to suit their own interests”.

Each party was now questioning the others statistics.

The textile industry quoted total imports and the clothing industry focussed on imports for the clothing industry and not those for the furnishing and motor industries.

He appealed to both parties, if they wanted to publicise import figures or surges in imports, to use figures from the same sources otherwise they would lose their credibility with government.

“The question arises in the public’s mind and the government’s mind as to who is telling the truth as both parties, obviously, are pursuing their own vested interests,” said Mr Jocum.

The general impression of the outside world was of continuous friction between between the clothing and textile industries.

This was a false picture.

“We often agree on many issues and how to improve deliveries and communications where problems exist but, unfortunately, the chief executives say one thing at these meetings and middle management do not follow many of these decisions through,” he said.

“Unless the code of conduct is virtually framed in front of middle management in all our industries and they read and understand the principles behind it, I regret it will be forgotten by the time we enter 1980.”

“Therefore my plea is for all industries to make a commitment to advise their customers as soon as they are aware of delivery problems, late deliveries and so on.”
Curbing the Minister

The Natal Supreme Court has delivered a far-reaching judgment severely limiting the powers of the Minister of Manpower to decide on the scope of labour disputes. In the case of Zuke and others v the Minister of Manpower and Consolidated Frame Cotton Corporation, the applicants, who are members of the National Union of Textile Workers (NUTW), disputed a ministerial decision over the appointment of a conciliation board.

The workers applied for a board to consider a dispute over retrenchments, alleging that frame management had committed an unfair labour practice. Minister Piette du Plessis decided to appoint the board. But he excluded the consideration of a possible unfair labour practice from its terms of reference. This was a setback for the workers as it meant they could then not apply to the Industrial Court for a status quo order for temporary reinstatement. It also meant that if the matter went back to the court for a final determination, the court would not be able to consider an unfair labour practice.

Mr Justice K J Kroek decided on Tuesday this week that the Minister is "not empowered to purport to exclude from the terms of reference of a conciliation board the consideration of an unfair labour practice. " The judgment means that the Minister now has to choose between appointing a board on the terms of the applicants, or refusing to appoint one at all. If he does so, however, the applicants will be entitled to go on a legal strike.

The Supreme Court's decision will be welcomed in union circles. Last year there were a number of complaints from Labour lawyers that the Minister was using his powers to limit the scope of conciliation boards and thus the Industrial Court. The Department of Manpower, however, responded to criticism by stating that the Minister's decisions were taken in accordance with the provisions of the Labour Relations Act after consultation with the parties involved.
TEXTILE manufacturers, saddled with a fall-off in demand for fabrics, are struggling to survive.

Textile Federation head Stanley Shlagman says the situation has led to retrenchments, shorter working days and a sharp decline in profit. Though there have been no casualties yet, companies are "just hanging on," he adds.

Prospects for the three manufacturing sectors under the federation's control look bleak. The wool and worsted fibre sector has no forward orders beyond October and the future for the cotton and synthetic fibre, and knitted fabric sectors is just as dismal.

Industry figures show knitted fabric imports plummeted 70% in the first half of 1986, as compared with the same period the year before. Woven fabrics dropped by almost 50%.

Order intake for the knitted fabric sector is down 20% and working hours have been cut 25%.

In the wool and worsted fabric sector, deliveries up to October are likely to be only 60% of those during the same period in 1984.

"Normal orders beyond October are non-existent," said Shlagman. Already 750 workers, representing 20% of the sector's workforce, had been made redundant.

He said there was a feeling of uncertainty in the entire industry, more so because there was no indication of an upturn.

"Companies have not disappeared because the industry consists of only a small number of manufacturers. But they are being forced to run a tighter ship and at this stage are concerned with survival rather than profit," he said.

Competition has remained fierce and prices are low. Smaller inventories are causing quicker stock turnarounds.

"The retail distribution sector is tending toward shorter delivery periods — which is putting pressure on the clothing industry," said Shlagman. "What has compounded the problems for textile suppliers is that for the first time costs escalated at a rate higher than the consumer price index."

He said under normal conditions the industry would consider the slump to be cyclical.

"Our per capita consumption of textiles is low by international standards and we have not shown much growth in consumption. If we could reach half the per capita levels of other developing countries, long-term prospects for the industry would be good."

CHERYLH INTON
Local textile industry gets boost from depressed rand

By FINANCIAL REPORTER

The textile industry is benefiting from the low rand because of increased import costs.

Some products previously imported are now being produced locally. But total textiles demand has decreased.

Mr. Charles Kluk, president of the Textile Federation, speaking at the organisation's annual meeting, said domestic demand dropped 10% last year compared to 1983.

"Yet this declining market was saturated by a volume increase in fabric imports of 50% during the first half of the year."

This was a reaction to overstocking and "import costs resulted in a volume increase for the year as a whole dropping to 22%.

He said the Textile Federation was now being told "by highly-placed individuals that Government that imports in the general context are excessive."

Investigations by the federation indicated that the cushioning effect of the low rand was now being rapidly eroded, and that unavoidable production costs increased had virtually overtaken the beneficial effects of SA's depressed currency.

Preliminary results had shown that in January 1983, compared with January 1984, production costs in the textile industry had increased between 21% and 25%.

The textile industry bottomed out during July and August 1983, ahead of and to a greater extent than other industrial sectors.

There was a slight upward movement starting in the second quarter of 1984, and the rising cost of imports resulted in a more rapid improvement during the third and fourth quarters of 1984.

There were weak areas, particularly those concerned with supplying furniture and automotive industries.
Intimidation alleged: four in court

EAST LONDON — Four Mdantsane men made a brief appearance in the regional court here yesterday in connection with incidents last year in which Frame Textile Group employees were allegedly intimidated.

Mr Sandile Stompi, 26, Mr Sibusiso Gwala, 25, Mr Tamsanaq Hanjana 24 and Mr Buyisile Tyali, 34, were not asked to plead and no evidence was led.

The state alleges that the four threatened to destroy, assault and injure Frame Group employees in a bid to prevent them from attending work.

The state has also charged the group with seven alternative counts of assault with intent to do grievous bodily harm.

The case was postponed until March 6 to allow the state to supply defence counsel with more specific particulars.

Bail was extended until that date.

The magistrate was Mr N R. Gokhanyen and Mr T. Nekand was the prosecutor. Mr H. K. Naidoo represented the four instructed by H. K. V. Swazee — DDB
MORE than 100 workers belonging to the National Union of Textile Workers (NUTW) went on strike at the SA Nylon Spinners (Sans) factory in Bellville late last night and more are expected to follow today.

The strike follows a deadlock reached over a wage dispute between the union and Sans management, according to Mrs Virginia Engel, Western Province branch secretary of NUTW. According to the union, which is affiliated to the Federation of South African Trade Unions (Fosatu), the strike is legal because a month had elapsed since the union submitted a notice of intent to strike on January 10.

Workers are demanding a 10.5 percent wage increase over 12 months whereas management was prepared to offer 10.5 percent, said Mrs Engel.

A management spokesman, Mr Ken Rice, the night shift manager, said he did not know whether the strike was official.
Jobs for many, exports soaring

BY KIN BENTLEY E. Post

THE falling rand has brought boom times to the East Cape's textile industry.

Exports are soaring, and jobs for thousands in the rag trade are among the most secure in the region.

Manufacturers are also capturing more sales in the South African market place from importers.

With exports swelling, mills are operating at full capacity and, although few new jobs have been created, there is no risk of any redundancies.

One company benefitting is Moutone Clothing in Port Elizabeth, run by Mr Selwyn Jacobson, which employs about 600 people.

He has been exporting to the US since 1976 but has never known orders like today.

Although there had been a substantial increase in the price of raw materials in South Africa, the current exchange rate is enabling importers on the US West Coast to buy clothing from South African at 1978 prices.

Competition was still high but European currencies had also declined, making continental imports attractive as well.

And European countries had a marked political advantage over South African exporters.

In addition, Italian exports were heavily subsidized.

All this was producing "fierce" competition, said Mr Jacobson, but South African manufacturers were winning through — with export orders they hoped to retain when the exchange rate adjusted.

Another company scoring heavily is Da Gama Textiles, near East London.

The managing director, Mr Harry Pearce, said his firm was winning in two ways.

- It was doing a lot of "import replacement" — supplying textiles to manufacturers who, under a better exchange rate, would have imported them.

- Exporting to Europe and North America at a profit, due to the exchange rate.

He would not disclose the extent of the export market, but said it was the "economy on the top".

Items were not specially made for export, but because of the profit margin caused by the rand's low value, exporting had become a viable venture.

Most local textile manufacturers were exporting.

Even at a low profit margin, exporting was done "to keep the plant full and operational" when business in South Africa was poor, Mr Pearce said.
300 at textile plant on strike

By EBRHAM MOOSA

SEVERAL sections of the SA Nylon Spinners (Sans) main plant in Bellville were shut down yesterday after the first day of industrial action between the company and the National Union of Textile Workers (NUTW).

More than 300 workers belonging to the NUTW have joined the strike since it started late on Thursday night following a wage dispute between the company and the union.

Negotiations with management reached a stalemate after the company—a EECI affiliate—rejected its offer of 10.5 percent against the union's demand of 16.5 percent over 12 months.

Mr. Peter Boxall, manufacturing and technical director, said yesterday that the industrial action might have a serious effect on Sans' exports, which he said was a "major concern."

The strike definitely affected all production lines, he added, but in the current economic conditions the domestic market supply of nylon fibre would not be affected in the short term.

In an official statement, Sans admitted that the strike was "illegal," after two conciliation board meetings had "mutually acknowledged that a deadlock had been reached.

The statement said Sans was one of the top taxpayers in the Western Cape and that 840 workers out of a total workforce of 126 earned in excess of R600 a month, including the increment.

Fosatu

NUTW—a Federation of South African Trade Unions (Fosatu) affiliate—had 919 members at the plant and 30.5 percent of its membership favoured a strike after a ballot.

Mrs. Virginia Engel, Western Province branch secretary of NUTW, said they were open for negotiations with management. The union rejected management's offer because it was below the cost-of-living rate.
Textile plant strike off: Union considers next step

THE strike at SA Nylon Spinners' Bellville plant has ended while both sides consider their next move in the wage dispute.

Mrs Virginia Engel, branch secretary of the National Union of Textile Workers (NUTW), said today the first day of the legal strike had ended on Friday night.

NUTW — a Federation of South African Trade Unions affiliate — called the strike when negotiations over wage increases broke down. Management offered a 10.5 percent increase against the union's demand of 16.5 percent over 12 months.

Mrs Engel said the union would assess the situation to consider its next step.

She said that according to its recognition agreement with management the union had four days of which it could call a legal strike. The first of these days had ended on Friday.

But Mr Peter Richardson, human resources manager for SA Nylon Spinners, said this was a misinterpretation of the agreement.

"Our interpretation is that we have agreed not to dismiss workers en masse for four days after a legal strike," he said.

He said 36.7 percent of hourly paid staff had joined the strike.

Ministers meet

BRUSSELS — European Community agriculture ministers are due in Brussels for the first round of their annual tussle over farm price-support amid signs that they are headed for one of the fiercest confrontations in the group's history —

Sapa-Reuters
Pay talks stalled

STRIKING workers at the SA Nylon Spinners plant in Bellville have returned to work — with no strike settlement in sight.

The workers, members of the National Union of Textile Workers, remain deadlocked in their dispute with management over their 1985 wage agreement. NUTW, a Federation of South African Trade Unions affiliate, called the strike when pay talks broke down. The union demanded a 16.5 percent rise over 12 months, and management offered only 10.5.

The strikers, about 30 percent of the hourly-paid workforce, refused to start work on Thursday but returned to work at the weekend. A NUTW spokeswoman said the union is considering its next step. — Sapa
DURBAN — More than 2,000 clothing industry workers in Natal have lost their jobs in the past four months — and hundreds more are expected to be laid off in the near future.

The chairman of the Natal Clothing Manufacturers Association, Mr Richard Savage, said five percent of workers had been retrenched since November.

"Conditions are getting worse and worse. In the retail trade stocks are being kept at a lower level and the general suffering is going to be felt right through the economy." — Own Correspondent.
Textile industry undermined by ‘unfair practices’

By Stan Kennedy

The government has been asked by the Textile Federation to “react vigorously” to the export malpractices in the field of textiles and clothing which, it alleges, are taking place in Transkei, Bophutatswana, Venda and Ciskei.

Exports from these countries are said to be of South Africa origin which could adversely affect South African exports, the Federation’s president, Mr Charles Kluk, said at the annual meeting in Johannesburg.

He said the biggest problem with imports, apart from the disruptions caused by the large volumes and low prices, was their timing. These bore no relationship to the domestic level of demand or the supply capabilities of local industry.

Total domestic demand for textile products dropped 10 percent last year and yet this declining market was saturated with a 50 percent increase in fabric imports in the first half of the year. Overstocking and import costs resulted in the increase in fabric imports for the whole of 1983 dropping to 22 percent.

He said there was a belief in official quarters that the weak rand gave effective protection against imports and made exports more competitive.

Investigations by the Federation indicated that the cushioning effect of the low rand was being rapidly eroded and that unavoidable production cost increases had virtually overtaken the beneficial effects of South Africa’s depressed currency.

Preliminary results show that in January costs of production had increased 22 percent over January last year. The averaged FOB rand price of competitive imports had also increased by a similar amount.

Mr Kluk said “What is even worse is that reasonable estimates for later periods of this year indicate that this competitive advantage will widen to an appreciable extent. On the assumption that the rand will move in the 45c to 50c range, a nine percent gap is expected in mid-year.”

Being highly dependent on the fortunes of the retail sector, it was of some concern that it had adopted policies of accelerated stock turns and excessively short lead times.

These put pressures on suppliers which could not reasonably be met and created serious production problems, lowered productivity and increased costs.
ANGER AT PNAB MOVE

A multi-million rand plan to move the Natalia Development Board — formerly the Port Natal Administration Board — from Durban to Pietermaritzburg has been confirmed by Co-operation and Development Minister Gerrit Viljoen.

The plan, involving at least R18-million, now has Government approval — and residents of Durban townships are furious about it.

It is a “removal scheme” with a difference.

The administration boards in Pietermaritzburg and Durban were recently merged into one — the Natalia Development Board.

Now, virtually the entire operation of the Durban branch is to be moved to Pietermaritzburg.

Although most of the details are being kept under wraps, it is known that vast sums will have to be spent on buying and equipping the new premises in Pietermaritzburg.

Staff in Durban will commute daily — at the board’s expense — to Pietermaritzburg.

If they eventually decide they don’t want to move they will be given a “golden handshake”.

Treason: Botha ‘no’ to plea

STATE President P W Botha has rejected a written request by Edward Kennedy and 26 other US senators to release treason trialists.

The senators had written to Mr Botha to express “our very deep concern”.

2 AGs will study Biko inquiry

THE TRANSGAAL and Eastern Cape Attorney-General will study the SA Medical and Dental Council’s inquiry into the conduct of the two doctors who attended to Steve Biko before his death.
The Cape Town Supreme Court has overturned a decision of the Industrial Court (IC) ruling. The IC had upheld an industrial council ruling which refused to allow the National Union of Textile Workers (NUTW) to deduct union dues by stop order at factory level. The dispute now returns to the IC for fresh consideration.

NUTW, an affiliate of the Federation of SA Trade Unions, is trying to gain a foothold in the Cape textile industry where it has a strong rival — the Trade Union Council of SA-affiliated Textile Workers' Industrial Union (TWIU).

Last year NUTW applied to the Industrial Council for the Cotton Textile Manufacturing Industry (Cape) for an exemption so that union dues could be deducted from its members at Table Bay Spinners.

The council, of which TWIU is a member, refused the application NUTW then took the matter to the Industrial Court where it lost. The union then appealed to the Supreme Court to review the IC decision.

In the Supreme Court, Mr Justice Wesley Vos considered the provisions in the Labour Relations Act (LRA) for exemptions from industrial council agreements. The Act says exemptions may be granted if the terms and conditions of employment of persons affected will not be less favourable than under the agreement or if special circumstances exist which justify an exemption.

The IC had held that NUTW had "failed to prove that the averred special circumstances do in fact constitute special circumstances." Judge Vos, however, said it appeared from the Industrial Court's files that the proceedings before it had been confined to oral argument NUTW had in fact also submitted written reasons in which it argued that the terms and conditions of employment at the company would not be substantially less favourable than those prescribed in the industrial council agreement because

- The industrial council agreement made provision for the deduction of trade union subscriptions,
- NUTW's subscriptions were only deducted with the written authorisation of the employees concerned, and
- NUTW's subscriptions are 30c a week which is less than that prescribed by the TWIU.

The judge said "In my opinion it appears from the proceedings that the written averments in regard to 'not less favourable' were not contested. Therefore the Industrial Court should have considered them as possibly amounting to good grounds. However, I can find no such consideration and (the industrial council's counsel) could refer me to none. Hence the Industrial Court has in my view overlooked facts which could have secured a verdict in favour of NUTW before it. Hence, in concluding that it had to find 'special circumstances' the Industrial Court unduly fettered its discretion and therefore failed to appreciate the nature of the discretion conferred on it by the (Labour Relations) Act, that is also to consider the ground 'not less favourable'."

The industrial council contended that there was no point in sending the matter back to the IC as its decision would be a foregone conclusion.

The judge disagreed, saying "The Industrial Court may decide in (NUTW's) favour — in fact I rather think it will — but it may not I cannot say that (NUTW) has an answerable case, and therefore I do not propose to give a decision on the merits. Hence the matter must be remitted to the Industrial Court."

The Supreme Court ordered the industrial council to pay NUTW's costs.

NUTW was, however, ordered to pay its own wasted costs from the Industrial Court hearing.
UK firm 'is dodging unions'

By STEVEN FRIEDMAN
Labour Correspondent

A MAJOR British textile company has been accused of closing its two Randfontein plants so that it can move to Bophuthatswana and avoid unionism.

The National Union of Textile Workers claims that the company, Coats Patons, will be able to pay workers in Bophuthatswana "a quarter" of what its workers earn now and will be able to take advantage of tough anti-union laws in the territory.

Unionists fear other companies will also begin moving to homelands, most of which oppose unions, to avoid unionism in the cities.

Attempts to obtain comment from the company have been unsuccessful, but it is understood that it denies that it is closing the plants to avoid the union and reduce its wage bill.

Union sources say the new Bophuthatswana operation will not be directly run by Coats Paton But they add that the plant will be producing its products and allege that it has arranged that another company will run the plant so that it can avoid accusations that it is moving to the homeland.

A labour law passed by Bophuthatswana last year forbids all South African unions from operating in the territory and imposes tough controls on unions.
MANUFACTURING - TEXTILE

1986 - 1987

MARCH - SEPTEMBER - DECEMBER
Rand's rise hurts textile industry

THE slowly-improving rand is diminishing prospects of a short-term recovery in the textile industry.

The industry has been cushioned by the low value of the rand, which has given locally-manufactured products a competitive edge on international and local markets.

"Most sectors of the industry benefited to some extent from the decline in imports which occurred in 1985, principally due to the decline in the value of the rand," says Stanley Schlagman, executive-director of the Textile Federation.

"It meant the total production decline of 7% was cushioned."

Ernest Wilson, immediate past-chairman of the Textile & Clothing Advisory Council, says 50% of textile imports — 30% of local consumption — have been replaced by local goods, especially in the cotton and synthetic sectors.

"Although the rise in the value of the rand, if sustained, might have a general beneficial effect on the economy and on certain cost inputs of the textile industry, imports will again become competitive," says Schlagman.

LINDA ENSOR

Entry on to the local market by foreign exporters seeking alternatives to the US and European Economic Community countries, which have placed restrictions on imports of textiles and apparel — will also ease by the rand’s higher value.

As far as an expanding local market this year is concerned, Schlagman is not optimistic.

"We don’t really believe there will be an upward tendency in local demand. There are no indications to suggest this.

"If all these negative aspects take effect, there are possibilities of further reductions in production, further redundancies and some casualties may occur in the industry," he says.

He adds that action may have to be taken urgently on two fronts: More restrictive action on imports and a more supportive role by government for exports.

"At the very least, incentives, that exist should not be withdrawn and in some instances should be increased as an interim measure," he says.
## Western Cape's richest towns

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<td>Robertson</td>
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### From DAVID CANNING

**DURBAN.**—The Durban-based Frame Group has taken another major step towards improving previously notoriously low dividends.

Shareholders in holding company Natal Consolidated will see its interim payout rise to 50c — a staggering 12 times greater than the 25c final declared last year.

Analysts have speculated payouts have been hoisted by the revamped group to satisfy Frame family members who live overseas — but the company last year made it clear that it was planning to reverse the late Phillip Frame's parsimonious pay-outs.

On the basis of the final and latest interim, Natal Consolidated's dividend yield moves ahead to only 2.5 percent.

### HISTORICAL AVERAGE

On the other hand, if one takes the interim as an indication of things to come (and anticipates a final of like amount), the potential total for 1986 is 60c, putting the yield on 4.6 percent.

This is substantially better than an historical sector average of 3.4 percent.

On a similar basis of calculation (doubling the latest interim), Natal Canvas Rubber would move to a 94c total (interim is 70c), for a prospective yield of 5.2 percent, Consolidated Textiles to 80c (interim 40c) for a prospective yield of 5.7 percent and SA Woollen to a total of 120c (interim 60c) for a total of 9.4 percent.

The better payouts to a large extent have been anticipated by the market which has virtually doubled the Natal Consolidated share price, from 6975c to 1300c since early December.

Natal Consolidated net asset value per share - at 3392c is still three times greater than the current share price.

Since December Natal's share price has risen from 550c to 6500c, Contex from 970c to 1400c and SA Wool from 725c to 1275c.
Textile Firm Buys Ontario's R3' Ptn

By Bob Kerimohan

[Image: Business Editor]

The Ontario government has announced that the textile firm, Textile Firm (TIF), has purchased R3' Ptn, a textile company located in Ontario. The purchase is part of TIF's expansion strategy to meet the growing demand for textile products in the region.

TIF has been in operation for over 50 years and is known for its high-quality textiles. The company's acquisition of R3' Ptn will allow it to expand its production capabilities and better serve its customers.

The announcement was made by the Ontario government's minister of economic development, who praised the acquisition as a significant step forward for the province's textile industry.

"This acquisition is a testament to the strength of our textile industry," said the minister. "We are proud to see TIF continue to grow and expand its operations in Ontario, helping to create jobs and support local economies."
Mooi River takes increased costs on the chin

By Zelda Zaayman

MOOI River Textiles decision to absorb increased costs resulted in an 11,3% drop in pretax profit to R44-million in the year to last December.

Director WC Holt says "Sales were not bad last year, but prices were."

Textile prices came under severe pressure because of import surcharges, increased general sales tax and competition.

The directors say in the annual report that raw material costs increased by 30%.

Costs of dyestuffs soared by 70%, chemicals and starches by between 50% and 60% and machine parts by 80%.

The cost of electricity rose by 20%.

Major problems were the irregular intervals and the short notice at which the increased prices were announced. Budgeting of costs and sale of products at firm forward prices became difficult.

Mr Holt says "Imports were cut last year because of the low rand. This kept SA mills busy, but at a price."

The higher cost of imported fabrics increased demand for SA goods. But the directors say it was difficult to increase Mooi River product prices to compensate for higher manufacturing costs.

Mooi River sold at the "most realistic prices possible".

The textile mill has done "relatively well" in the past three months and is looking at an improved rand to maintain its performance for the rest of the year.

Orders

Although Mooi River's order book in terms of volume for 1986 is satisfactory and capacity is fully booked for the first six months, the directors are not optimistic about profit margins.

"Imports of basic raw materials, chemicals, etc., may cost more, all of which might depress profit margins. We expect to achieve the required volume of sales, but are unable to forecast profit margins for the year."

In spite of the drop in pretax profit, taxed profits showed a small increase to R3,8-million. Mooi River's tax rate fell from 16,6% in the previous year to 4,7% last year.

Last year's tax represented only deferred taxation less an overprovision for 1984.

The actual tax concessions for that year were greater than the amount originally calculated. Tax concessions will continue to benefit the company in 1986 and 1987.

Pre-tax margins dropped from 16,4% to 12,9% last year, and taxed margins from 13,7% to 11,9%.
Romatex increases its interim dividend

TEXTILE group Romatex has performed better than was expected, raising earnings a share 36% to 14.7c from 10.8c in the six months to March.

The interim dividend has been increased from 5c to 6c a share.

However, the improvement came through reduced interest charges, as a result of reduced short-term borrowings and the lower interest rates prevailing in the last six months.

The results are in sharp contrast to chairman Jack Ward's forecast in last year's annual report that earnings for the current year would be lower than the previous year. It is estimated that earnings for the full year will exceed last year's.

However, this performance must be seen in the light of the 9% decline in earnings last year. Trading conditions have, if anything, deteriorated further with consumer durable expenditure continuing to decline.

Turnover rose 3% from R207.6m to R214.8m, but with trading margins declining slightly to 4.3% (4.4%), operating profit increased...only marginally to R8.5m (R8.1m).

Lower interest charges of R3.8m (R4.8m), combined with higher investment income of R200 000 (R200 000), resulted in pre-tax profit rising 29% from R4.5m to R5.8m.

However, a higher effective tax rate of 49% (40%) reduced the increase at the taxed level to 22%, with taxed profits standing at R3.5m against R2.7m in the previous interim period.

Minorities share of losses in a subsidiary — due to relocation costs — lifted attributable funds to R3.5m, compared with R2.6m in the 1985 interim period.

The reduction in short-term borrowings by about R3m has reduced the debt/equity ratio slightly from 0.32:1 to 0.30:1 and balance sheet strength has improved with the current ratio increasing from 2.1 to 2.2:1.

In spite of the group's disappointing results last year, the share climbed to a high of 680c recently — presumably on its classification as a recovery stock — before falling back to yesterday's close of 550c, where it yields 7.8% on earnings and 2.8% on dividend.

The results are indeed pleasing, but the group has a long way to go before it regains former levels of profitability.
Romatex showing signs of recovery

By Peter Farley

Harlech textiles group Romatex showed the beginnings of a recovery in the six months to end-March with a 33 percent lift in attributable earnings.

Profits have been under pressure for three years and finally slumped by more than two-thirds in the last full financial year to only R8.8 million.

In the period under review, however, the traditionally weaker first half produced net income up to R3.5 million from R2.6 million.

Nevertheless, the jump in profits is more to do with lower interest rates— which saw finance charges drop by R1 million to R3.4 million— than any real improvement in operating profit.

In fact, discounting the effect of inflation, both sales and profits are some 12 to 15 percent below the levels achieved in last year's first half.

CONSUMERS

The company is heavily reliant on consumer spending and, with growth in this area still expected to be pretty limited the immediate short-term prospects for the company must be for more of the same.

However, the continuing benefits of lower interest rates and the possibility of some improvements in operating profit, should lead to the bottom line being somewhat stronger by the end of the year.

Reductions in the more expensive short-term debt have already been achieved— down to R22 million from R24.7 million— and with volumes likely to remain depressed further reductions in working capital could also be on the cards.

In line with management's increasing optimism, the interim dividend has been raised by a cent to 5c and is almost 2.5 times covered by earnings This puts it on an historic yield of 2.9 percent at yesterday's 550c closing price.

With such a slim yield the market is still discounting a stronger recovery in earnings and the price is therefore still fully valued.
Cost of dressing up may come down

By TOM HOOD

CLOTHING prices could be cut and unemployment eased if the lowering of import duties becomes more widespread in the clothing and textile industries.

The Government cut import duties in the past week on knitted fabrics to 25 percent from around 35 percent.

This follows a redrafting of the import duty structure and will help clothing manufacturers who have been hard hit by high import prices and a shortage of knitwear fabric.

Also, next month clothing manufacturers will present their case to the Government for a temporary reduction in import duties on a wider range of fabrics of which there is an exceptional shortage.

The textile industry is also worried about a shortage of yarn and is applying pressure for a reduction or temporary abolition of duty.

Factories all over the country have laid off workers or cut working hours because of the shortage of fabrics.

"If fabric prices don't come down and the scarcity gets worse, it will obviously affect employment," said the chairman of the Cape Clothing Manufacturers Association, Mr Simon Jocum, this week.

"Once you have factories going on to short time and jobs are involved, the matter must be tackled very quickly."

Exports of fabrics, benefiting from the low rand, had aggravated the shortage.

But exporting was good business and was the industry's right, he added.

"We also have a right to seek other resources at reasonable prices."
Behind the drapes

The Frame group collected some negative press this week, after reporting interim results which, on the face of it, seemed mediocre at best. But, as always, nothing is ever quite what it seems in this complex textile empire.

Natal Consolidated (Nat Cons), the ultimate holding company for all Frame group interests, reported a marginal decline in earnings a share to 259,1c (279,9c), while earnings for Natal Canvas slipped to 59,9c (103,4c), and Consolidated Textile to 18c (21,8c). SA Woollen Mills, a smaller subsidiary, reported an increase in interim earnings to 62,2c (46,6c).

These results must, however, be seen in the context of Frame's massive revaluation of plant and machinery in June last year, and the subsequent leap in its depreciation charges. Had the old accounting basis been used, depreciation charges would have been R6m lower in the six-month reporting period, and Nat Cons would have shown earnings 50% higher than for the previous year. When adjusted for depreciation, its operating margins are shown to have improved to 6,6% (4,7%).

For the full year to end-June 1986, Nat Cons, despite its having to support a potential depreciation cost some R12m higher than before, is expected to show a "modest improvement over the previous year." By implication, the group appears to be trading strongly out of its recent slump, despite the on-going recession in its markets.

The Frame group, developed on the conservative ethos of its founder, the late Phillip Frame, has, in fact, continued to show remarkable structural strength. While it owns assets worth over R1 billion, including plant and machinery worth R356m, the group is virtually debt free. As a result, its products can be priced without including the usual loads for rental, mortgage or finance costs. And, while it was charging only nominal depreciation, its sales department had an advantage there too.

With its low-cost structure, Frame has consistently mauled competitors in its main markets. But, although the new depreciation policy will increase overhead costs, joint MD Selwyn Lurie assures me "there will be no change in our pricing policy."

Nat Cons' shares trade at R115, on an historic dividend yield of 2,8%. The share has trebled over the last year, on a combination of take-over talk, improved dividends, and investors' approval of the group's vastly improved attitude towards shareholders.

Neville Gibson

ROMATEX

Climbing back

In his chairman's statement last November, Jack Ward foresaw trading conditions "deteriorating further," with lower profits for the next six months. Trading conditions did worsen, and Romatex — the first of the Barlow Rand companies to report for the end-March interim — suffered a substantial decline in real-term sales. However, operating profits were maintained and attributable...
Union membership is drastically down

Lucy Mvubelo, 66-year-old fighter who has been a unionist for 33 years, sits in an office under a sign that reads "Yes, a brighter tomorrow is coming".

Her home has been petrol-bombed more than once, her despair with her own people is apparent and the picture she paints is one of doom and gloom.

"In 1984 the picture was quite bright, clothing was flourishing — there were disquieting signs but we thought that with the industry's usual resilience it would pick up. But it went from bad to worse. In 1984 there was a membership of 20,000 workers. In 1985 it went down to 18,000. Today it stands at about 12,000," says Mvubelo, who is general secretary of the National Union of Clothing Workers, SA.

"We are going under. The future does not look at all bright. It has been officially made known to us that more factories will close. So many factories have gone — underwear, menswear, ladies fashion... In the Western Cape, 79 factories closed in 1985. There were several menswear factories in Johannesburg which exported, now there are only two or three left, and one wonders how viable they are. How many more will go?"

Another aspect of industry's problems was the concessions given by government to clothing employers, many of whom went to border areas like Ladysmith or to the homelands. There are no unions there yet, but with the formation of the new union in Natal, I am optimistic this will change. Those employers will now have to think twice about wages and training and labour. It is a political issue, these concessions. We are waiting for the politics to recede and those concessions to be withdrawn.

"Unlike Botha and Mangope, some homeland leaders do not want unions. But it will come. Enlightened leaders realise they can only set high standards and improve standards by giving decent wages and conditions."

"I support the free enterprise system but in black areas it is not working. Black workers do not respect black bosses. It will take another century before we respect each other."

"The Small Business Development Corporation does help with machinery, but not with real wages. We believed in training from early on, so let us now seize the opportunity to learn how to run a small business."

"Sadly, we may have to close our training school... what do we need to train for now?"

"There are day to day problems. Our employers have to buy material from overseas and with sanctions and boycotts it will take months to reach us."

"You know, SA goods are very, very good, good enough for export. I never had to wear an imported garment," she gestures to her own clothing.

"I despair of my people when they cut their own throats with consumer boycotts. When I was in East London last week, the town was grey and dull, the locals are going to Umtata and Butterworth to buy what they need. What nonsense. We will kill ourselves with cheap politics."

"Today, in my industry where the majority are women — breadwinners — how are they to manage?"
Total demand for fibre drops by 7.5%

DEMAND for natural and synthetic fibres declined by 7.5% between 1984 and 1985, according to the BMI study.

Total fibre consumption in 1984 was 248 987 tons (worth R670.8m) and in 1985 an estimated 230 289 tons (worth R773.7m).

Cotton is still by far the single most important fibre, with a 27.5% market share in 1984, and an estimated market share of 26.8% in 1985. Cotton is followed by polyester staple at 10.4% in 1984 and an estimated 12.7% in 1985, and acrylic staple at 10.8% of the market in 1984 and an estimated 11.3% in 1985. Cotton accounted for nearly 74% of natural fibre demand in 1985.

Although demand for fibre decreased from 248 987 tons in 1984 to an estimated 230 289 tons in 1985, in rand terms demand for fibre by the textile industry increased by just over R100m from R670 821m to an estimated R773 681m, bearing in mind the 7.5% downturn in tonnage and a 15% increase in rand value. The average price per ton increased by 24.3% from R2 642 per ton in 1984 to R3 291 per ton in 1985.

Overall fibre production increased between 1984 and 1985 by 9.5%, with imports down by 22%, exports up by 26.5% and demand decreased by 7.8% from 248 987 tons in 1984 to an estimated 230 289 tons for 1985. Imports which represented close on 46% of fibre demand in 1984, accounted for less than 40% in 1985. Exports, on the other hand, increased its share of production from 26% in 1984 to 30% in 1985.

Local production of polyester fibre increased by nearly 24% during 1984/85. Imports decreased by approximately 70%, which, if seen against an average staple and continuous filament imported price increase of 65%, is not surprising. The rand-dollar exchange rate helped push exports up by more than 50%.

Exports, which accounted for 16.3% of production in 1984, were expected to reach 21.8% of production by the end of 1985.

Footnotes:

*15 days extra paid leave for workers with 10 years continuous service are entitled to 5 days extra paid leave.*

*Magisterial Districts of Johannesburg, the Cape and Durban.*

*Trade Union: Optical Workers' Union.*

*Manufacturers' Association.*

*Opticians' Association: South African Ophthalmic Optical.*

*Optical Manufacturing Industry.*
SA-US trade deal near

LINDA EDSON

The US and SA governments are involved in preliminary negotiations over a bilateral agreement covering trade in clothing and textiles. The negotiations are expected to be finalised next month.

Representatives from the Department of Trade and Industry, as well as advisers from the National Clothing Federation (NCF), recently went to Washington for discussions with members of the US State Department on the issue.

"The discussions took place to define and agree to levels of imports into the US of textiles and apparel," said NCF president Mike Getz, who was a member of the delegation.

"Since discussions were of an exploratory nature, no real decisions were reached. We were most satisfied with the spirit and conduct of these discussions."

Entering into a global arrangement means that the SA clothing industry will have to clarify its export objectives and plans over three to five years.

The quotas restricting the import of certain categories of SA clothing and textiles—introduced in November last year—have reduced SA exports to the US by about 20%, Getz believes.

Jeans and some woollen jackets have been most affected, he says, though this has not been serious.
Edgars set to enter low end of market

LINDA ENSOR

2%," he told Business Day "It was one helluva loss. In the second quarter, we caught up but it was only in the third quarter we made up this deficit by growing at a faster rate than the market."

The group's market share has, he claims, grown 0.2% this year, giving it an estimated 12.6% of the total market.

"An aggressive drive to improve assortments, increase advertising expenditure and introduce lower-priced goods resulted in a 'zooming' market share in the January to March period, according to Edgars' estimates."

"On the merchandising side we are being more aggressive. Our merchandising budget was indeed as our sales budget is pitched slightly higher so we can buy more than last year. I think we can steal a bit of market share."

About the recently announced R50m convertible debenture issue, Hammond says, "We are putting the money in the banks. That's the trouble we carry a six-months-to-pay book — worth over R200m."

The decision to enter the lower end of the market conforms with what Hammond sees as a sharp polarisation between the affluent and "desperately poor" segments of the market. Hammond hopes a proper understanding of the target market, gleaned from the group's "very successful" Zimbabwean operation, will help prevent the mistakes made with the Ackermans chain.

"We did not understand that market at the time," he says.

The polarisation in the market is leading to the major chains such as Edgars, Sales House, Jet, OK Bazaars and Woolworths moving increasingly into the lower stable middle-upper income bracket, says Hammond.

The black middle class is expanding the ranks of this group.

"But who is to cater for the millions and millions of desperately poor people?" asks Hammond. "Half a million new blacks are going to come into the urban area every year — and this figure was calculated before the relaxation in influx control"

"Tiny F. Stores and Indian traders are catering for this need."

The new chain will provide very basic clothing of acceptable quality on a purely cash basis to those who have little to spend. Depending on the number of sites available, as many as 12 stores may be opened on the Reef this year. Initial investment will be modest.

"It will contribute minimally to the Edgars balance sheet for the first couple of years but Hammond hopes that "once we are sure of the formula we will be able to expand at a rapid rate."

"It will have nothing to do with the sumptuousness of Edgards and will be totally separate. It cannot be influenced by the ethos of this place," Hammond says, waving his hand at the imposing group headquarters in Johannesburg.

Interest clash between textile and garment manufacturers

ANNABELLE GORDON

A MAJOR difficulty in the strange SA market is that garment manufacturers want high fashion short runs at short notice, while the textile manufacturers (like everybody else) want long notice, long runs. Also, textiles are capital intensive, garment making is labour intensive. "Will the two ever understand one another?" asks Peter Remmuth, fibras division manager at Trevira (the registered trademark of Hoechst's polyester fibre).

"If you have an industry depending on large runs and have to adjust all your machinery for a short run, obviously short runs or small orders get very expensive. Makeovers are costly and time-consuming," he says.

SA's trading conditions are far from ideal — there is a small domestic market compared to other countries. "But as we compare, we have to update machinery to keep abreast... and this is now being done with a low-value rand, so the cost is prohibitive. Sometimes the impossible is being expected of local mills," he says.

"Many have gone for the export market — some successfully — but they dare not neglect the local market because all spinners and weavers depend on and are geared for the domestic market," he says.

"We run a lean crew, so we did not need to retrain and we have improved volumes over the years — but we won't achieve target this year. SA is a good market for us and we will maintain position and expand after a holding period."

"By the end of last year our total sales volume reached 107% of target even though only 38% of the previous year's performance."

"Local sales achieved 97% in comparison to the previous year, but the export business received a blow, due to overseas market deceleration in the second half of last year, although Hoechst SA was never more competitive due to the weak rand."

The clothing industry has welcomed Minister Dawne de Villiers' recent announcement on rebate facilities for the importation of fabrics to alleviate serious problems of supply in the local textile industry.

Difficulties, particularly in the area of timely delivery and acceptable quality, have been a long-standing nature and have — contrary to sound economic principles — even intensified during the current recession, said an industry spokesman.

The industry, said to be the most labour intensive of all SA's manufacturing industries, is heavily dependent on the local textile sector for its materials (fabrics), which receive substantial protection.

The weakness of the rand has precluded access by the clothing industry to alternative supplies, making its position extremely difficult, he said.

"Protection is a feature of an industrial society, as is the situation in SA, those protected have an obligation to supply the market. But these conditions are not met when suppliers cannot fulfil delivery commitments or sustain quality standards."

Duty relief welcomed
Labour dispute settled

Dispatch Reporter
EAST LONDON — A dispute between the South African Allied Workers' Union (Saawu) and PE Textiles, which was scheduled to be heard in an industrial court yesterday, has been settled out of court.

The dispute centred around Saawu's demand for official recognition at the factory, which had a recognition agreement with the South African Garment Workers' Union.

The dispute was declared by Saawu, which claimed a majority membership at the factory.

In the agreement between the factory and Saawu, the union was granted access to the factory to organise and to hold a ballot vote before July 17.
SANS MD leaves to head Frame group

By AUDREY D'ANGELO
Assistant Financial Editor

JUSTIN SCHAFER, MD of the Cape Town-based SA Nylon Spinners (Pty), is leaving at the end of this month to become chief executive of the Frame group of companies.

He will be succeeded as MD of SANS by its sales director, M P Smith, who joined the company in 1965, and has held a number of technical, development and commercial positions in it.

Smith will continue to act as sales director when he takes over from Schaffer on August 1.

Schaffer worked for the Frame group for six years. He joined the group when he was 28 and became a director at the age of 30.

He left to start up a new plastics firm which was later bought out by AECI.

"They are splendid people to work for and I have stayed with them until now," he said yesterday.

SANS is a wholly owned subsidiary of AECI and under Schaffer's leadership it has grown into a company with 2,200 employees manufacturing yarns for a variety of uses, from clothing to aircraft tyres, and has been successful in the export market.

The Frame group, comprised of four listed companies manufacturing clothing, textiles and footwear, employs 28,000 people.

"I shall be returning to Durban within a month," Schaffer said yesterday.

"The wheel will have come full circle but I shall certainly miss Cape Town."

He is taking early retirement from SANS in order to take up his new appointment.

It was announced by the Frame group yesterday that two joint MDs, S Lasie and S Perlman, have resigned from their directorships of all companies in the group. They will be retained as consultants.

Reuter reports that A Berman, a joint managing director, has also resigned from that position and other appointments as joint-managing director of companies in the group.
THE sudden resignation of the Frame group's three joint MD's could herald a
new era for the largest textile manufacturer in the southern hemisphere.
Management and the trustees, which represent the Frame family, once again
steadfastly refuse to divulge details or
comment on the latest developments.
But it seems the family has finally
succeeded in removing founder Phillip
Frame's proteges and will now be able
to call the shots.

It was only a year ago that the Frame
family agreed on a restraint settlement
of R2m each to the management trium-
virate of Selwyn Lurie, Archie Berman
and Sid Peumer, after five years of wran-
gling.

Takeover talk or speculation that has
surrounded the group ever since Phillip
Frame's death more than six years ago
—and the legal battle over the terms of
his will — could well intensify today.

However, the appointment of Justin
Schaffer — formerly a Frame group
director in the sixties, and currently MD
of AECl's wholly-owned subsidiary SA
Nylon Spinners — as MD with effect
from August 1 may instead usher in a
new era of management style
Indeed, Schaffer is adamant his ap-
pointment is not of a temporary nature
in order to improve profitability and
ensure the family can enjoy the maxi-
mum benefit on sale or break-up of the
group.

"The group is not going to be broken
up or sold, but will be run in a profes-
sional manner over the long-term," he

Schaffer confirmed no payments
would be made to the triumvirate who
were locked into service contracts.
It is understood Lurie and Peumer are
to be retained as part-time consultants
until 1990.

Certainly, the shares of the Frame
group — Kingpin Natal Consolidated In-
vestments, SA Woollen Mills, Natal Can-
vas Rubber Manufacturers and Consoli-
dated Textile Mills — stand at a huge
discount to net worth, despite having
more than trebled from their lows of
about 18 months ago.

Previous management has failed to
turn the assets to good account and gen-
erate adequate returns on shareholders' funds.

Until recently the Frame beneficia-
ries, most of whom reside abroad, have
earned paltry dividends returns on their
investments.

No doubt predators will still be baying
at the heels of the group and the market
will be ripe with rumours until the direc-
tors and trustees are more forthcoming.
Pepkor’s new look

THE imminent major restructuring of Pepkor makes any attempt at forecasting profits for the current financial year impossible, says chairman Christo Wiese in the annual report for the year to February 1986.

But, he adds, trading conditions in the first three months of this financial year have been highly satisfactory.

The group is changing its financial and organisational structure so that borrowings can be reduced. This will have a positive effect on the underlying net asset value of the group, says Wiese. An announcement will be made later.

Pepkor is consolidating its areas of operation and in future will restrict its activities to the retailing and manufacture of clothing, footwear, and textiles for its own retailing interests.

Existing operations are being reassessed to see if they match up with the new operating philosophy and if required returns are being achieved.

During the past financial year the core business divisions — retailing and manufacturing — performed well with operating profits up 17%.

But the bottom line result last year was a net loss of R16.8m compared with the previous year’s profit of R45m.

The loss, which amounted to R51.7m, was caused by an uncovered foreign transaction. It appears in the income statement as a loss of R25.9m after deferred tax. In the previous year a foreign exchange loss of R40.2m was incurred before deferred tax. All loans were brought onshore in January 1986 and an after-tax amount of R25.9m was written off in forex losses last year.

In November 1985, Pepkor successfully raised R54m in a rights issue of compulsory convertible debentures. A further R28m worth of redeemable preference shares were privately placed.

The new capital was raised to improve the capital base of the group which had been partly eroded by foreign exchange losses.

The debt/equity ratio last year was 110% and a ratio of 75% is the target.

However, foreign exchange losses eroded a portion of the capital base and gearing shot up to an unacceptably high level.
Wage increases sound alarm in textile industry

Post Reporter

Earnings per employee in the textile industry increased by 312% between 1975 and 1988, the executive director of the National Productivity Institute, Dr J H Visser, said in Port Elizabeth yesterday.

He was addressing a symposium at the University of Port Elizabeth on technologies for textiles.

Earnings increased considerably more than product prices, Dr Visser said.

"If this trend continues it could lead to textile manufacturers using the capital-intensive option of technology rather than the labour-intensive option.

"It is important that the labour unions take note of this."

Labour productivity in the cotton spinning industry in South Africa improved by 85% since 1983.

The improved productivity was "truly remarkable in view of the fact that this was achieved with existing technology," Dr Visser said.

Labour productivity in the textile industry as a whole had "not been a point of pride."

"While increasing by 82% from 1975 to 1981, productivity declined dramatically during the ensuing recession, eventually showing a final increase of 22% over the 1975 figure."

"I want to appeal to industrialists to bear the crucial demand for employment opportunities in mind when deciding finally on the hard technology they will use and not ignore the tremendous potential of the soft technology of training and developing its labour force to ensure the best possible productive use of resources currently employed," Dr Visser said.

The symposium, which ends tomorrow, was opened by the president of the Council for Scientific and Industrial Research, Dr C F Garbers.
The Supreme Court found that the dismissal was justified. An appeal was taken to the Industrial Court, and the application for an injunction restraining the defendants from continuing to work was granted.

The ruling ended the dispute, and the workers were able to continue their employment without further interference.
Rival unions in shopfloor brawling

By CARMEL RICKARD
Durban

A SPLIT in the ranks of Natal textile workers belonging to an affiliate of the Congress of SA Trade Unions — already the cause of Supreme Court action — led this week to allegations of shopfloor brawling and the suspension of a union recognition agreement.

Last month the National Union of Textile Workers won an interim order against three NUTW officials, preventing them from passing themselves off as members following their dismissal from the union. The three then formed a rival union, the Textile and Allied Workers (Tawu).

This week friction erupted again when two NUTW officials were allegedly assaulted by members of Tawu at the Durban Texfin plant. In ensuing events at the factory:

- Pro-NUTW workers stopped work and protested to management about the incident.
- Management suspended on full pay the two Tawu members allegedly responsible, pending a disciplinary hearing.
- Workers, angry at the suspension of their two colleagues — many of them apparently not aware of the reason for the suspension — downed tools calling for their reinstatement.

When NUTW admitted it could not halt the stoppage, the company's agreement with the union was suspended. Management has given NUTW a fortnight to sort out the problem, after which it will consider cancelling the agreement.

On Wednesday afternoon, dozens of Tawu supporters came to NUTW headquarters to stage a protest against the suspension of the two workers. Police, heavily present at the Tawu offices during the morning, took no action to halt the protest.

Commenting on the growing rift, Tawu spokesman and former NUTW official Isaac Ndlomi said Tawu felt "very bad" but added he doubted that current NUTW-Tawu reconciliation talks would get anywhere.

NUTW general secretary, Elias Banda, one of the two NUTW officials allegedly assaulted at Texfin, said he strongly hoped unity talks would succeed but was distressed by the negative attitude of Tawu to such talks.
US-SA textiles pact stirs storm on Capitol Hill

From ALAN DUNN
The Argus Foreign Service
WASHINGTON. — A new US-South Africa trade agreement has stirred a storm on Capitol Hill as legislators move towards sanctions.

Congressmen expressed surprise and dismay at the disclosure yesterday of an increased quota of textile imports from South Africa.

The new agreement, reached a few weeks ago, allows a four percent boost in South African textile exports to the US and a one percent increase for wool products.

Senator Richard Lugar, chairman of the Senate foreign relations committee and a key figure in this week’s congressional discussions on sanctions, told newsmen the agreement was “hard to believe.”

He said he was surprised considering the feeling in Washington against South Africa.

The quota increase exceeds those granted this year to Taiwan, South Korea and Hong Kong — major exporters of textiles to the US.

Pleased

White House spokesman Mr. Larry Speakes described the agreement as tentative. He said the US did not have a comprehensive textiles agreement with South Africa.

He said US textile producers were pleased with the agreement, which would stop the sharp rise in textile and clothing imports from South Africa. These had increased by 139 percent last year, and by 89 percent in the 12 months ending in May.

But Congressman Mr. William Gray, a leader in the sanctions campaign, said “This is lunacy I don’t think it’s proper.”

Senator Ernest Hollings, a conservative Democrat, said the Reagan administration was “rewarding South Africa.”

He noted that the US had lost 250,000 textile jobs in five years. “They’re increasing South Africa’s ability to dump textile imports in the United States,” he told the Senate.

House of Representatives Speaker Mr. Tip O’Neill said it was outrageous that the administration had secretly agreed to increase support when Americans were demanding an end to economic support of apartheid.

In Johannesburg, reports The Argus Correspondent, South African Textile Federation executive director Mr. Stanley Shilagman said the agreement was “very fair” but it was not “at all safe” because Congress could overrule it with the imposition of sanctions.

Textile sales to the US increased by 139 percent in 1985 and by 80 percent in the 12 months to the end of May this year.

Fabric exports escalated after clothing manufacturers began reducing orders. Textile factories consequently negotiated medium-term contracts to take advantage of the cheap rand and keep production levels up.

The US introduced a limited quota system last November to reduce textile imports, with the proviso that a full agreement would be worked out this year on both clothing and fabric sales.
US denies favouring SA on textiles

Dispatch Correspondent
WASHINGTON – The Reagan administration yesterday denied giving South Africa preferential treatment in a new textile agreement reached last month.

"Congressional Democrats pushing for sanctions against South Africa reacted angrily to a pact, due to go into effect on September 1, approving a four per cent annual rise in South African textile exports to the US.

"A White House spokesman, Mr Larry Speakes, called the agreement, which was signed by a US trade negotiator on June 27, "tentative," and said that far from favouring South Africa, it was designed to hold down exports.

"This agreement will help American producers and tend to limit what has been an expanding share of the US market that was held by imports from South Africa," Mr Speakes said.

Those imports, which were "very small" compared with what the US purchased from Hong Kong, Taiwan and North Korea, had risen 139 per cent in 1985 and 80 per cent in the 12-month period ending May 1986, according to the spokesman.

The new rules "set growth rates for most products and groups of products at four per cent, except for wool products which will be limited to one per cent."

Senator Edward Kennedy said: "The administration does South Africa a favour, sticks its finger in the eye of millions of US textile workers, and guarantees an increasing share of the US market for South Africa."
Reagan's textile concession raises tempers

WASHINGTON — The Reagan administration's announcement of a textile agreement with South Africa has infuriated Congress and given more ammunition to senators drafting a sanctions bill ready for a vote today.

The White House, in the surprise announcement, said the five-year agreement would protect the hard-hit United States textile industry by placing a four per cent growth limit on South African textile imports that are currently unrestricted.

But legislators said the agreement locks the increase into last year's highest-ever import levels which were double the 1984 rate — or $60 million compared with $30 million.

"The administration is saying 'We'll take the top year — the largest import year — and lock that in place, plus give them a four per cent increase,'" said Representative Mr Ed Jenkins, a Democrat.

A ban on South African textile imports is already part of a tough sanctions bill passed last month by the House of Representatives.

Senator Richard Lugar, an Indiana Republican, may include such a ban in a sanctions package currently being threshed out in the foreign relations committee he chairs.

Mr Lugar's proposal is more moderate than the house bill, which would sever virtually all US trade and investment ties with South Africa, but goes far beyond what President Reagan has said he would consider.

The Lugar package is expected to be completed and voted on in the committee today. After this it will then go before a full Senate vote — probably before the mid-August recess.

Legislators called the textile agreement the latest in a series of administration "gaffes" in its South African policy.

"First it was diamonds, now it's textiles," said Representative Richard Gephardt, a Missouri Democrat, who called Mr Reagan's South Africa policy "morally bankrupt."

"It is bad enough to have the president's people say we should sell our souls for South African diamonds," house speaker Mr Thomas O'Neill said. "Now we give South Africa the shirt off our back."

The legislators were referring to a remark two weeks ago by White House Chief of Staff, Mr Donald Regan, who said he wondered if the women of America would be willing to give up their diamond jewellery for the sake of sanctions against Pretoria.

Mr Reagan also caused a furor in Congress last Tuesday when he defiantly defended his policy towards South Africa and urged legislators to reject an "emotional clamour" for punitive economic sanctions as a means of ending apartheid.

By the end of last week, however, Mr Reagan modified his position slightly and US officials said some form of limited diplomatic sanctions, such as withdrawing landing rights for South African Airways, were being discussed with US allies — Sapa.
Textile deal rouses congressional ire

WASHINGTON — The Reagan administration's announcement of a textile agreement with SA has infuriated Congress and given ammunition to senators drafting a sanctions bill. The White House, in Tuesday's surprise announcement, said the five-year agreement would protect the hard-hit US textile industry by placing a 4% growth limit on SA textile imports that are currently unrestricted.

But legislators say the agreement lacks that increase into last year's highest-ever import levels, which were double the 1984 rate. A ban on SA textile imports is already part of a sanctions bill passed last month by the House of Representatives Republican Senator Richard Lugar may include such a ban in a sanctions package being threshed out in the Foreign Relations Committee. The Lugar package is expected to be completed, and voted on, in committee today. It will then go to a full Senate vote, probably before the August recess.

"First it was diamonds, now it's textiles," says Democratic Representative Richard Gephardt, who calls the administration's SA policy morally bankrupt. House of Representatives Speaker Thomas O'Neill said "It is bad enough to have the President's people saying we should sell our souls for SA diamonds. We are now giving SA the shirt off our backs." — Sapa-Reuters
Congress may end textile agreement

A DRAFT agreement which cuts SA's textile exports to the US by 80% — but would guarantee local manufacturers set growth-rates — could run aground.

The import curb is aimed at protecting the US textile industry from the sharp rise in landed SA textiles and finished garments, triggered by the weak rand.

"Senators may still torpedo the agreement when it goes to Congress next week," Textile Federation marketing economist Brian Brink said yesterday.

Announcement of the agreement was made on Tuesday as Congress was priming itself to pass a stiff sanctions Bill to pressure Pretoria into reforms.

Brink described SA's 4% annual growth rate of textile exports to the US over the next five years as "no great shakes".

Under the agreement, 10-million square yards of textiles and the same measure of finished garments can be exported to the US annually.

Brink pointed out that 106-million square yards of textiles and garments, worth R150m, had been exported to the US last year, compared with 42-million square yards (R75m) in 1984.

A "memo of understanding" has been exchanged between Pretoria and Washington, with the textile agreement still regarded as tentative. On paper, SA textile imports will remain unrestricted until September 1.

The president of AFL-CIO, biggest US trade union confederation, found it "incredible that the Reagan administration should be negotiating an agreement — evidently secretly — that rewards the apartheid regime with trade concessions".

He said SA was "not even entitled to consideration" because the country was not a signatory to the Multi-Fibre Agreement, a 50-nation group which establishes rules for the international textile trade.

See Comment on Page 4
Spark of life expected for Frame group

From GARETH COSTA

JOHANNESBURG — The long-awaited spark of life could shortly be injected into the Frame group of companies, following the massive change in shareholdings that took place this week.

Trading of the group’s shares Thursday saw the sellout of 10.3 percent of the shares of principal holding company Natal Consolidated Industrial Investments, and 8.3 percent of Natal Canvas into outside hands.

The sellers are believed to be the two non-resident sisters in the Frame family, who are getting rid of their direct holdings in the group.

The buyers of the Natal Cons shares are said to be “institutions”, but sources report it was Anglo American’s Pension Fund, which tends to disprove any takeover speculation.

UP FOR GRABS

The Natal Cons deal, handled by brokers Frankel Kruger and believed to be one of the biggest single deals ever on the Johannesburg Stock Exchange, was made up of two deals of about 143,000 shares at a price of R125 a share, for a total value of R35 million.

Previous deals totalling 344,000 of the 2.75 million shares in issue, or 12.5 percent of the equity have changed hands in the past few weeks.

The Natal Canvas deal involved 172,000 shares at a price of R32.50 each with a market value of R9 million.

About 12.7 percent of the companies’ 1.92 million shares have changed hands recently, while it is believed that another 160,000 shares are up for grabs.

One analyst has speculated that since the group is so big and complex, it is out of the reach of the smaller clothing and textile companies such as Tongaat and Romatex, but within the reach of Anglo — but Competition Board approval would have to be given.

BEETTER RETURN

This argument has been refuted, however, with others saying that if there was a deal, the family would not have sold out at R125, since the net-asset value (NAV) of the shares is calculated at about R40 a share.

Backing this is the theory that shareholders of the company have become tired of getting low returns on their money and of waiting for the company to be sold and stripped down as they had hoped wouldn't happen when the austere Mr Philip Frame had passed away.

The belief is that major shareholders have decided to get “the ship in order” before selling out completely, so that a better return on assets can be gleaned. Though some people are not willing to wait another three years for this to happen.

Analysts are predicting that since the shares have become far more widely held than previously was the case, the shares of both could begin moving up to nearer their net asset values. Natal Canvas’ NAV is calculated at about R182 a share.

SIEGE ECONOMY

No major shareholdings in the other two listed companies within the group, Consolidated Textiles and SA Wool, changed hands.

Frankel Kruger analyst Mr Philippe Tison says the appointment of new management headed up by ex-Tonga man Mr Justin Schaefer could lead to significant rationalisations of the group.

“External to the group’s very strong cash flow and low gearing implies that proceeds from any asset sales should flow through quickly to shareholders in the form of dividends.”

He adds that the Frame Group, which manufactures 25 percent of the fabric produced in the country, is ideally placed to benefit from sanctions and a siege economy.
East Cape workers favour new union

Correspondent

EAST LONDON — In a referendum held in terms of an out-of-court settlement at a major Border textile factory, 81.6 percent of the workers voted in favour of joining the South African Allied Workers Union.

According to a statement released by the branch secretary of Saawu, Mr. Boyce Mehlafu, referendums held in two Border firms have led to the management starting negotiations towards recognition agreements with Saawu.

The workers will be represented by the South African Textile and Allied Workers' Union (Saawu), set up by Saawu.

A secret ballot at King Tamung had resulted in a majority of 315 out of 371 workers, or 66.5 percent, in favour of the union.

At Eastern Province Textiles, Saawu went to the industrial court when the management refused to talk to the union on the grounds it had a long relationship with the Texta-affiliated Garment Workers' Union.

As a result of an out-of-court settlement, the referendum was delayed to July 21 and 81.8 percent of the vote was in favour of Saawu.
‘Textile mill delays cost Seardel millions’

By TOM HOOD
SERIOUS delays with textile deliveries in the past six months put a brake on the profits of clothing companies in the giant Seardel Investment Corporation.

One company alone, Cape Underwear, estimates it lost R300,000 in bottom-line profit and losses by one division of the group could well run into R8 million a year, says Seardel’s chairman, Mr Aaron Searll.

Late deliveries by South African textile mills forced factories into short time and four-day weeks, while poor quality of fabrics meant as much as 20 percent of some deliveries could not be used.

“The delivery situation is a disgrace. Textile companies receive protection from overseas manufacturers, yet they have been exporting and neglecting the local market. Prices have increased away above the inflation rate while the low rand prevents us from importing fabric from overseas.

“We have had cancelled orders and late deliveries have disrupted our production plans.”

However, by retaining profits in the year to June, Seardel wiped R6.5 million off its borrowings and cut its interest bill by R4 million to R9.8 million, a fall of 29 percent.

“We are going to apply our cash flow to reducing debt,” says Mr Searll. “Dividend cover is 5.3 (5.8) and retention of earnings will go a long way towards reducing debt, which is our main objective.”

As a result, the final dividend stays at 8c, making the year’s payout 18c, up from 12c.

The group ended the 12 months with a spectacular recovery, boosting earnings by 24 percent to R3.5 million or 84.1c (67.6c) a share. This is still a long way behind the heady days of 1983, when earnings topped R7 million or 120.2c a share and dividends of 30c were paid.

Seardel is now clear of the foreign exchange losses which hit the group severely in the past.

Turnover improved by R20 million or almost 6 percent to R373 million, but a squeeze on margins reduced operating profit by 5.2 percent.

After deciding not to consolidate the profits of its 50 percent Zimbabwe subsidiary, the drop increased to 11.4 percent and operating profit fell by R2.5 million to R19.4 million.

Retailers reported higher sales in the last few weeks and it could be a good sign for the clothing industry, says Mr Searll, who is cautious about forecasting if this year will end up better than last year’s tough time.
WASHINGTON - The United States Senate yesterday voted 67-29 to add a ban on imported South African textiles to a list of punitive sanctions against the country.

Senator Richard Lugar contended the ban would do nothing to weaken apartheid, but would cost the jobs of thousands of black textile workers. Senator Alan Cranston said it was a necessary step.

SAPA AP
WASHINGTON — The US Senate voted yesterday to add a ban on imported South African textiles to a list of punitive sanctions against the country. The textile ban, approved by a vote of 67-23, is one of dozens of amendments designed to strengthen the sanctions bill.

Textile imports became a symbol of that effort after the administration of President Ronald Reagan signed a new textile agreement with South Africa. The agreement came in the midst of controversy over apartheid and the loss of US textile industry jobs because of foreign imports.

The Republican-controlled Senate signaled its overwhelming support for at least some form of sanctions when it voted 83-11 this week to end debate on the sanctions legislation. The vote for a textile ban underscored that point. — Sapa-AP
We'll hold thumbs — says textile chief

TEXTILE companies in the Western Cape are optimistic that the American ban on textile trade with South Africa will have far-reaching effect on local business.

Mr S Shlagman, president of the Textile Federation of South Africa, said that it was speculative whether the amendment would be passed as it could be vetoed by President Reagan after receiving a majority vote in the Senate.

It would be a pity if the amendment became active as there was a good trade between the United States and South Africa.

"All we can do at this stage is sit tight and hold our thumbs," he said.

Mr W J E Wilson, managing director of Romatex, said sanctions would not come as a "severe mortal blow" to most textile companies.

"I feel that sanctions mitigate against the very people they are meant to help," he said.

"I doubt most companies would be affected to
SA Woollen Mills to close

Financial Staff

RATIONALIZATION of Frame Group blanket production will mean the loss of several hundred jobs through closure over the next few weeks of the SA Woollen Mills (Sawm) factory in Mowbray.

Frame management says the spluttering SA economy necessitated the move which follows the appointment of former SA Nylon Spinners chief, Justin Schaffer, as Frame's new MD.

Changes

Schaffer intimated at the time of the appointment a few months ago that fairly drastic changes would probably be required in the new portfolio.

Production at the Sawm plant is to be phased down from today. All manufacturing is to cease on September 26 after that blanket production will be carried on in the five other factories in the group.

The 74-year-old factory, a well-known landmark on the Southern Suburbs railway line, employs some 460 people including 400 hourly paid workers.

A management spokesman last night described the closure as "very distressing" but unavoidable.

A few of the monthly paid people had been offered positions elsewhere in the group.

Bureau

An advisory bureau had been set up in an attempt to find new jobs and to deal with questions concerning severance pay, pensions, and unemployment benefits.

Most employees are members of the factory's well-established Textile Workers Industrial Union, or the relatively new Cosatu affiliate, the National Union of Textile Workers.

Management is understood to be concerned that the rival union mix could lead to an exploitation of the closure, but labour lenders could not be contacted for comment last night.
Closure to make 460 redundant

CAPE TOWN — At least 460 people will be out of work with the closure of the South African Woollen Mills factory in Mowbray.

A statement from the Frame Group, which owns the blanket factory, said the closing was part of a “major rationalisation operation.”

Production will be “phased down” and manufacturing will stop on September 26. Employees will be made redundant in sequence, with “generous severance payment according to terms drawn up in consultation with the Textile Workers’ Industrial Union and the National Union of Textile Workers.”

Only a few staff members will be offered alternative employment at other centres in the group, the statement said.

About 400 hourly-paid workers will be affected by the closure of the 74-year-old factory.

The management of the factory expressed its regret at the loss of jobs, and said products would be distributed through other factories in the group elsewhere in the country.— Sapa
In another incident, one of the interdicted officials was allegedly assaulted severely by members of the other group led by two "senior officials." The attack occurred at a meeting of union officials at the union's headquarters.

In response to the attack, members of the union sought legal advice and are now considering legal action against the perpetrators.

Meanwhile, the NUTW's executive committee has meeting to discuss the situation and determine the next steps.

The union is calling for unity among members and is urging all parties to work together towards a resolution.

The situation has sparked concern among members of the union and there are calls for immediate action.
(2) In die geval van enige ander werknemer, teen 'n koers van 'n werkloosheid, moet 'n werknemer van een werkloosheid van elk voltooi deur werk van diens tot 'n werklike werkloosheid genoemde beneiging op 42 werklike werkloosheid.

Subklusie 5 (c) moet as 5 (b) hernommer word

Vervang subklusie (d) (i) en (6) (a) deur die volgende,

"(6) (1) Op die datum waarop hierdie Ooreenkoms in werkting treed, moet 'n werknemer elke werknemer krediteer met die werklike werkloosheid wat hom toekom ooreenkomstig die bepalinge van klusule 26 van dié vorige Ooreenkoms.

Hierdie Ooreenkoms gestel te Durban op 5 Maie 1986

T. G. MANN,
Voorst letter
A. BRITZ,
Onsfervoorzitter.
E. M. TOUGH,
Sekretaris.

No. R. 1810
29 Augustus 1986

WET OP ARBEIDSWERKINGE, 1956

NYWERHEIDSRAAD VIR DIE BREINWERKHEID
(TRANSVAAL)—HERNUwing VAN OOREENKOMS

Ek, Matthias Willem Johannes le Roux, Direkteur: Mannekrag, behoorlik daarop gemagtig deur die Minister van Mannekrag, verklaar hierby, kragtens artikel 48 (4) (a) (1) van die Wet op Arbeidswerkinge, 1956, dat die bepa lings van Goevernementskennissgewing R. 544 van 18 Maart 1983, R. 271 van 8 Februarie 1983 en R. 504 van 21 Maart 1980 van krags is vanaf die datum van publikasie van hierdie kennissgewing en vir die tydperk wat op 30 September 1986 eindig.

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

DEPARTEMENT VAN OPENBARE WERKES
EN GRONDSAKE

No. R. 1775
29 Augustus 1986

REGISTRASIE VAN AKTES WET, 1937

VERBETERINGSKENNISGEGWING.—DIE TEKST VAN GOEVERNEMENTSKENNISGEGWING R. 1653 WAT IN STAATSKOERANT 10378 VAN 8 AUGUSTUS 1986 WERSKYN HET WORD HIERBY VERBETER SOOS UITEGENGESIT IN DIE BYLAE HIERVAN

BYLAE

1. In die Engelse teks word die woord "identification document" in die laaste twee reëls van regulasie 2 vervang met die woord "identiteit nummer".

2. Die woord "Identiteitsdokument" in die tweede laaste reël van regulasie 2 word vervang deur die woord "identiteitsnummer".

3. In die Engelse teks word regulasie 4 vervang deur die volgende regulasie:

"4. Regulation 45 of the Regulations is hereby amended by the substitution for subregulation (2A) of the following subregulation:

(2A) Where a procedure has been adopted in a Deeds Registry of filing of record in the form of a microfilm reproduction of any type of deed or document it shall notwithstanding anything to the contrary in the Regulations not be necessary to lodge a duplicate copy of such deed or document for filing of record in that Deeds Registry, and upon registration such document shall be deemed to be

(2) In the case of every other employee, at the rate of one working day in respect of each completed four weeks of employment to a maximum entitlement of 42 work-days sick leave.

Subclause (5) (c) to be renumbered (5) (b)

Substitute the following for subclause (6) (i) and (6) (a)

"(6) (1) On the date of commencement of this Agreement an employer shall credit each employee with their sick leave entitlement accrued under the provisions of Clause 26 in the previous Agreement"

This Agreement signed at Durban on 5 May 1986

T. G. MANN,
Chairman
A. BRITZ,
Vice-Chairman
E. M. TOUGH,
Secretary.

No. R. 1810
29 Augustus 1986

LABOUR RELATIONS ACT, 1956

INDUSTRIAL COUNCIL FOR THE KNITTING INDUSTRY (TRANSVAAL)—RENEWAL OF AGREEMENT

I, Matthias Willem Johannes le Roux, Director: Manpower, duly authorised thereto by the Minister of Manpower, hereby, in terms of section 48 (4) (a) (a) of the Labour Relations Act, 1956, declare the provisions of Government Notices R. 544 of 18 March 1983, R. 271 of 8 February 1985 and R. 504 of 21 March 1986 to be effective from the date of publication of this notice and for the period ending 30 September 1986.

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

DEPARTMENT OF PUBLIC WORKS AND LAND AFFAIRS

No. R. 1775
29 Augustus 1986

DEEDS REGISTRIES ACT, 1937

CORRECTION NOTICE.—THE TEXT OF GOVERNMENT NOTICE R. 1653 WHICH APPEARED IN THE GOVERNMENT GAZETTE 10378 OF 8 AUGUST 1986 IS HEREBY CORRECTED AS SET OUT IN THE SCHEDULE HERETO

SCHEDULE

1. In the Afrikaans text the word "identiteitsnummer" is substituted for the word "identiteitsdokument" in the second last line of regulation 2.

2. The words "identity number" are substituted for the words "identity document" in the last two lines of regulation 2.

3. The following regulation is substituted for regulation 4:

"4. Regulation 45 of the Regulations is hereby amended by the substitution for subregulation (2A) of the following subregulation:

(2A) Where a procedure has been adopted in a Deeds Registry of filing of record in the form of a microfilm reproduction of any type of deed or document it shall notwithstanding anything to the contrary in the Regulations not be necessary to lodge a duplicate copy of such deed or document for filing of record in that Deeds Registry, and upon registration such deed or document shall be deemed to be
(2) Aan die einde van subklousule (1) voeg die woorde "en boetes" by.

5. KLUSULE 15.—VERTONING VAN OOREENKOMS

(1) Vervang die bestaande opskrif van hierdie klousule deur die woorde:

"VERTONING VAN OOREENKOMS EN BOETES"

(2) Noemmer die bestaande paragraaf om te laa "(1)" en voeg die volgende nuwe subklousule (2) by:

"Indien 'n bedrag wat betaalbaar word ingesolde te die klousule of ander bepaling van hierdie Ooreenkoms, nie op die 15de dag van die maand waarop die bedrag betaalbaar is, ten volle deur die Raad ontvang is nie, moet die werkgever 'n boete betaal, bereken teen die hoeveelheid van 10 persent van die bedrag wat onbetaal bly."

Vir en namens die partie op hede die 6de dag van Mei 1986 te Pretoria onderteken:

Y. VAN SCHALKWYK,
Voorsitter van die Raad

D. CARR,
Ondervoorstter van die Raad

J. P. FORBES,
Sekretaris van die Raad

No. R. 1807
29 Augustus 1986

WET OP ARBEIDSVERHOUDINGE, 1956
NYWERHEIDSRAAD VIR DIE HOEDENYWERHEID (TRANSVAAL) — WYSIGING VAN OOREENKOMS

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

(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhouding, 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) wat

R7,00 becomes R10,20
(2) At the end of subclause (1), add the words "and apprentices"

5. CLAUSE 15.—EXHIBITION OF AGREEMENT

(1) Substitute the words "EXHIBITION OF AGREEMENT AND PENALTIES" for the existing heading of this clause

(2) Number the existing paragraph to read "(1)" and insert the following subclause (2)

"(2) If any amount which falls due in terms of any clause or any other provision of this Agreement is not received in full by the Council by the 15th day of the month following the month for which the amount is payable, the employer shall be liable to pay a penalty calculated at the rate of 10 per cent of the amount which remains unpaid"

Signed at Pretoria, for and on behalf of the parties, this 6th day of May 1986

Y. VAN SCHALKWYK,
Chairman of the Council

D. CARR,
Vice-Chairman of the Council

J. P. FORBES,
Secretary of the Council.

No. R. 1807
29 August 1986

LABOUR RELATIONS ACT, 1956
INDUSTRIAL COUNCIL FOR THE MILLINERY INDUSTRY (TRANSVAAL).—AMENDMENT OF AGREEMENT

I, Pieter Theunis Christiaan du Plessis, Minister of Manpower, hereby —

(a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amendment
in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 April 1986 eindig, bindend is vir die werkgewersorganisasie en die vakvereniging wat die Wysingsooroenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasie of vereniging is; en

(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepaling van die Wysingsooroenkoms, uitgesond erd dié vervat in klousule 1 (1) (b) en 3 met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 April 1988 eindig, bindend is vir alle ander werkge werers en werknemers as dié genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in genoemde Onderneming, Nywerheid, Bedryf of Beroep in die gebiede in klousule 1 van die Wysingsooroenkoms gespiediseer.

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

BYLAE
NYWERHEIDSRAAD VIR DIE HOEDENNYWERHEID (TRANSVAAL)
OORENKOMS
ooroenkomsig die Wet op Arbadsverhoudinge, 1956, gelaat deur en aangegaan tussen die Transvaal Headwear Manufacturers' Association (hierdie as "werkgewerne" of die "werkgewersorganisasie" genoem), aan die een kant, en die National Union of Garment Workers (SA) (hierdie as "werknemers" of die "vakvereniging" genoem), aan die ander kant,
wat die parlyt is by die Nywerheidsraad vir die Hoederywerheid (Transvaal), om die Ooreenkoms van die Raad, gepubliekeur by Goewermentskennisgewing R 2477 van 19 November 1982, soos gewyn en herneu by Goewermentskennisgewings R 1897 en R 1899 van 31 Augustus 1984 en R 1599 van 4 Julie 1986 te wysig

KLousule 1. TOEPASSINGSBESTEK VAN OORENKOMS
(1) Hierdie Ooreenkoms moet nagekom word—
(a) in die provinsie Transvaal,
(b) deur alle werkgewers wat lede van die werkgewersorganisasie is en by die Hoederywerheid betrokke is en deur alle werknemers wat lede van die vakvereniging is en in genoemde Nywerheid werk saam in
(2) Ondanks subklausule (1), is hierdie Ooreenkoms slegs van toepassing op en ten opsigte van werknemers vir wie lone in klousule 4 voorgest yfre word.

2. KLOUSULE 9.—WERKUUR TEEN GEWONE BESEDIGING
Vervang (a) deur die volgende
“(a) Langer as 41½ uur, uitgesonderde etenspauze, in 'n bepaalde week;”

3. KLOUSULE 16.—DIENSTBEINDING
Voeg die volgende twee subklausule (9) in na subklausule (8) (b)
“(9) Afskakeling—Voordat 'n werkgewer van sy personeel van water rede ookal afskakel, moet by die vakvereniging drie weke vooraf daarvan kennis gee.”

4. KLOUSULE 28.—VOORSORGFONDS
In subklausule (7) (a), vervang "50c" deur "50c."
Namens die parlyt op hede die 30ste dag van April 1986 te Johannes burg onderteken
S. I. JAFFE,
Voorstander.
A. MARGOLIS,
Lid van die Raad
P. STEIN,
Secretaris.

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

SCHEDULE
INDUSTRIAL COUNCIL FOR THE MILLINERY INDUSTRY (TRANSVAAL)
AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the Transvaal Headwear Manufacturers' Association (hereinafter referred to as the "employers" or the "employers' organisation"), of the one part, and the National Union Garment Workers (SA) (hereinafter referred to as the "employees" or the "trade union"), of the other part, being the parties to the Industrial Council for the Millinery Industry (Transvaal),


1. CLAUSE 1. SCOPE OF APPLICATION OF AGREEMENT
(1) The terms of this Agreement shall be observed—
(a) in the Province of the Transvaal,
(b) by all employers who are members of the employers' organisation and are engaged in the Millinery Industry and by all employees who are members of the trade union and are employed in the said Industry
(2) Notwithstanding the provisions of subclause (1), the terms of this Agreement shall only apply to and in respect of employees for whom wages are prescribed in clause 4

2. CLAUSE 9.—HOURS OF WORK AT ORDINARY RATES OF PAY
Substitute the following for subclause (1) (a)
“(1) (a) to work for more than 41½ hours, excluding lunch intervals, in any one week”

3. CLAUSE 16.—TERMINATION OF EMPLOYMENT
Insert the following new subclause (9) after subclause (8) (b)
“(9) Retrenchment—Before an employer retrenches any staff for any reason, the trade union shall be notified three weeks prior to such retrenchments taking place”

4. CLAUSE 28.—PROVIDENT FUND
In subclause (7) (a), substitute "50c" for "50c."

Signed at Johannesburg, on behalf of the parties, this 30th day of April 1986

S. I. JAFFE,
Chairman
A. MARGOLIS,
Member of the Council.
P. STEIN,
Secretary of the Council.
From calico producer to textile conglomerate

DA GAMA Textiles — one of the more vibrant industrial operations in the Eastern Cape, and one of the 26 finalists in this year's No 1 Listed Company Award — has notable origins extending back 40 years.

Its ancestral beginnings lie in the Golden Hope Textile Corporation (GHT), fathered jointly in 1946 by the Calico Printers' Association of Manchester in the UK and SA's Industrial Development Corporation (IDC).

The company's executives like to emphasise that GHT — located near King William's Town in the Ciskei — is one of the first major projects in which the IDC became involved.

After starting off as a calico producer, the GHT factory has expanded considerably, and is now regarded as one of SA's most modern vertically-integrated textile establishments.

CHRIS CAIRNCROSS

Operations cover the full range of processing, from the spinning of raw cotton and synthetic fibres and blends to weaving, bleaching, dying, printing and finishing of a wide range of fabrics.

Since the establishment of the first plant, Da Gama Textiles has burgeoned into a comprehensive textile conglomerate, fielding several operations with a combined annual turnover of about R160m.

GHT's initial successes persuaded the IDC to use this initiative to broaden the base of textile activities in the country's Border regions.

In 1952 GHT was used as a vehicle to enter into a partnership with Cyril Lord (UK), creating a local subsidiary in Cyril Lord (SA).

The company's physical presence in SA was manifest in a factory erected at Arnoldton near East London.

Designed initially as a vertically-integrated manufacturer of poplin for the shirting industry, fierce competition led to transforming Cyril Lord into a major producer of ladies' and men's fashion fabrics.

In 1969 the IDC consolidated its position in this emerging textile group by buying out its British partner, the Calico Printers' Association, and purchasing a controlling stake in Cyril Lord. The result was the creation of the Da Gama Textiles group.

Marketing, production and administrative rationalisation has since provided Da Gama with sound foundations.

The next stage of Da Gama's development began in 1980 when controlling shareholder IDC encouraged Total of the UK to take a stake in the group and effectively take over its management.

Since then Da Gama's diversification has included a home fashions operation, manufacturing bed linens and ready-made curtains.

Holding the reins of this textile sophisticate is CEO Harry Pearce, who cut his executive teeth with the Romaxx group.

Pearce keeps his plans for Da Gama close to his chest but confesses new developments are in the offing.

These include offering the public a stake plans are to seek a listing on the JSE, probably in early 1987.
THE past 10 days have seen a lot of activity in Natal over the split in the National Union of Textile Workers (NUTW).

The split, which had been simmering for months, finally came to the boil early in August when dissident officials formed the Textile and Allied Workers' Union (Tawu) and last week erupted into shopfloor brawling, a work stoppage, dismissal of several workers and the suspension of a recognition agreement — all at Texfin, a Frame Group firm at New Germany outside Durban.

All unsuspecting of these developments, I arrived at the NUTW offices for a social visit to find the place guarded by NUTW members after it had been practically besieged by dozens of Tawu supporters the previous afternoon.

According to NUTW spokesmen, events had been sparked by assaults on NUTW officials. In protest, pro-NUTW workers at Texfin stopped work and management suspended on full pay two Tawu supporters allegedly responsible for the assaults pending a disciplinary hearing.

Then Tawu supporters, angry at the suspensions, downed tools and called for their reinstatement.

Meanwhile, matters were not helped when the NUTW — a Congress of South African Trade Unions (Cosatu) affiliate — discovered that Cosatu's regional offices were being used by Tawu to sign up members from NUTW.

NUTW spokesmen said this week the situation had stabilised, a Cosatu commission was trying to reconcile the two groups and the two suspended Tawu workers had been dismissed.
Protest over closure

Labour Reporter

About 250 clothing factory workers staged a demonstration outside a textile mill at Mayville in Durban yesterday, protesting against the closure of the plant.

The entire workforce of Scotford Mill was dismissed following a strike at the plant earlier in the week.

Mr Frankie Hansa, general secretary of the Garment Workers' Industrial Union, said the strike, which started on Tuesday, was in protest against the 'shocking' severance pay offered to staff.

The factory was closing its Durban plant and planned to move to Ladysmith, where minimum wage rates were almost half the rates payable in Durban, he said.

He said employees with less than a year's service had been offered R8 severance pay and those with longer service between R30 and R50.

'However, the company later increased its offer all round by R8, but the pay-out was still far short of the workers' expectations,' he said.

Riot police arrived at the factory but left after questioning the demonstrators.

Mr Dennis Osterloh, the company's industrial relations spokesman, would not comment.
Swazis get yarn-spinning mill

A HIGH-QUALITY yarn-spinning mill was officially opened yesterday at the Matsapha industrial site in Swaziland.

Swaziland Investment Corporation Limited (Swaki) — controlled by the TradeGro group in partnership with the Swazi government — is the controlling shareholder of the National Textile Corporation of Swaziland (Natex), which commissioned the mill.

The factory, which now employs 250 Swazis, was completed within a year at a total capital cost of R25m. It was the brainchild of Natex Kirsh — a major investor in Swaziland — and textile consulting engineer Allan Ormerod.

The machinery of the mill, worth R16m, was provided by German, English and Swiss suppliers.

At yesterday's opening Kirsh said a feasibility study was under way for expanding the project, which would call for a further investment of at least R60m to finance spinning, weaving, dyeing, bleaching and printing operations.

The project was planned for completion within the next two years.

Chairman of Natex R D Friedlander said at this stage the yarn would be exported to SA, Germany and the UK.

However, he said, the present operation was but the first phase of what would develop into a completely integrated textile industry.
Kirsh still a Swazi kingpin

NATIE Kirsh may have suffered huge setbacks in the South Africa, but in Swaziland, Israel and in some circles in the US he is still a big name.

Hours after presiding over a 400-strong party on the decks of the US aircraft carrier, Intrepid, in New York harbour, Mr Kirsh opened Swaziland's first cotton-spinning mill this week.

It is an ordinary mill. Even Charles Stride, a director of the competitive Framex group, admired it, saying "It's one of the most technically advanced yarn mills in the world, producing a top-quality product."

Mr Stride said it did not pose a threat to the Framex group because the mill, which cost E25-million (one emalangeni equals a rand), was small by comparison with his.

Minority

Mr Kirsh is only a minority partner in the venture, but the idea of benefitting and adding value to Swaziland's cotton crop was his.

He also brought in Alan Ormerod, one of the world's leading cotton-mill experts, to oversee the construction and bringing to production of the 9 000 square metre plant.

The plant, which processes raw cotton into high-quality yarn, is mechanised and employs only 220 Swazis. It operates seven days a week, 24 hours a day.

Risks and a good portion of its considerable profits stay in Swaziland.

The plant will permit further downstream development in textiles. It will also be a shot in the arm for Swaziland's garment industry.

Much of the sales will be to South Africa, but thanks to Swaziland's preferential status a large slice will go to the European Economic Community.

European Economic Community

Mr Kirsh says: "The mill was funded with equity of E5-million and loan funds of E10-million in spite of interest and depreciation costs, it made a profit from inception."

"The best is yet to come. This is the first phase in the formation of a textile industry for Swaziland. We are looking at a further investment of E60-million."

Cost a job

According to Mr Kirsh, the first phase was more capital-intensive than later ones.

"The cost a job with this plant was R100 000, but further downstream will be more like R1 000."

The National Textile Corporation of Swaziland will be owned by Swazi (a 50-50 partnership between the Swazi Government and Kirsh Industries), the Commonwealth Development Corporation, International Finance Corporation and the National Industrial Development Corporation.

African Development Bank lent much of the money.

Swaziland's Minister of Commerce, Industry and Tourism, Derek von Wussel, welcomes the establishment of the textile plant, but warns those who try to bust sanctions through Swaziland.

"The Government is aware of alleged illegal practices inside and outside Swaziland which threaten the broader interests of the country. We welcome genuine investors, but those in grey areas will receive little sympathy."

Boom

Mr von Wussel confirmed he was referring to SA companies putting labels of convenience on their products, either inside or outside Swaziland. He expected the SA authorities to help Swaziland track down manufacturers defiling his country's name.

Partly because of sanctions, Swaziland is enjoying an investment boom. The Matsapa Industrial township is developing fast, alleviating the kingdom's chronic unemployment problem.

Mr Kirsh is as much an industrial king of Swaziland as ever he was. His interests in Israel and the US apparently continue to flourish.

It was for the 10th anniversary of Jetro cash and carry that he hired the USS Intrepid for his party in New York harbour.

He said he had not tracked down Warren Plummer on his five-week foreign trip.

Mr Kirsh, always a man of great pride, is still hurt by the debacles in AA Mutual Insurance, Checkers, Dion, Russell and Kirsh Trading Group that was.

The man who once stood astride a R6-billion retailing empire and whose personal fortune has shrunk by tens of millions has a few millions left.

But he declines to discuss the empire of Natie Kirsh today, saying "Now I'm a private citizen."
Natie Kirsh in R25-m Swaziland venture

By Peter Farley
Investment Editor

Mr Natie Kirsh bobbed back into the limelight last week with the opening of a major textile factory in Swaziland.

And if current feasibility studies prove successful another R60 million will be spent on extending the operation, in addition to the R25 million that has already gone into creating one of the most modern spindle yarn mills in the world.

It is a development which once again proves the remarkable resilience of Mr Kirsh and demonstrates that, while he may have had a couple of publically spectacular setbacks — with control of Kirsh Trading passing to Sunlam and the AA Mutual debacle — the rest of his extensive business empire is thriving.

However, that return to the public arena looks like being a rare appearance, as Mr Kirsh’s attention reverts to his private businesses. The days when he was the darling of the stock exchange and hardly ever out of the news look like being a thing of the past.

And, while Mr Kirsh is reluctant to discuss much more than the current textile project, there seems to be some lingering bitterness about the fickle treatment meted out to him by the business community and the Press.

Not that he will say so specifi-

...
More expensive clothing ‘inevitable’

Finance Reporter

The Government’s lifting of the import surcharge and a reduction of 5% in sales tax for imported fabrics is seen as ‘mild’, in a statement by the National Clothing Federation.

"Faced by serious fabric shortages and the need to get material up to a year in advance, the country’s 1,300 manufacturers sought price parity with locally-made fabrics to meet improved order books until local supply improved sufficiently."

Individual clothing manufacturers refused to comment on the development at the weekend but an informed source said the cuts were disappointing and of little real benefit to the industry.

He forecast continued dependence on expensive imported material. Current sharp price escalations of 25% and more on local fabrics made more expensive clothing inevitable.

"In spite of the cuts, constraints on imports were still considerable and with the long-term health of both the textile and clothing industry risk."

"But the cost of not being able to obtain fabric, or receiving it with a high degree of uncertainty as to quality and quantity are costly, prejudicial and extreme.

The NCF said it supported the Government’s intention to investigate further the background and problems of the industry.

"This is a welcome step, which will have wide ramifications, not only in the clothing and allied industries, but also in the overall South African economy as the clothing pipeline is a microcosm of the problems facing South African industry at large.

Meanwhile, the textile industry has expressed its grave concern about the concessions.

Mr Ernest Wilson, managing director of the fabrics division of the Romatex group, said that any tampering of the Steenkamp Commission’s Report, which had been accepted by Government, could invite serious harm to the
Textile industry welcomes BTI's investigation of import tariffs

The Textile Federation has welcomed government's intervention in the war between itself and clothing manufacturers.

The federation's executive director, Stanley Shlagman, told Business Day yesterday he hoped the Board of Trade and Industries (BTI) would apply its mind to the issue in a constructive fashion.

"It's better to have a thorough investigation. We hope it will not be on an ad hoc basis."

The investigation, details of which were published in Friday's Government Gazette, will involve looking at import tariffs on fabrics and clothing.

Textile manufacturers have insisted all along that recent fabric shortages are temporary.

They have challenged the BTI's decision to allow cloth imports at reduced tariff duties.

National Clothing Federation president Mike Getz said the industry was faced with problems arising from a curtailed supply of raw materials, aggravated by sharp price increases.

"This is the last thing we need at this stage of our recovery. The situation is of long standing."

"However, it is a reality. It is emphasised by lead times of basic fabric deliveries running to a year and more."

Getz said the BTI's response to a serious situation had, up to now, been mild.

"While our industry now has access to imported fabrics on a more favourable basis, the constraints on imports remain considerable."

"We note the intention of the BTI to investigate the background to the problems — this is an appropriate step."

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Textile trade concerned over tariffs

MICK COLLINS

PROPOSED changes to the tariff structure for imported textiles on an ad hoc basis are being viewed with grave concern by the textile industry.

Romatex fabrics division MD Ernest Wilson says “It has not been very long since the Steenkamp Commission’s report was accepted by both government and the industries concerned. It was widely accepted as the basis for an equitable trading policy.”

It was wrong to start changing it now in an attempt to ease short-term imbalances in the market.

“This is to invite serious harm to the long-term health of both the textile and clothing industries. Substantial re-investment decisions by companies were based on the commission’s report and the textile industry certainly accepted it as such.”

If the present basis needed revision, it deserved a serious approach, with a thorough and knowledgeable investigation and analysis.

Wilson said “This was surely the purpose of the Steenkamp Commission’s long deliberations — and not these impromptu actions with un researched consequences.”
Laid-off staff
redundancy
benefits up

Labour Reporter

IMPROVED redundancy benefits have been organised for the 422 weekly-paid staff affected by the closing of the South African Woollen Mills factory in Observatory.

The 74-year-old factory ceased production on Friday, a month after its closing was announced.

The new payout formula is two weeks' pay for the first year of service, three weeks' pay for one to three years and another week's pay for each further year.

Workers with more than 10 years would get a quarter of a week's pay for each year of service over 10.

On top of this was a further quarter of a week's pay for every week's wages already calculated.
grips with the complicated issues, and that it is prepared to use its new powers to clear the way ahead for steady and rational growth.

National Clothing Federation (NCF) director Henne van Zyl says "This is the first time the infrastructure has been created for the BTI to go into the clothing and textile industries comprehensively."

"But its report must be implemented. In this country we've had far too many thorough investigations which find the problems, diagnose the cure, and then nothing happens."

At the root of the problem is the rand's collapse. The level of fabric imports has fallen steadily, from R374m in 1984 to R181m last year. This translates into a 47% fall in volume terms.

As demand turned inwards, local textile manufacturers began to buckle under the strain (Business September 5), and delivery times for some fabrics have stretched from eight months earlier this year to a year or more. Prices have also increased by 25% on some lines.

In June the BTI allowed clothing manufacturers temporary respite. They were given the right to import fabric worth R20m duty free, and then last week a new temporary measure came into effect.

Unlimited imports can now come in, with duty reduced from 25% to 20% and the 10% import surcharge abolished.

NCF president Mike Getz says the BTI's response to a "most serious" situation has been mild.

"While we have access to imports on a more favourable basis, the constraints on imports remain considerable, and the imports are not without risk."

These moves have, however, added to the纺织 industry's fears. Textile Federation executive director Stanley Shlagman says if the textile industry is expected to increase its supplies to the local market from 80% to 90%, "we have to be sure that we're not a fugitive market and that in the long term we can operate profitably."

He says the industry is already sitting on plans to invest R40m to increase productive capacity.

Naturally, manufacturers won't go ahead while there's uncertainty about imports and import tariffs.

Just one more reason why the BTI needs to report — and act — quickly on the problems of the inter-related sectors.

As Getz says, the clothing and textile industries have consistently been the key component by which emerging societies have lifted themselves out of poverty. "True industrialisation begins with us," he says.
New MD faces daunting prospect

By SUE UPTON

MIKE Smith, new managing director of South African Nylon Spinners, believes that flexibility in planning for his company is essential for the uncertain times ahead.

At 43 he is the youngest man to be appointed to this position, which he took up in August.

As head of a manufacturing concern which uses imported raw materials and exports a substantial proportion of its product, Mr Smith faces a daunting prospect at a time when the threat of sanctions grows each day.

"We are living in very uncertain times, so it is important that our long-term and medium-term planning is versatile enough to be adjusted to the situation."

"It was fortunate to take over a structured, dynamic organisation with fine management, so there was no need for a drastic change in direction."

"I just have to make sure it continues heading in the right direction."

"It is disturbing to hear jubilation about the boom which some products will follow sanctions. If sanctions tighten there may be a boom in the short term, but in the long term it can only mean disaster, because we are a trading nation."

"The most worrying thing is that South Africa is going to be starved of foreign investment capital which is essential for economic growth."

SA Nylon Spinners makes polyester and nylon yarn primarily for the textile industry. In the 22 years that it has been in existence it has grown to an employer of 2,400 people with factories at Bellville and Hammarsdale, Natal.

However, there is still plenty of opportunity for growth, says Mr Smith.

With the synthetic fibres business relying heavily on technology, bold investment is necessary to keep up to date with the rest of the world.

SANS is at a disadvantage, because the South African market is relatively small, but its product range has to be as wide as for a major First World economy, with competitive costs and quality.

"Customer service is a major aspect I plan to concentrate on during the next few years."

"Because we are raw material suppliers, the benefits of improvements to our service are felt downstream."

"Home grown"

Besides being the youngest, Mr Smith is also the first "home grown" managing director of the company, having joined SANS in 1965, shortly after graduating from the University of the Witwatersrand with a B Sc (Hons) degree in chemistry.

His schooling was at Marist Brothers in the Transvaal.

During his ascent through the ranks of SANS, Mr Smith held various positions in the technical and production departments.

Before becoming managing director as successor to Justin Schafer, he was director of development and also held the sales director portfolio.

He is married and has two children. In his leisure he enjoys watching sport and playing golf.
Federation near completion

CAPE TOWN — The creation of a new federation of unions in the clothing, textile and allied industries is moving rapidly towards completion.

At a meeting in Durban at the weekend, a draft constitution was formulated.

Negotiations started in Cape Town in late September.

A spokesman for one union said there was deep concern about the threat to jobs and salaries, from companies moving to homeland areas.

"Companies get huge subsidies and other incentives to do this and then union organisation is restricted and wages are low," he said — Own Correspondent.
New turn in row over Rondebosch vagrant shelter

Municipal Reporter

THE dispute over a night shelter in Rondebosch has taken a new turn, with the official ratepayers' association changing its mind again and approving the Belmont Bridge site.

However, the decision was close (17 votes to 15) and was taken at a poorly attended public meeting last night.

A referendum involving all residents and ratepayers will still be held at the end of the month, as promised by the Haven management committee.

The Rondebosch Ratepayers' Association approved the Belmont Bridge site by a large majority in February, but rescinded this at a stormy annual meeting in June.

A sub-committee was appointed to investigate possible alternative sites and its report, which had not yet been considered by the association's executive, was debated at the open meeting last night.

Alternative sites considered were St Michael's Catholic Church, St Paul's Anglican Church, the Albion Springs (Schweppes) complex, Kromboom Road bridge in Crawford and the Mowbray station area, although the sub-committee knew not all these sites were in Ward 11.

Persuaded

The report recommended the Albion Springs (Schweppes) site and suggested that when this "awkwardly shaped site was redeveloped" the company be persuaded to allocate a section for a shelter as part of its "social responsibility" budget.

However, council officials at last night's meeting said there were impracticalities in using the site and an alternative motion that the association reapprove the Belmont Bridge site was carried.

Chairman Mr Roy Horrell said later that the meeting was not "sufficiently comprehensive" and there was still strong opposition to Belmont Bridge.

"The only thing now is to discuss this with The Haven," he said.

"There is a recognition of the need to do something in the ward and there is a genuine desire to get rid of these vagrants by rehabilitating and accommodating them in other walks of life."

The Haven chairman, Mr Sam Gross, said today the organisation would stand by its decision to hold a referendum at the end of the month.
Knotty problems

Government's decentralisation incentive package is under attack again. This time it is the treated timber industry that is accusing the government of gross inequities in the application of incentives.

According to the South African Wood Preservers Association (SAWPA), government decided to extend the incentives to locally-bound industries such as lumber millers and timber treaters a few years ago.

A number applied and were granted the incentives before the Decentralisation Board (DB) began to have second thoughts. Apparently, it felt the move could precipitate a rush for incentives from other area-bound industries in the agricultural sector, which could put a strain on resources.

It put a stop to new applications and told those to whom the incentives had already been extended they would be phased out in August 1987.

The problem is that those who missed the boat and didn't apply for the incentives while they were available have been losing market share steadily to those lucky enough to get in early.

According to James Holley, a creosote pole supplier from the Warburg area and a member of the SAWPA, the DB's decision to drop the incentives was taken about a year ago but they still have some 16 months to run.

DB chief Dougie de Beer says it's important that manufacturers should be given advance warning that the incentives will be removed so they can adjust. But Holley contends that other suppliers are hurting badly now, and would like to see the situation rectified immediately.

"The situation has become untenable," says Holley. "We're losing out to industry newcomers who are able to build the rebates offered in the incentive package into their pricing structure."

The biggest bone of contention is apparently the rail rebate. Holley says railage costs can account for up to 50% of the delivered price of a pole. With rail rebates of up to 50% available to those who qualify for the incentives, they can afford to slash the end price of their pole by as much as 25%.

As a result, Holley says, long-distance contracts to supply poles to vineyards in the western Cape and fencing contractors in Namibia have virtually been lost to suppliers without the rebate.

Rein Franz, GM of the Pietermaritzburg-based Central Timber Co-Op, confirms that many treated timber manufacturers are running at a loss and will continue to do so until the incentives are removed.

He estimates the market share of Natal-based suppliers, who mostly don't qualify for the incentives, is down by about 35% on 1982.

Franz says the SAWPA has had meetings with De Beer and the Minister of Trade and
Encourage growth of textile industry, says Radue

KING WILLIAM'S TOWN — The Region D industry and commerce committee aimed to mobilise all sources of input in an attempt to encourage the growth of the textile industry to make the Border area "the Manchester of South Africa," a member of the Border Chamber of Industries, Mr Bov Radue, told the development congress.

He said another new initiative could be a complete re-assessment of the decentralisation programme.

"Are we really looking for relocation of industries? Maybe our effort should be concentrated on creating a climate of incentives for specific industry which promotes export, or uses local natural resources, or has been identified as a base industry for that area, like the textile industry."

Other suggestions made had been an export processing zone and an effluent pipeline serving all the industrial areas from Berlin to the sea.

Mr Radue said cash was the most valuable resource and long term benefits should be obtained with the minimum cash input.

"We must be vociferous in resisting the folly of producing projects which are entirely cash traps instead of cash generators. Although they may in the short term provide employment, that will be the end of the road.

Mr Radue also called for an improved input from the region to bodies like the Regional Development Advisory Committee and the Scheepers task team investigating industrial development strategies for the region. He said the task team had far reaching executive power and should be supported to the fullest by the people of this region.

He also called for harmony and co-operation in settling social, political and structural differences between the three states of the region which, he said, were so closely linked that they could not be physically separated..."
Da Gama Textiles to make 10,02-million share offer

DA GAMA Textiles, one of SA's largest textile manufacturers, is making a public offer of 10,02-million shares at 260c each, and is expected to be listed on the JSE on November 28.

The public flotation of the group signals the withdrawal of the Industrial Development Corporation (IDC) from an enterprise in which it has played a major founding role. This is a further move towards privatisation.

The issued capital of the group is 50,2-million shares of which 19,9-million have been privately placed at the issue price with three major institutions, 10,2m are being offered to the public, and the balance are being offered to executive staff and employees of the textile group.

Any of the preferential shares not taken up will be included in the public offer.

The new capital, R65,5m, is being raised largely to fund the early redemption of preference shares held by the IDC and to replace working capital after the payment of two special dividends by Da Gama Textiles to its former holding company, Da Gama Holdings — a subsidiary of the UK controlled Tootal Group.

Although the IDC is redeeming its preference shares for R35,34m, it will continue to hold non-voting, redeemable preference shares worth R10m in the Da Gama subsidiary, Good Hope Textiles.

The indirect shareholding of the Tootal Group in Da Gama Textiles will reduce from 50% to 49,8% — a move which suggests the UK-based, world-wide manufacturer wishes to lower its profile in SA.

The remaining 50,2% will be held by three institutions (about 24%) not yet identified, and individuals.

The group estimates earnings for the current year ending December at 33,8c a share and a dividend that would be covered 2,3 times. This suggests a payout of 14,6c a share for the year. On the offer price of 260c a share, this would give a 5,6% yield.

However, the first dividend accruing after the listing will be 1,5c for the year ended December and will be paid in April.

The dividend yield on the offer price is high compared with an average 2% yield for the textile sector. Superficially, this would suggest a healthy premium on Da Gama shares when they are listed, but investment analysts say the premium should not exceed 10% because of the weight of institutional investors.

The group’s turnover has grown impressively during the past four years from R63,86m in 1982 to R132,23m last year and a forecast R155m for the current financial year.

Forecasts are largely based on unaudited results for the eight months ended August which show turnover of R103,61m and pre-tax profit of R13,34m. Pre-tax profit for the entire year is forecast at R21,35m.

A weaker rand has helped the group by discouraging imports of fabric and clothing and encouraging the export of surplus yarn.
**Integrated**

In terms of the trend, a product or service that is integrated into a larger system or platform is considered to be more valuable. Integrated solutions are often easier to use and maintain, as they are designed to work together seamlessly. However, they can also be more complex to develop and maintain, as they require careful coordination and communication among different teams or departments.

**Cotton**

The price of cotton is highly volatile and can be influenced by a variety of factors, including weather conditions, crop yields, and global demand. This makes it difficult for cotton producers to accurately predict the price of their product and plan their production accordingly. As a result, cotton production is often subject to risks and uncertainties, which can have significant impacts on the livelihoods of farmers and the economies of cotton-producing countries.

**Switch**

In the context of energy generation, a switch is a device that allows for the controlled interruption of electricity flow. Switches are used in a variety of applications, from residential to industrial use, and are essential for the proper functioning of electrical systems. The choice of switch depends on the specific application and requirements, as well as the desired level of performance and reliability.
Clothing exports deadline looms

Finance Editor

THE Government must give top priority to maintaining exports, says The Cape Chamber of Industries in a report which points out that December 30 will be the last day South African clothing and textiles will be allowed to be imported into the United States.

The South African embassy in Washington has told the National Clothing Federation that textile and clothing exporters will have 90 days from October 2 to deliver merchandise to the United States in terms of section 309 (B) of the Comprehensive Anti-Apartheid Act of 1986.

This means the last day of entry into the United States will be December 30.

The Director of US Customs says once the ship is within the limits of the port of entry documents can be presented to customs for clearance and that date will be declared "date of entry" even if the merchandise is offloaded at a later date.

The Chamber says that October has been characterised by an escalation in the debate on sanctions. This has resulted in the various Federated Chamber of Industries' committees dealing with foreign trade to discuss strategy to withstand the effects of boycotts and sanctions.

They have drawn up a course of action which includes:

- Re-evaluating the entire approach towards maintaining and expanding exports and according national priority;
- Aggressive action by the private sector to diversify export markets and develop new products;
- Continuous communication between Government departments involved in the export effort and the private sector;
- The work by the Kleyn-Reyniers Committee of Investigation into export support should be accelerated; and
- South Africa's undertaking to accede to the GATT code on subsidy and countervailing duties should be re-evaluated.
ESTABLISHED just over 20 years ago, South African Nylon Spinners (SANS) manufactures filament nylon, and polyester yarn and polyester polymer. Production is currently in the region of 50,000 tons of yarn and 65,000 tons of polyester polymer/year. SANS is a wholly-owned subsidiary of AESCI and operates two manufacturing sites - one at Bellville, in the Cape, and the other at Hammarsdale in Natal. The company currently employs over 2,400 people.

For the past six years SANS has made a concerted effort to broaden its penetration in the export market, while continuing to satisfy the requirements of the local textile industry. SANS has been operating in the export market for a number of years and considers the State President's Export Award to be tangible recognition of the success its employees have achieved in producing a quality product and satisfying a demanding market.
Ciskei clothes manufacturers caught with their pants down

CHRIS CAIRNCROSS

CLOTHING manufacturers who set up shop in labour-cheap Ciskei with the idea of using the independent state as a springboard into the important US export market have had their plans dashed by the introduction of sanctions.

Barred entry into the US, senior executives have set off on a desperate globe-trotting exercise to find alternative markets in Europe and the Far East — but with little hope of finding a line-up of eager buyers.

They are also turning their eyes towards the SA market, much to the concern of domestic clothing manufacturers, who complain the market is neither big enough nor sufficiently recovered to absorb any new entrants.

There is also concern that Ciskeian clothing is already entering SA through the back door, with manufacturers continuing to enjoy duty-free access to raw materials denied to local industry.

A spot survey by several large retailing groups failed to uncover any evidence that this was taking place to any extent.

The Republic of China officials are painting a rosier picture about markets for the Taiwanese-owned garment factories in SA and the independent states. They say firms are having little trouble finding export markets.

Trade consul C C Kan says most of the 20 factories in the TBVC states are now selling to Canada, Europe and South America.

SA Chinese Clothing Federation chief Eugene Chang says the Taiwanese began moving away from the US market a year ago.

Buyers confessed, however, that it was early days.

All orders for the season had been placed some time ago and the new year might present a different picture.

Basing forecasts on consumer purchasing trends over the past few months, clothing retailers are betting on a boom in sales towards the end of the year.

They argue that the decline in interest rates, leaves people with more to spend. Sentiment has also improved in the wake of a number of forecasts that the economy will be in better shape during 1987.

The improved business conditions have raised capacity utilisation within the Western Cape’s clothing industry to about 80%.

Recruitment is again taking place. Of 20 000 people who lost jobs over the past year, about 25% have been re-employed during the past three months, according to recent industry estimates.
The textile industry

In 1982, it showed a profit of £170,000 and a pre-tax loss of £325,000. The board of directors set a target of making external profits this year.

Mr. Pearce, chairman of the company, has set ambitious goals for the future of the company. He has emphasized the importance of innovation and efficiency in the textile industry.

Mr. Pearce has also been working closely with the government to secure financial assistance for the textile industry. He believes that with the right support, the industry can be revitalized.

The textile industry is facing tough competition from other industries, but Mr. Pearce remains optimistic about the future. He believes that with hard work and dedication, the textile industry can continue to thrive.

Mr. Pearce has also been working with local colleges and universities to train new technicians and engineers for the industry. He believes that this is essential to the future of the textile industry.

Overall, Mr. Pearce is confident that the textile industry can continue to grow and flourish. He is excited about the opportunities ahead and is committed to leading the company to success.
Man of the cloth

Local orders were sharply increased and were greater than the local industry could supply.

Dr Gama almost immediately placed orders in Switzerland for new weaving machines and which were now being installed.

But in the meantime the clothing industry has succeeded in getting the Government to let them import a large quantity of material duty free, then to have the import surcharge on textiles lifted and the import duty on imports reduced.

But the surcharge and duty on imports of clothing and polyester fibre manufacture had been left unchanged. This has put the textile industry at a disadvantage, and orders for local textiles were being cut back.

"Why haven't the duties been lifted on these?" he asks.

Mr Pearce graduated from the University of Cape Town and then worked for Mobil for 10 years.

There were no business schools in South Africa in those days, but working for an American oil company kept you in touch with the latest business practices and ideas, he said.
New-look Frame courts customers

The R1-billion rand Frame textile group is being radically revamped by its new group managing director and chief executive, Justin Schaffer.

In only a few months since taking over from the management triumverate, Mr Schaffer has reorganised the far-flung empire into three main operational groups.

The next step will be a financial restructurings which could imply certain companies taking over others — and some disappearing from the Johannesburg Stock Exchange lists, possibly at large premiums to current share prices, which in some cases (Natal Canvas) are at large discounts to asset value.

Speculators are trying to guess which companies will be taken out, but the new operational structure provides few clues.

Simplified

Mr Schaffer says the new financial structure will be announced in the annual report at the end of the month. He confirms that a simplified control structure is sought.

"I am concerned about shareholders being left high and dry at the moment," he tells Business Times.

Mr Schaffer describes the operational changes in the Frame group in a letter to the group's customers:

"I am aware that all cotton system activity goes into a new company called Consolidated Cotton Corporation. This will be headed by Abe Frame, a nephew of group founder Philip Frame.

"I am aware that the long-staple, semi-worsted and cotton-fibre spun activities are being outsourced — blankets, knitting yarns, and coarse industrial yarns will go into Consolidated Waverley Textiles.

Indicted

Mr Schaffer's letter to customers is an indictment of previous management. Some quotes:

"I am very conscious that our group has not always performed to the benefit of our customers. We have experienced late deliveries, half-completed orders, quality excursions, disinterested sales service, pricing inconsistencies, and a wide range of other peculiar, often poor quality, patterns, which have at times appeared quite unrelated to normal business practice.

"We will change from being a centrally managed, paternalistic and production-oriented company to one where management authority and responsibility are decentralised into self-contained, profit-oriented business entities.

"I want to stress that we have made a sincere commitment to correcting the acknowledged deficiencies which have existed in our relations with customers. In other words, we're going to try to be more customer-oriented.

"Please take solace from the fact that we can't possibly be as cavalier in our dealings as we used to be.

"The Frame group was built up over decades by controversial Lancashireman Philip Frame. Mr Frame built dozens of factories, mostly in Natal and in decentralised areas.

Opportunity

He followed conservative operating and financial policies, avoiding debt, paying low wages, depressing capital investment and paying minimal dividends.

While shareholders received tiny rewards, his empire grew rapidly. It now comprises a million square metres of factorry space packed with modern machinery. Turnover last year was R560-million. Because several large companies are not consolidated, it could be even higher.

When Mr Frame died, group share prices rocketed, but fell when it became clear that the three directors who took over from Mr Frame — Selwyn Lulere, Sidney Piemer, and Abe Berman — would continue in the Frame tradition.

Last year, Mr Frame's heirs — his grandchildren, represented by his children — reached a settlement in terms of which the directors took R2-million each and resigned.

Business Times
Breakaway union beats rival in ballot

OWN CORRESPONDENT

DURBAN — The newly formed Textiles and Allied Workers' Union (Tawu) gained a substantial victory over their arch-rival, the United Workers' Union of South Africa (Uwusa), in a secret ballot last week.

The ballot was organised at the Hebox Textiles factory in Hammarsdale where Tawu, Uwusa and the National Union of Textile Workers (NUTW) are all represented and monitored by Independent Mediation Services of South Africa.

One of the conditions of the ballot was that the majority union would be recognised as the sole representative for workers eligible for union membership at the Hebox factory.

The results were as follows: Tawu 51.6 per cent, Uwusa 28.5 per cent and NUTW 14 per cent.

The results are seen as a major blow for Uwusa, which was formed earlier this year and has been struggling to achieve worker acceptance.

Tawu, a breakaway union formed after an internal dispute with NUTW, is at the moment unaligned to other trade union movements. However, a spokesman said yesterday that moves were underway to affiliate with the Congress of South African Trade Unions.
Textile union recognised by Aranda Mills

THE Textile Workers' Industrial Union has signed a recognition agreement with Randfontein-based Aranda Textile Mills.

In terms of the agreement, TWIU is now the sole bargaining representative at the company.

The agreement includes disciplinary, grievance, retrenchment and maternity procedures.

Other packages successfully negotiated by the union are housing loans for union members; a programme for employee advancement, sponsorship for a Mohlakeng primary school.
Cosatu snubs breakaway textile union

By CARMEL RICKARD, Durban

The row between two rival textile unions in Natal continued this week when the Congress of South African Trade Unions (Cosatu)’s National Union of Textile Workers (NUTW) issued a statement refusing affiliation to the breakaway textile union formed earlier this year.

The Cosatu statement dealt with the formation of the Textile and Allied Workers’ Union (Tawu), launched on August 3, under the leadership of several former supporters of the Cosatu-affiliated National Union of Textile Workers (NUTW).

Following the dismissal of these members, the NUTW was granted an urgent Supreme Court application barring them from “passing themselves off” as members of NUTW. Subsequently, the sacked workers formed Tawu, and sought membership of Cosatu. The issue tested the federation’s commitment to the policy of one union, one union.

The Cosatu central executive committee’s statement said a commission was set up to investigate the situation and work out possible solutions. The sacked members of NUTW did not follow the commission’s advice, but went ahead with the establishment of a “splinter union”, according to the statement.

The Cosatu executive condemned this and stated that Tawu was not a Cosatu affiliate.

Furthermore, the executive said no Cosatu affiliate would assist in fostering a division amongst textile workers and Tawu would not be allowed the use of Cosatu resources.

Amongst other things, this will cut Tawu’s access to printing facilities.

Cosatu is also to meet with “progressive organisations” to explain the federation’s stand and request that these organisations “avoid involving themselves in efforts to disrupt the NUTW.”

Responding to this development, the general secretary of Tawu, Isaac Ndlou, said he was unhappy with the way the Cosatu commission dealt with them and had objected to the Federation.

He said Tawu had not broken away voluntarily, but had been “expelled” from NUTW. Nonetheless, his union felt no hostility towards the federation and continued to support it.

On the other hand, NUTW’s general secretary, Elias Banda, welcomed the statement, saying Cosatu had finally come out in the clear on the question of one union, one industry.
Unity in textile industry

A national federation of six unions, cutting across ideological differences and representing about 170,000 workers in the textile, garment and leather industries, has been formed.

Talks towards the formation took about two months between unions formerly affiliated to the Trade Union Council of South Africa and one member of the Congress of South African Trade Unions.

It will be known as the South African Federation of Textile, Garment and Leather Workers' Unions.

Meeting

An affiliate of the Council of Unions of South Africa/Transvaal Congress of Trade Unions, the Textile Workers' Union of Transvaal, and the National Union of Leather Workers were not at the meeting but are expected to join next year.

The meetings took place in Cape Town on Thursday and Friday last week.
Frame directors criticize predecessors

Remedial steps after 'mismanagement'

Own Correspondent

DURBAN — In an unprecedented report, the non-executive directors of the Frame Group have heavily criticized the previous management of the group, but point out that remedial steps are being taken.

In a covering report to the four annual reports issued yesterday, they comment on four areas:

- There was an absence of meaningful management information systems and any form of budgetary control.
- An absence of market research and sales forecasting, coupled with a lack of communication between the manufacturing and sales departments, leading to non-organized sales planning and production schedules. This often resulted in unproductive machine utilization.
- 'Injudicious' investment
  - The plant was not balanced — there was too much weaving capacity and the output could not be handled by the dyeing and finishing departments. Also, there was "injudicious" investment in new blanket capacity where the group already produced excess volumes.

The directors C. Friedman, M. E. King, G. H. Stein and C. A. Stride, who signed the report, were appointed following lengthy litigation by members of the Frame family.

Problems within the group have led to the proposal, which will be laid before shareholders of the four JSE-listed companies, to create one operating company which would absorb two of the listed companies and where Natal Consolidated Industrial Investment (NCII) would become the holding company of the group.

Some figures for the whole group to June 30 are Turnover R344m (R1439m in previous period), bought-in materials and services R532m (R238m), total value added R211m (R218m), dividends to shareholders R11.4m (R1.2m), re-invested in business R88m (R59m).

Totals of attributable income for the group show it sharply reduced to R21.693m from R47.324m in the previous year.

Some of the decline is due to foreign exchange losses, a change in deferred taxation policy and stock obsolescence. Since the year-end the group has repaid a major portion of its long-term foreign loans.

Results by company are:

- NCII — Pre-tax income R42.8m (previous year R49.6m) diminished by extraordinary items (foreign exchange losses and stock obsolescence) of R20m (R13.8m) attributable earnings were R10.7m (R20.26m) equal to eps of 58.79c (118.1c) Dividends of 60c a share (60c) were paid.

- Dividends 80c a share

Consolidated Textile Mills Investment Corp — Pre-tax income was R22.9m (R23m) diminished by extraordinary items, as with NCII, of R17.6m (R1.3m). Attributable earnings were R5.6m (R13.8m) equal to eps of 45.6c (118.1c) Dividends of 60c (34.375c) a share were paid.

- Natal Canvas Rubber Manufacturing — Pre-tax income was R3.2m (R3.9m) which was reduced mainly by the cost of discontinued operations of R2m, (ml previous year) making attributable earnings of R3.8m (R9.1m) equal to eps of 101.4c (201.1c) Dividends of 30c, against 63.75c, were paid.

- SA Woolen Mills — Pre-tax income was R6m, (R9.6m) reduced by stock obsolescence of R1.1m, (before tax) leaving attributable income of R4.4m (R4.2m) equal to eps of 80.6c (125.5c) Dividends of 120c were paid (50c).
Textile workers get 21 pc pay hike

Own Correspondent

CAPE TOWN — About 4200 workers in the cotton textile industry have gained a 21 percent pay increase in the new industrial council agreement for the industry.

May Day will be a paid public holiday from next year in the 18 factories covered by the agreement.

The new rates apply from the first pay week in January.

Mr Norman Daniels, general secretary of the Textile Workers' Industrial Union, said they had pushed particularly hard on the May Day question.

"Some employers wanted to leave it to the Government, but we argued that they had to recognise the workers' contribution to the development of South Africa," he said.
Frame’s a payer as new brooms sweep clean

THE- billion-rand Frame textiles group has been revamped in four months by chief executive Justin Schaffer and the four non-executive directors appointed by the Frame heirs.

The new management of the second biggest-independent company in SA after Anglovaal is none too flattering about the old.

In its annual report released this week, it criticises and breaks from previous manufacturing, trading, financial and disclosure policies.

Too low

In their report, the non-executive directors, Charles Stride, Mervyn King, Gerald Stein and Charles Friedman say: "Accounting policies were such that the financial statements published did not reflect the current values of the group’s assets nor their attributable earnings."

New management has changed the group’s accounting policies and written off the group’s currency losses and stock obsolescence amounting to R80.1 million. It has increased dividends tenfold.

The non-executive directors attribute poor results — a 12% earnings decline before accounting changes — to, among other things, the absence of meaningful management information systems and any form of budgetary control... the absence of market research and sales forecasting... coupled with a lack of communication..." with the "customer... and not with the production process."

The Frame group, with assets of R140 million and sales of R44 million may be large and relatively free of debt — but it is far from highly profitable.

Pre-interest profit of R4.9 million ‘represents a return of about 4% on total capital employed’. The group’s stocks of R26.5 million and debtors of R24.5 million represent half of total assets and a year’s sales. This is a potential treasure chest for new management to unlock.

Discounts

The group has slashed its labour force by 10 000 to 3 000. Capital spending, which ran at R45 million a year, has been trimmed to the bone (about R13 million in 1983) by new management.

The group’s annual reports show a break with the past. The operating companies have been reorganised into three divisions — Consolidated Woolen, Eversley and Consolidated Textiles which operate in one company, the company as a whole, non-cotton businesses. Consolidated Textiles, which takes all-cotton systems activities, and Consolidated Woolen which assumes all the other activities.

Two of the listed companies, SA Woolen and Consolidated Textiles, are to be owned wholly by Natal Canvas and leave the BSE. Natal Canvas will acquire all the interests of Natal Consolidated, other than its Natal Canvas shares. Natal Canvas thus becomes the real owner of Frame.

From Page 1

posted by David Carte

Frame was valued at R68 million, based on its net asset value of R56 million. SA Woolen is valued at R72.2 million compared with asset value of R70.4 million — a discount of 12%.

Natal Canvas is valued by the JSE at R118 million compared with its net asset value of R176.8 million — a discount of 8%. The R103 million investment of Natal Consolidated is at the book cost of the two companies, which site assets of R309.8 million against market capitalisation of R218.7 million and stands at a discount of 80% to net assets.
Manufacturing — Textiles

1987

Jan — November — Dec.
Picking profits

With a potential cotton crop of 350 000 bales on the land, SA’s 2 500-odd cotton producers are smiling. A bumper crop would increase gross earnings this year to some R335m — a R110m bonus on the receipts from last year’s 233 000 bale crop.

This year, producers expanded plantings to some 178 000 ha against last year’s 125 000 ha.

And it’s not only good news for farmers. The bigger crop might well meet local demand from the textile industry for the first time. Local spinners have increased their consumption steadily — from 328 000 bales in 1984 to 339 500 bales in 1985.

The growth seems likely to continue, with both the R2.8 billion a year textile industry and the clothing industry, which had sales last year of R2.2 billion, benefiting from an economic upturn.

Clothing Federation public affairs director Henk van Zyl says most members report steady sales growth. Official employment hit 110 000 in November and another 30 000-40 000 workers are employed in rural and decentralised areas, but members are still reporting new hirings in the Cape and

Natal.

"Improved economic conditions, pent-up demand and, possibly, the rent boycotts all contribute to the positive pattern," says Van Zyl. "January orders are up on last year, and retail statistics show across the board sales hikes."

While the federation is forming a new body to promote export sales, the industry is still plagued by fabric shortages, says Van Zyl. An estimated 78% of industry members report supply problems, and fabric is being imported while the bottleneck in local textile supply is sorted out. This built up in 1985-1986 when low local demand coincided with higher textile exports.

The Board of Trade and Industry (BTI) is now undertaking a comprehensive investigation into the relationship between local fibre producing sectors (cotton, wool and synthetic fibres), the textile and clothing industries and retailers. At stake is the level of tariff protection needed against foreign imports, and the BTI report, expected by September, is awaited with some trepidation.

Security needed

Textile Federation executive director Stanley Shlagman says the report is urgent because manufacturers need some security on tariff protection before they proceed with expansion investments in the region of R600m-R800m.

Van Zyl is less impatient. He tells the FM the BTI investigation is "the most comprehensive undertaken."

"It’s vital to all four related sectors. We cannot afford to hurry it and receive a superficial report. This is a complicated subject with an impact on the whole economy. We are happy to wait for September," he says.

Cottoning on

If the industries get their priorities in order, Cotton Board manager Johan Gillen is confident about the future. The cotton, textile and clothing industries have "massive" potential for expansion, he says, and, all going well, cotton producers could be looking at production levels of 600 000 bales a year.
**ROMATEX**

**Competition from imports**

**Activities** Manufactures floorcoverings, fibres, textiles, foam and automotive products

**Control:** C G Smith holds 80%. The ultimate holding company is Barlow Rand

**Chairman:** J H Ward, managing director I C R Mackenzie

**Capital structure:** 23.8m ords of R1 Market capitalisation R203m

**Share market** Price 850c Yields 5.9% on dividend, 14.8% on earnings PE ratio, 6.7 cover, 2.82. 12-month high, 1.350c. low, 635c Trading volume last quarter 44 100 shares

**Financial:** Year to September 30

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**Performance**

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<td>Turnover (Rm)</td>
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<td>435</td>
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<td>Pre-tax profit (Rm)</td>
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<td>22.6</td>
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<td>Pre-tax margin (%)</td>
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<td>Taxed profit (Rm)</td>
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<td>18.8</td>
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<td>Earnings (c)</td>
<td>96</td>
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**Evidence that a rampaging bear held sway in the JSE a month ago was the 75c fall in the Romatex share price to the R11 level on the day it reported a 94% rise in earnings. Since then, the share has fallen even further to about R8.50, where it must represent value for money, with an historic dividend yield of almost 6%, and a prospective yield even higher. The group says it is confident of achieving further profit growth, although not at the same rate as in the 1987 year.**

While the fabric division, the largest profit contributor, reported a 97% rise in pre-interest profit to R22.5m last year, MD Ian Mackenzie says "We certainly won't achieve the same growth in the current year, and would be happy to see profits maintained because of the flood of imports during most of 1987."

This division, and particularly Berg River Textiles, is anxiously awaiting the outcome of the Board of Trade investigation into the textile industry, which should be made public in January.

About a year ago, the board relaxed import controls, reduced duties and removed the import surcharge on imported cloth and finished garments. This contributed to 45% growth in the value of imports of both fabric and finished garments in January to June 1987 compared with the same period in 1986. This was then followed by a strict import control permit system which quickly dammed up imports.

Mackenzie says he expects the outcome of the board's investigation to be either neutral or favourable for the group.

In other divisions, Mackenzie expects the automotive division of Romatex Industrials to be the biggest growth area in the current year, followed by floor coverings, which is benefiting from spending on low-cost housing, although activity in the medium-to-upper-income housing sector is still depressed. The floor coverings division is the one with the most excess capacity, and the expected increase in volumes should boost the bottom line.

New investments in the Romatex Mills division, which was the second largest contributor to profits last year, should yield results, as should expansion of capacity at Island View Storage. The bulk liquid terminals, situated at Durban harbour, will experience capacity growth of about 15% on completion of expansion programmes in 1988.

Growth in this division was previously constrained by insufficient capacity.

In addition to expected turnover growth on improved volumes, Mackenzie says operating margins, which rose to 10.3% from 7% in the past year, should rise further to about 11% in the current year.

Group borrowings, and thus the interest bill, will rise in the current year, as a more ambitious capital expenditure programme is planned. Mackenzie says the group will spend between R40m and R50m across a wide range of projects. With current interest-bearing debt of R9.9m, the debt equity ratio, taking debt net of cash, is only 0.01, so there is plenty of room to gear up.

Chairman Jack Ward notes that the return on average shareholders' funds reached 14.9% compared with 8.3% in the previous year. While there is room for further improvement, the ability to achieve substantially higher returns will be inhibited while the group's financial gearing remains as low as it is. The share's historic dividend yield of 5.9% compares with the sector average of 5.2%.

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**ROMATEX THREADS**

Pre-interest breakdown

<table>
<thead>
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<th>Year to Sep 30</th>
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<th>1987</th>
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</thead>
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<tr>
<td>Rm</td>
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**FINANCIAL MAIL, DECEMBER 11 1987**
SA Bias shares rocket 85c

By GARETH COSTA

JOHANNESBURG — SA Bias shares rocketed 85c to 43c yesterday, fuelled by rumours that the company is to produce earnings about 50 percent higher and a dividend payout around 40 percent up for 1986.

The company’s managing director, Mr Christo Seabrooke, yesterday said he could not confirm the rumours, but he added that profits were at least in line with the 30 percent prediction in the annual report.

He said SA Bias Bunding — one of the two major profit contributors in the group — was doing “very well” and that the 23 acquisitions made over the past four or five years were beginning to pay off.

“I expect a substantial increase in pre-tax profit for the company in 1987,” Mr Seabrooke said.

Mr Seabrooke said Merhold, holding company for Merchant Shippers and Mertrade, would be listed some time in the second quarter of this year.

Merhold’s nature was changing from a confirming house into financial services and trading.

“We have switched to a secondary banking operation where the risk is less than in confirming,” Mr Seabrooke said.

He had done some investment banking. It was one of the financiers involved in Macadamps, Quality Tyres and Bearing Man among others, but was previously precluded from taking a stake in the companies.

However, he said, “There are more coming, all with potential for involvement. We would like a portion of our operation to be similar to New Bernica.”

Merhold is now helping in the restructuring of Dundee Industries Dundee. It has also taken over the lease for the property where the loss-making Marathon Packaging was situated.

The property was costing the group some R600 000 a year, and Marathon has left behind an assessed tax loss which should keep the group tax bill down.

Mr Seabrooke said SA Bias Bunding was generating so much cash at the moment it does not need to raise additional capital through a listing, but one is on the cards within a year or two in line with group principle of listing the subsidiaries.

His personal holding of 56.1 percent in SA Bias, worth about R53-million, and which is held by a company called Circleo, would be pyramided with a rights offer to SA Bias shareholders in the first half of the year.
New structure for Frame in final year

THE Frame Group's new structure will have to be in place by the end of the financial year, Justin Schaffer, the managing director of the group, said yesterday.

He said that the documents and legal preparations were under way which would create two stock exchange-listed companies, instead of the present four, and remove many of the administrative difficulties.

Shareholders approved the name changes of two of the companies at yesterday's annual meetings.

Natal Canvas Rubber Manufacturers is now Consolidated Frame Textiles and will be the operating company of the group, and Natal Consolidated Industrial Investments becomes Frame Group Holdings, the pyramid of the operating company.

All the operating companies, including The SA Woollen Mills (which ceased manufacturing last year) and Consolidated Textile Mills Investment Corp, will be absorbed into the Consolidated Frame Textiles company.

A common logo has been devised, which will be applied to everything in the group, from products to vehicles. It has also been decided to use the name 'Consolidated' for all operating companies to provide a common identity.
Nice guys at Frame kick off with sackings

NEW management of the billion-rand Frame Group — for years called a "dark ages employer" — wants to update its labour policies, but is obliged to make large-scale retrenchments.

The new chief executive, Justin Schaffer, has discovered that 69% of all value added by the company goes to wages. As much as it wishes to be modern and progressive, the bottom line is that the company is overmanned.

Manpower is one of three areas where the group can make huge economies. The others are in stocks and debtors, which tie up R260-million each of working capital.

Mr Richardson says the group has a great future and so do those working there, but reducing numbers is a priority.

Too early

Unions have asked the new management what will happen, but the bosses say it is too early to reply.

Mr Richardson has moved to improve communications and morale in the group by publishing a staff magazine.

The Frame Group has taken flak from trade unions, labour relations experts and the press ever since it ruthlessly resisted the Zulu strikes of 1973.

Top of class

CAPE region scored the highest (73%) passes in the International Institute of Cost and Management Accountants examinations. Daniel Grebler and Willie Coetzee (Fremia) and Margaret Scott (Standerton) came first in their fields.
ADONIS

Improved shape

Activities: Manufactures men's knitwear and children's knitted outerwear
Control: Directors hold 76.9% of the equity
Chairman: J Bencen
Capital structure: 3.3m ords of 50c. Market capitalisation 83.0m
Share market: Price 90c. Yields 7.7% on dividend. 16.8% on earnings. PE ratio. 6.0. cover. 2.2 12-month high. 90c. low. 55c. Trading volume last quarter. 94,000 shares.

Financial: Year to September 30

<table>
<thead>
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Performance:

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<td>0.96</td>
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<td>87</td>
<td>98.8</td>
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With its latest results, Adonis has arrested a three-year earnings decline and seems well on its way to full recovery. The extensive capital expenditure programme of some years ago, which might have strained earnings in the tough years after 1982, now, at last, seems to be paying off. The leverage effect of higher sales volumes is reflected in the 30% leap in operating profits, derived from a 15.1% increase in turnover.

Adonis has proved itself reasonably, although certainly not totally, resilient to recession. The company manufactures high-quality knitwear and its designer labels have proved a strong defence against difficult business conditions, says financial director, Steven Chatel. He says that, although the retail market has shrunk in the past two years, the number of manufacturers has shrunk in greater proportion, with some major ones particularly affected. Those remaining have retained a bigger slice of the cake.

Adonis's Bencen ... winter range well received

Earnings a share almost doubled to 15.1c (8.8c), despite depreciation having doubled to R695,000 (R358,000), thanks partly to a sharp fall in the effective tax rate to 44.8% (58%).

Commenting on immediate prospects, chairman Joe Bencen says the 1986 winter collection has been well received by the trade, and the winter order book exceeds unit volumes of the previous year. The group derives its major contributions from winter ranges. Summer merchandise currently in retail stores is selling well, and Bencen predicts a good summer season.

Judging from these comments, Bencen's forecast for earnings this year "at least" equal to those of 1986 could be conservative as the company looks to sustain its recovery. The share price at 90c, near a one year high, but on a conservative dividend yield of 7.7%.

Jas Arbas

CHANNEL

More sparkle

Channel exemplifies the volatility common to many tickey stocks. Only a year ago it was wallowing in the red, its Helum mining subsidiary was beset with production problems and the company faced an uncertain diamond market. The share price of 6c reflected these strains.

Since then, the diamond market has continued to recover, Channel's own problems have diminished, and, with losses considerably reduced, the share rebounded to 31c before falling back to its 21c.

FINANCIAL MAIL FEBRUARY 6 1987
TEXTILES & CLOTHING

Striking a balance

The Board of Trade and Industry’s (BTI) eagerly-awaited report on the diverging interests of the textile and clothing industries should be a strong pointer to future import protection policy for local industry.

The report, expected by the end of September, will recommend tariff protection levels and attempt to strike a balance between the conflicting interests of the industry’s two major constituents.

Current average textile tariff levels of around 20% have not succeeded in keeping out imported fabrics and the first five months of the year have seen imports rise by 250% — to the detriment of the local textile industry.

“We need a rational, flexible response to disruptive conditions caused by dumping,” says Textile Federation executive director Stanley Shlagman.

The textile industry, with capital investment of some R1,1 billion and projected turnover this year of R4,3 billion, employs some 102,000 people. Last year about R242 million was invested in plant refurbishment.

Shlagman claims “hundreds of millions” of additional investment is in the pipeline and the BTI increase tariff protection against cheap imports.

But the clothing industry mounts an equally convincing argument of why tariff levels should be left where they are.

National Clothing Federation (NCF) spokesman Hennie van Zyl says the industry is far more loss-intensive than textiles — a vital factor in SA with its high birth rates and growing unemployment problem.

Although total investment is a relatively small R150 million, it employs roughly 150,000 people and expects to increase industry turnover this year by 15% to R2,3 billion — from last year’s R2 billion.

Fixed assets

“While average fixed assets per clothing producer is only around R80,000, the average figure for textile producers is closer to R1 million,” says Van Zyl.

It would, therefore, make more sense to increase official support for the clothing sector, argues Van Zyl. More jobs could be created at less cost to the economy, while cheaper products would mean that both local and export sales could be improved.

The clothing industry is emerging from a recession that lasted from 1982 — when it employed 135,000 people — to the middle of 1986.

A number of manufacturers closed their doors, output dropped by 40%, 30,000 workers were retrenched and another 5,000 lost or left their jobs and were not replaced.

But measured in terms of people employed — a good performance barometer — the trend has been reversed. NCF president Mike Getz says 7,000 workers were taken on since the beginning of 1987 to cope with a 4%-5% production increase.

And following a good winter season, retail inventories have been run down and fresh orders are expected.

However, despite the positive signs, Getz still sees problems. “Prices are the big threat to our continuing revival,” he says. “We are sandwiched between powerful retailers who prevent us from taking the price increases we should, and powerful textile suppliers who can take price increases virtually whenever they want to and justify them in terms of a policy that tends to protect domestic capital intensive industry.”

Clothing prices average 11%, which is below the inflation rate, while textile suppliers take increases above the rate of inflation, complains Getz.

Getz’s contention is that the industry’s future depends on the adoption of economic policies that will reduce import costs to below the inflation rate. Impressive growth, he says, will come only when it can produce products at prices that the emerging consumer can afford.

With his constituents’ interests at heart, Shlagman maintains the textile industry is being pressed by fabric imports. Normally about 20% of the cloth used by the clothing industry is imported, but cloth is now coming into SA much faster and easier than before.

Epidemic problems

The endemec production problems which garment manufacturers habitually throw at textile producers, he says, began last year when the rand dropped to below US$0.50. Clothing manufacturers could not afford the cost of imported cloth — on top of the high import duties — and switched orders onto the local industry, which was unable to cope.

A shortage developed and government relaxed its tariff protection temporarily, leaving textile producers with “a fairly modest” 20% ad valorem protection.

The consequence, says Shlagman, was that “sharp increases in imported fabric resulted in a dramatic downturn in certain sectors, notably the knitwear sector. If these temporary measures are allowed to continue, they will do us great harm.”

Shlagman hopes the BTI will come out with recommendations that will be well considered and balanced.

THE RISING STAR

In an obvious attempt to boost circulation, The Star is to launch a new morning edition for distribution in country areas outside the PWV. The morning circulation of Citizen could lose ground as a result.

The new edition, which will be printed at night, will appear from August 19 in regions from the northern Cape and Free State to northern Natal and the Transvaal plateau.

Daily Star managing editor Ron Anderson says the move is designed to overcome production bottlenecks and increase circulation. “At the moment our presses are busy from about 10am to about 4pm. Night printing is the only way we can increase our circulation.”

The newspaper hopes to boost its circulation from 10,000 to around 25,000 copies by the year end.

About 10 extra staff members have been taken on, most of them involved in production rather than writing.

The decision to move into the morning market was discussed by the Argus company (which owns The Star) with its competitor Times Media Limited (TML), on whose behalf TML prints Business Day and The Sunday Times.

Says TML group secretary Barrie Harris, “We are fully in the picture and are satisfied with assurances from Argus that the printing of our publications will not be affected by this move. We also understand and accept that there is no intention for The Star to move into morning circulation in the PWV area.

“I do not think the new Star edition will have any effect on Business Day other than to improve its circulation,” says Harrs, “since it will be going out into the new areas with The Star. It will, therefore, be circulated to a wider area than was possible before.”

Citizen editor Johnny Johnson refused to comment on the new moves.
Da Gama races ahead with R20-m earnings

By TOM HOOD
Business Editor

NEW listing Da Gama Textile Corporation boosted its earnings by 46 percent to R20.8-million after tax for 1986 — 16 percent ahead of the prospectus forecast.

Earnings work out at 72.6c a share compared with 49.6c a year ago and the 62.2c forecast by the directors in October.

Turnover rose by R34-million or 26 percent to R166-million and was 7 percent up on the forecast.

The company's first dividend will be 1.5c as forecast, absorbing R753,000.

WOOLTRU SHINES

GROUP earnings of Wooltru jumped by 30 percent to 56c a share for the first half and the directors expect this improvement to continue.

Consumer spending was buoyant in November and December and profits of the three retail companies improved satisfactorily, says the chairman, Mr David Susman.

The big store development and refurbishing programme of the past three years was beginning to bear fruit, he added.

More than R85-million went on capital expenditure in the last three years.

Turnover for the six months was R64-million higher at R448-million and the operating profit rose by R11-million to R34-million.

PROGRESS RECOVERS

CLOTHING manufacturer Progress Industries ended 1986 with R1.6-million earnings after a R11.2-million loss in 1985. Import replacement helped to raise turnover by 61 percent to R381-million.

Shareholders are to get a 17c final, making 24c, after foreign dividends last year.

40c SAPPi PAYOUT

PAPER producer Sappi achieved a strong recovery last year through greater demand for its products both locally and internationally and better margins, while dividends are resumed with a 40c payout.

Earnings recovered to 116c a share from 31c for 1985 and operating profit improved by 22 percent to R167-million.
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THE NATIONAL GOLD

Platinum & Gold Barion
Avenues Available

Backed

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FOR STOCK AND BULLION.

Aaron hangs on as Diagonal Street/By David Carte
SA Bias to buy Dundee shares

The option, which includes the right to buy 1.3-million convertible preference shares at 60c each, was struck at less than half of yesterday's JSE closing price of 125c.

SA Bias, the lead financier to Dundee, paid no remuneration for the option, which expires on January 13, 1986, but has made available a financing package.

SA Bias MD Chris Seabrooks denies that any pressure was placed on Dundee's controlling shareholders to grant the option on their shares at 60c each.

Seabrooks is seemingly exercising a fair degree of management control over Dundee.

At the same time Dundee says it will dispose of its current operations and that it has finalised a deal to acquire Houston Steel Merchants for R3m cash and 1.3-million shares at 60c each from a private consortium.

Dundee is to sell Tabak, a furniture manufacturer, and its property interests and is looking to list wholly-owned wholesale and retail motor spares distributor Jagmar on the DCM.

The listing route, still to be decided, is expected to leave Dundee with no interest in Jagmar.

Dundee's sole interest will then be Houston Steel Merchants which Seabrooks says will fit in snugly with SA Bus, which has steel interest through Merhold.

Hill Samuel, merchant bankers to the deal, says the acquisition of Houston will have the effect of reducing Dundee's net worth a share to 30c from 41c.

Dundee's directors say trading losses in the 10 months to December 1985 amounted to about R500,000 against a loss of R2.1m in the year to February 1986.

Seabrooks says the cleaning out exercise is not expected to reduce net worth a share and he is confident Dundee will trade profitably in 1987.
SA BIAS BINDS PROFITS

<table>
<thead>
<tr>
<th>Year to December 31</th>
<th>1986</th>
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<tr>
<td>Pre-tax profit (Rm)</td>
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</tr>
<tr>
<td>Attributable earnings (Rm)</td>
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<tr>
<td>Earnings (c)</td>
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<tr>
<td>Dividends (c)</td>
<td>6.8</td>
<td>11.0</td>
</tr>
</tbody>
</table>

which reduced SA Bias' net income before tax by some R1,4m last year.

This is because Houston Steel, a company which Dundee had bought with effect from end-December, moved into the old Marathon Packaging property in Springs, which was unoccupied and costing SA Bias about R700,000 a year. The previous Houston Steel premises were unsuitable for a steel operation but perfect for SA Bias Binding Manufacturers.

SA Bias MD Christopher Seabrooke says operating losses will not recur in the group's income statement in 1987. It appears that elimination of these losses alone will help towards earnings growth of close to 30%, without improvements elsewhere in the income statement, so the forecast of 30% earnings growth looks conservative.

Seabrooke adds that SA Bias will only exercise the option to take a controlling interest in Dundee if it is capable of contributing to SA Bias' earnings. Dundee's return to profits will in turn depend on the success of restructuring efforts. SA Bias' option expires on January 13, 1988.

While Dundee previously comprised a number of fragmented operations, with the exception of Houston Steel it now has only two interests: furniture manufacturer Tabak and motor spares distributor Jaqmar. While Tabak is only breaking even, Jaqmar is a profitable operation and is considered suitable for a listing in the DCM. Seabrooke says that the right management Tabak should be able to make between R1m and R1.5m in a year, and this operation will then probably be offered for sale.

Once rid of these interests, Dundee will source future growth from its steel operation, as Seabrooke says there may be room for other acquisitions in the steel business. "Once we've concluded those deals we won't just sit back with Houston Steel — there is going to be a bit of action there."

In addition to favourable effects of the Dundee deal, SA Bias is looking to subsidise Merhold to lift earnings, although Merhold's growth is expected to be less spectacular than that of its parent. Merhold's earnings are forecast to grow by 15% annually for the next two years as the group bears the cost of moving from its traditional confirming house operations into trade banking and the secured asset lending market. Seabrooke says the group is in a conservative sector, and he is not keen to chase massive earnings increases when the group should be building its reserve base.

Merhold's operations in corporate investments and services are in a separate division, and the intention is to make equity investments in companies it helps onto the JSE. The first such investment was at end-Decem-
Body blows to splinter textile union

By CARmel RICKARD in Durban

A SERIES of blows have been dealt to the splinter Textile and Allied Workers Union (Tawu), which was formed in the middle of last year.

Tawu broke from the Cosatu-affiliated National Union of Textile Workers (NUTW), after a number of incidents, including their sacking of former NUTW officials.

NUTW national organiser John Copelyn said four victories during the last fortnight established conclusively that workers in the textile industry were not "split down the middle" as had been claimed, but that Tawu had the support of only a minority.

He said the most significant point was the clothing factory in Hamarsdale, the area where Tawu was believed to be strongest.

Workers at Kingsgate Clothing withheld their subscriptions from either union, pending the resolution of the issue.

When management allowed Tawu into the factory to canvass, there was a flurry of legal activity by NUTW.

Eventually they agreed that a ballot would be held to establish which union had most support. The union which lost would not be allowed to recruit for a year, and a recognition agreement would be signed with the successful party.

NUTW won 64 percent, and Tawu 16 percent.

The next blow to Tawu came last week with a judgement in the Durban Supreme Court against four of its officials.

The four, former NUTW staff members, were ordered to pay back over R16,000 which they had drawn from NUTW accounts, together with interest and costs. The four officials conceded they had drawn the money but claimed it was justified.

Copelyn says the court judgement established the money was taken without authority and without justification.

At Smith and Nephew in Pinetown, the first factory ever to recognise NUTW, a number of people resigned — so much so that NUTW was no longer able to claim majority membership.

When NUTW continued wage negotiations on behalf of its own members, Tawu brought an urgent application to the Industrial Court last week, asking that management be restrained from negotiating with NUTW.

Tawu’s application was dismissed on the grounds that it could not claim exclusive bargaining rights if it did not have a majority itself.

NUTW continued both negotiations and recruiting and now has a stop order majority over Tawu.

The final development came in a frame factory where a number of NUTW workers were changing allegiance, allegedly because of severe pressure from Tawu.

Eventually a mass meeting was held at the factory, where all the workers agreed that Tawu was free to exist — but that no-one should be forced to join either group.

He said a split "could never be regarded as irrelevant," but far from the 50/50 picture being drawn of the situation last year, a more accurate description would be 95/5, and I doubt Tawu will survive in its present form.

He said the breakaway had helped members and leadership focus on the issue which had caused the split.

These were political differences between the leadership of the two unions, particularly on the question of whether the union should adopt an independent line, or be affiliated to the United Democratic Front.

MAthombi Zwane, Durban branch secretary of Tawu, said the incidents listed by Copelyn did not spell the end for her union.

"Sometimes you win, sometimes you lose. We will go on working as we have been."

"We estimate we have 5,000 paid-up members and a majority at six Natal factories."
Frame Group earnings up 14%

Own Correspondent

Johannesburg — The Frame Group has simultaneously unveiled the terms of the programme to clean up its cumbersome shareholding structure and results which show that Frame Group Holdings' interim earnings rose 14% to 249,9c a share.

Frame Holdings, formerly Natal Consolidated Industrial Investments, becomes the ultimate holding company of the group and listed subsidiary Conframe, previously Natal Canvas Rubber Manufacturers, will own all the equity of Contex and SA Wool.

Lose out marginally

Barclays Merchant Bank, merchant bankers to the deal, have announced that Contex shareholders are being offered 22 new Conframe shares for every 100 shares held, while SA Wool shareholders receive 20 new Conframe shares for every 100 shares held.

Based on the market price of the Conframe, Contex and SA Wool shares on March 16, shareholders in Contex and SA Wool will only lose out marginally if they accept the offer.

SA Wool shareholders suffer considerably by way of diminished dividends.

However, the merchant bankers have pointed out that a comparison of the effects on dividends is misleading as abnormal dividends were paid for the 1986 financial year to June.

For the record, Frame Holdings' taxed earnings increased by R769,000 to R7,5m, for the six months to December 1986.

Earnings were boosted by an abnormal item of R392,000 from foreign profits less some costs incurred in relocating factories.
Relief for Cape clothing factories as textile crisis eases

By TOM HOOD, Business Editor

THE textile crisis, which forced garment factories to retrench or go on short time last year, has eased dramatically.

Cape factories could not get supplies from local textile mills in under 10 months last year but lead times this year have dropped to five months with possibly a month or so for late deliveries.

Textile manufacturers took advantage of the low rand, which sank to 58 US cents, to step up exports in the past two years, and this helped to create a local shortage.

Clothing companies could not make up the shortfall with imported textiles because the weak rand, duties and import landing charges priced them out of the market.

But the effects of sanctions and lower earnings from exports because of the stronger rand have made forced textile companies to turn more to the local market again.

In addition, clothing manufacturers can now afford to import to make up the shortfall because the Board of Trade and Industry reduced duties temporarily from 25 to 20 percent import surcharge — concessions allowed until local supplies are readily available.

"The fact that the rand is now 48 cents and (textile) duties have been reduced has eased the situation considerably," said Mr Simon Jocum, chairman of the Cape Clothing Manufacturers Association.

He warned that next year clothing prices ex-factory could go up by 25 percent — well above a possible 18 percent inflation rate — if the present protection formula for imports is increased.

From 1970 to 1984, clothing prices always increased well below consumer price index because imports kept local prices down.

"There was an element of competition from imports which did not exist from 1985 onwards," he said.
Textile workers hope to merge

THE National Union of Textile Workers (NUTW), committed itself to an eventual merger with the Textile Workers Industrial Union (TWIU) at last weekend's annual general meeting of its Eastern and Western Provinces. NUTW also endorsed Cosatu's Living Wage Campaign.

The NUTW annual report confirmed that wage negotiations concluded in February had secured 25 to 30 percent increases on the minimum wage, and May Day agreements at six factories in the Western Cape had been signed.

"NUTW rejects Botha's holiday on the first Friday of May," Western Cape branch organiser Mr Ebrahim Patel said.

The union's struggle is not only for wage increases or May Day holidays. It concerns the question of who controls the wealth and the factories, Mr Patel said.

Eastern Province branch organiser, Freddy Magugu, recently released after 10 months in detention, addressed the meeting.
Stanley Shlagman, executive director of the Textile Federation, says the 30% year-on-year increase was caused by the inflationary effect of the low rand exchange rate on the cost of imported inputs.

The cost of imported chemicals, dyes, stuffs, synthetic fibres, machinery and spare parts has shot up by about 60%, while wages and salaries last year rose by about 13%. And by adding to these figures the 40% jump in electricity and water tariffs, as well as the rise in transport costs, it becomes clear that there was ample justification for the increase, he argues.

But Shlagman disputes claims from the clothing industry that fabric shortages continue to bedevil clothing manufacturers (Business March 27). He says a reasonable balance between supply and demand was achieved by the 5% reduction in import duties and the removal of the 10% import surcharge in September last year. The volume of imported fabrics rose by 50% as a result of these tariff cuts.

Textile supplies have now outstripped demand, Shlagman claims, thereby shortening the textile industry's order books. Orders for knitted fabrics are running at 60 days, and at 18 to 20 weeks for the majority of woven fabrics. While this situation will keep manufacturers reasonably well occupied until mid-year, the increasing rate of order cancellations is depressing forecasts for the third and fourth quarters.

Shlagman does not expect the rate of consumer spending on clothing to accelerate. Consequently, the rate of textile production will level off and even decline in the second half of the year. This prognosis ties up with clothing industry fears that their winter range might not sell as well as the summer's.

Meanwhile, capital expenditure in the textile industry is still held up by the Board of Trade and Industries' (BTI) investigation into the level of tariff protection for fabrics and imports. The final report is expected by September.

Shlagman says uncertainty over the BTI's findings has caused a delay in planning for increased capacity or the renewal of capital equipment. This is very much on the backburner at this stage.

Prohibitive capex would be justified only if there was a relatively secure local market. Should the BTI favour easing restrictions on imported fabrics even further, textile manufacturers may drop such projects. But sources say hundreds of millions of rand could be invested should the BTI decide to go more protectionist. That is why all eyes are now on the board.
Making advances

Growing international resistance to "made in SA" labels on clothing is behind a plan by the Natal-based knitwear manufacturer to open an export manufacturing facility in Swaziland.

Exports from Swaziland are not only readily accepted in international markets, but are also duty free, says Progress CE Peter Jacobson. Although the Swazi government has agreed in principle to the development, Progress must await formal approval before proceeding with expansion plans.

Meanwhile, efforts will be directed towards meeting forward orders for the current year. Jacobson says order books are stronger than they were a year ago and in the first quarter sales were up 44%, although off a lower base.

This must come as good news to shareholders who were denied dividends during 1985 after the company had reported a loss of 2,1c a share. Nonetheless, a 61% increase in turnover in 1986 enabled it to return to the black with earnings of 63,8c a share. Progress's sharp improvement last year reflects a slight industry recovery, and, more importantly, a major improvement in the firm's utilisation of its manufacturing capacity, notably in its knitwear division. Jacobson says industry capacity, particularly for manufacture of sweaters, has shrunk signifi-

The sector's average dividend yield is 3,5% against Progress's 5,2%, while the average earnings yield is 6% compared with 13,8%. A possible dampener could be the industry forecast that demand in the third and fourth quarters will slow again.

Nonetheless, Jacobson's forecast that earnings will rise by more than the inflation rate during 1987 — 1 expect by about 18% — weighs in the company's favour. With order books for winter 1987 looking encouraging, Progress could be a good inflation hedge.

Cheryl Irens
Romatex earnings surge by 166%

DURBAN. — The Romatex group has started the current financial year with earnings a share for the six months ending March 31 up by 166% at 39.3c and the interim dividend raised by 150% to 15c a share.

In the annual report, chairman Jack Ward forecast that "earnings a share in 1986/87 are expected to be higher than those reported for 1985/86" but pointed out that much depended upon the restoration of "business and consumer confidence which was lacking".

Improvement

The interim report says that expenditure on consumer durables "remains depressed" and attributes the dramatic improvement in results — the best since 1984 — to several factors, one of which is the benefits arising from the modernization and rationalization programme of recent years.

In addition, the worsted fabric companies turned in a good performance after several years of difficult trading conditions and here, as well as in other areas of the group, the improvement was assisted by the continued lower level of imports.

Commenting on the results, Ward says "we are particularly pleased about the recovery in the fabric producers. That sector has been seriously affected by resistance from consumers to the worsted cloth price increases caused by the massive rise in wool prices because of the depreciating rand."

Turnover for the half year increased by 16% to R250m while operating profits rose to R19.7m — more than double the figure of the equivalent period a year ago.

Interest paid declined to R1.8m and increased the growth at pre-tax level to a 210% higher R18m.

Earnings a share

The effective rate of taxation increased from 42.1% to 47.7% and this, together with the adjustment for outside shareholders reduced the increase in growth at attributable profit stage to 166% ie R9.3m which, on the unchanged issued capital, gives earnings a share of 39.3c against the previous 14.7c.

The balance sheet shows further strengthening with interest bearing borrowings down sharply from 40m to 28.9m resulting in a decline in the debt/equity ratio to 15% from 21%. The interim report also stresses that borrowings for the rest of the year are expected to remain at a relatively low level in spite of increased capital expenditure commitments.

The capex commitment has increased significantly to R19.6m from R5.6m a year ago — largely as a result of expansion at island view storage. — Sapa
Brighter colour for SA clothing, textiles

A ROSY picture for the rest of the decade is forecast for South Africa’s textile and clothing industry.

A study, Textiles in Africa, compiled by Johannesburg economist and marketing consultant Arnold Werbeloff and several textile researchers, says manufacturers will benefit from the current economic recovery and increased cotton and wool production. They believe there are plenty of opportunities for enterprising entrepreneurs.

Black spending

“Among the favourable conditions listed in the 198-page report are

- A record cotton crop that could amount to 70 000 tons and may not require but imports to meet spinners’ requirements
- Continuation of the wool export boom, fuelled by strong European demand for high-fashion garments, reduction of the Australian stockpile, and new spinning techniques for the stronger SA wools of 13 to 22 microns
- A steady rand, removing competition from foreign textiles for the time being
- Increased black spending, even though it might be hampered by unemployment and consumer boycotts
- Computerisation, which is leading to increased efficiency
- The stimulation of hundreds of knitting and sewing clubs by the Small Business Development Corporation
- Continued foreign investment incentives offered by SA and the homelands

Import limits

The report says the textile and clothing industry has matured into one of the largest and most vertically integrated in Africa. Most SA needs are now met by domestic production, limiting the opportunity for imports.

Although the industry’s growth has been accompanied by protection and subsidisation, a greater awareness of export opportunities, stimulated by the rand’s depreciation, has led to some success in selling abroad previously non-competitive products.

The report says “Another effect of the low rand has been to render exports prohibitively expensive in the short run, although ultimately local inflation is likely to overshadow this advantage.”

The report estimates that about 30% of SA clothing exports came from Casablanca factories, but hundreds of millions of rand were lost after closing of the US market last year.

“Many affected firms have since found substitute markets, especially in Europe, but there have been cases of undercutting of local clothing manufacturers by Taiwanese clothing suppliers located in the Ciskei. This has led to a vigorous and continuing debate as to whether their low garment prices were the result of higher productivity and larger economies of scale or unfair competition/dumping by subsidised factories.”

Main producer

The report warns that beyond the current growth phase, prospects will be determined chiefly by the ability of SA textile and clothing entrepreneurs to adapt to an increasingly uncertain trading environment.

Egypt continues to dominate the African cotton and cotton-textile sectors, and South Africa is the main wool, wool textile and clothing producer.

Several references are made to the growing Mauritan, Moroccan and Tunisian industries and the heavy investments and orders they attract from America and Europe.”
R35m for Belgotex Carpets

Beaulieu doubles its SA investment

Own Correspondent

JOHANNESBURG — One of the world’s largest carpet manufacturers is bucking the pull-out trend in a big way by more than doubling its SA investment.

Belgium-based Beaulieu Group is to inject R35m into SA subsidiary Belgotex Carpets, for the purchase of a plant used in yarn extrusion of nylon-BCF6 (bulked continuous filament) and equipment for needle-punch carpeting. Belgotex was established at a cost of R30m in Maritzburg in July 1985.

Export

Belgotex MD Stephan Colle said in a statement yesterday the expansion brings with it the need to hire 50 more production personnel — half for the needle-punch division and half for the extrusion plant — and a few more salesmen.

Excess yarn extrusion and needle-punch products will be exported to Europe, the Far East and North African countries.

Said Colle: “We are here to stay as we are confident of SA’s future. Even further expansion is in the pipeline.”

Aggressive

He said the expansion was in keeping with Belgotex’s aggressive policy to capture the lower-to-middle-income sectors of the SA market through rigid price control of products.

Belgotex has a vertical structure with each stage of manufacture — from extrusion of the raw nylon chips to dyeing and tufting — under the same roof.

Beaulieu has 53 factories and 16 distribution centres worldwide with total annual sales in Belgium, France, the UK, Canada, the US and SA exceeding $600m.
Threats over striking lead to strike

by DICK USHER
Labour Reporter

THREATS of dismissal over a strike that nobody planned to hold led to industrial action by two shifts at SBH Cotton Mills in Epping.

As workers on the early shift left at 2pm yesterday they found notices in their pay packets warning them that it had come to management's attention that a strike was planned for Monday. The strike would be illegal and would lead to dismissal.

Because of the notices the shift going on duty decided not to start work.

A spokesman for the National Union of Textile Workers said no strike had been planned. It appeared management had been misinformed and taken the ill-considered step of issuing warnings without dealing with shop stewards or the union.

The spokesman said there had also been a problem earlier yesterday when a bundle of notices about a union meeting held by security guards on management's instructions.

The stoppage ended about 7pm when management agreed to withdraw the warnings and give the union notices to the shop stewards.

The union spokesman said a dispute over wage negotiations had been declared in March.

Mediation failed and a conciliation board was applied for on May 6.

After a waiting period of 30 days from that date, the union could start proceedings for a legal strike.

The spokesman said the union had started with a R4-an-hour wage demand but had come down to R2.20. Management was offering across-the-board increases which would bring the minimum wage to R2.43 an hour.
Frame's R120m plan of action

By JANE ARBOUS

The huge textile company was striving for efficiency, service and quality. "This is not an easy task in an organization which for so long has gone its own way rather than heeding the demands of the marketplace."

Norris said that as the biggest blanket manufacturer in the world, it was logical for the group to move into the duvet business and a range of products would soon be introduced.

The capex programme would be used to upgrade every department.

Among achievements so far was that 1,4m of dyed and finished fabric were being produced a week compared to about 800 000m in October last year.

"In reorganizing our dyeing and finishing capacity, our target is to achieve 2m metres per week of quality merchandise within the next 12 months."

"To assist us in achieving this we have concluded a technology agreement with a well known German textile company, Erba, recognized internationally as one of the leaders in textile manufacture."

Norris said the group was also making an investment in its people with increased emphasis on training and job enrichment.
June 16 to be paid holiday for Bellville textile workers

Labour Reporter

THE first agreement in the textile industry to recognise June 16 as a paid holiday has been concluded.

The agreement swaps Republic Day for June 16 and is between the National Union of Textile Workers (NUTW), an affiliate of the Congress of South African Trade Unions (Cosatu), and Nettex in Bellville.

June 16 is one of three holidays demanded by the union movement, the other two being May Day and March 21, Sharpeville Day.

An NUTW spokesman said talks about public holidays followed two work stoppages in the past seven days.

In the settlement the company agreed to grant today off in lieu of time worked by employees of the Nettex Republic Day for June 16.

"This means that workers will enjoy the benefit of a long weekend and get June 16 as a paid holiday," said the spokesman.

The company recognised May Day as a paid holiday last year and the NUTW became the first textile or clothing union to negotiate May Day as a paid holiday when it concluded an agreement with the Parow-based company Finetex.
Breakthrough in talks for workers' holidays

Staff Reporter

The first agreement in the textile industry to recognize June 16 as a paid holiday has been concluded between a Cosatu affiliate, the National Union of Textile Workers (NUTW), and Bellville factory Nettex (Pty) Ltd.

In terms of the agreement, which was reached after two work stoppages in the past seven days, June 16 will be swapped for Republic Day.

June 16 is one of three holidays demanded by the trade union movement. The others are May Day and the anniversary of Sharpeville on March 12. Earlier this year the company recognized May Day as a paid holiday, said union organizer Mr Ebrahim Patel.

"In the settlement the company agreed to grant Friday May 29 off in lieu of time worked by employees. This means June 16 will be regarded as a paid holiday at the factory. At the same time workers will enjoy the benefit of a long weekend," he said.

Mr Patel said: "The union sees this breakthrough as an important victory in the struggle for public holidays which commemorate the history of the working class and oppressed community."
Clothing, footwear, textile industry expecting a boom

Finance Staff

DURBAN — Retail sales for the clothing, footwear and textile industry this year are likely to grow to R7 billion (from R5.7 billion), SA Breweries director Ronne Cohen said at a textile conference in Durban yesterday.

Mr Cohen said he believed spending would increase because of factors like low interest rates, an increase in disposable income, continuing stability, a healthy balance of payments, increasing gold price, more industrial and consumer confidence and an improvement in agriculture.

"The results of certain retail companies tend to point to the upturn being in full swing — one can hardly argue with the improvement in profits emanating from Edgars, Foschini, Score, Pick 'n Pay, Amarel, World and Ellerine."

These results, however, were largely achieved as a result of lower interest rates and an improved social environment.

"True pent-up spending still remains partially unleashed, particularly for semi-durable merchandise."

The retail sector, however, had to look to the burgeoning spending of black consumers to realise where growth really lay.

Black customers were the future of the retail industry — and unless retailers realised this the economy would come to a halt, Mr Cohen said.

It was very important for retailers to correctly position themselves to the market and the "lifestyle". He believed no store group had repositioned itself as well on the "lifestyle" than Edgars.

From small stores with low stocking, they had become the dominant major retailer in almost every SA city "through insight and guts in securing the right location."

Then Edgars had followed by widening the merchandising range, an explosion in footwear, children's wear and other areas.

Mr Cohen said there had been a lot of talk of off-price retailing coming to SA. There were a few obviously successful off-price retailers and factories in Cape Town.

However there were three major reasons they would never really succeed in SA — lack of major brand awareness, lack of suitable strip shopping sites and the retailers' (chains) dominance with manufacturers.

He said the chain stores' strength of advertising helped them to gain market share.

"Our retailers are world class, and the industry is already very competitive. The more chains advertise and create customer awareness, the better for the industry as a whole."

"Off-price in America has become fuzzy. Specialty stores have affected them as have rising costs as they move up-market."

More importantly, local chains and particularly department stores had become far more competitive and won black market share, Mr Cohen said.

Only in footwear did off-price stores control 30 percent of the market. But specialty stores were currently gaining market share.
Board of Trade investigates clothing and textile industries

By TOM HOOD, Business Editor

TARIFF protection enjoyed by the clothing and textile industries are to come under the spotlight of a Board of Trade and Industry investigation.

The board's annual report discloses that it is examining the development potential of these industries and the tariff structure established to protect them.

The investigation is to be completed this year.

Clothing manufacturers were allowed in May last year to import certain yarns and woven and knitted fabrics with a rebate of duty to compensate for shortages of fabrics.

The report states that in the economic recession local textile manufacturers came under pressure to export part of their excess production capacity.

"As a result of export contracts entered into, the textile industry experienced problems in meeting an increased domestic demand for woven and knitted fabrics."

The board says the import under rebate of duty of yarns and woven and knitted fabrics not obtainable locally in sufficient quantities was justified, provided the importation was controlled by the issue of permits.

Within a month, however, clothing firms had taken up the quantities allowed by permit and applications still continued to be made, on the grounds of insufficiency of local supply.

Inquiries by the board disclosed that the main reason for the shortage was the decline in the import of woven and knitted fabrics in 1965 as a result of the fall in the value of the rand. "The export of yarns and fabrics was not the decisive factor."

Referring to complaints about allocation of permits, the board says permit holders were placed in a stronger competitive position than their competitors who had not received a permit.

The textile industry also objected that the permit system weakened its tariff protection and undermined confidence to make investments.

OTHER INVESTIGATIONS

Two other investigations by the board are to be completed this year.

It is also examining fluctuations in exchange rates and their influence on the protection policy and on industrial development in general, with special reference to the role of gold.

The third investigation concerns the possibility of concluding trade agreements with selected countries as well as the broadening of existing trade agreements.
Consol workers return to work

The 300 workers at the Consol Glass factory in Bellville, who have been striking in support of higher wages, all returned to work yesterday morning.

The striking workers — 75% of the labour force — went on strike on Tuesday when negotiations between their union, the Media Workers' Association of South Africa (Mwasa) and management faltered.

Talks ended on Wednesday. The union has demanded an across-the-board increase of R2 an hour.

The Consol group personnel executive, Mr Henne Stroo, said his company was prepared to continue negotiations, but not while workers were striking.
Wellington textile workers on strike

By DICK USHER, Labour Reporter

A STRIKE by its full workforce has hit one of Wellington’s largest employers.

Between 900 and 1,000 workers are involved in the stoppage at Wellington Industries, a major textile manufacturer.

Workers downed tools on Tuesday night, demanding the reinstatement of a dismissed shop steward.

Mr. Norman Daniels, general secretary of the Textile Workers’ Industrial Union (TWIU), said today the employee was national treasurer and vice-chairman of the union.

“Dismissal unfair”

“He was dismissed last week.

Workers felt that his dismissal was unfair. After discussions with management, they decided they could no longer accept the way things were going on strike on Tuesday night.

“We have 100-percent membership at the factory and the stoppage is total,” he said.

Talks with management about reinstatement are continuing but we consider their actions to have been high-handed and unacceptable.

Management spokesmen were in a meeting and not available for comment.”
‘Dramatic increase in earnings’

Pepkor’s chief reassures shareholders

By AUDREY D’ANGELO
Financial Editor

PEPKOR chairman Christo Wiese told shareholders at its crowded annual general meeting yesterday that he was confident of a "dramatic" increase in earnings in the current financial year and expected to resume dividend payments with the next interim.

He also said the group—which had debts of R163m two years ago—was well on its way to reducing these to acceptable levels.

Wiese reminded shareholders it had been decided that Pepkor must be ungeared in respect of its equity investments in its divisions which, in turn, must be geared according to acceptable industry norms with no divisions exceeding 60%. "The consolidated gearing at any time will not exceed 50%.

By the end of the last financial year in February borrowings had been reduced to R129m.

"While this was an excellent beginning it still left us with a long way to go. But as a measure of the progress we are making towards our gearing objective, we have, during the course of the current financial year, raised a further R80m."

Of this, R52.7m came from the rights issue and R25m from the sale of 2.5m Pep Stores shares to meet the listing requirements of the JSE.

The balance of more than R2m came from the sale of "two of our non-core divisions, namely Atlantic Non-Woven Textiles and Titan Textiles with its Lysta Zip subsidiary."

Wiese said the balance of the funds required to reduce the Pepkor debt could be raised by:

- The disposal of the balance of the Pep Stores shares to meet the JSE spread of ownership requirements;
- The reduction in working capital required by the House of Monatic division by approximately R25m; and while I am happy to say that this programme is on target it will neverthe-

Hence, a cash inflow, anticipated to be about R20m, resulting from "the proposed restructuring of the financing of the property portfolio."

Wiese continued: "I am therefore confident that the new debt equity ratio of Pepkor will have been achieved during the course of the next financial year."

He said all operational divisions of the group were "performing very well and all on-going businesses are now making a positive contribution to group profits."

"Your Board is therefore confident that Pepkor’s increase in earnings for the current year will be dramatic."

Wiese pointed out that the company had, in fact, adequate reserves from which to pay dividends even before taking into account the current year’s profits or the benefits of the restructuring programme.

He said that in addition to the normal trading profits, the disposal of the Pep Stores shares would result in "very substantial extraordinary profits arising during the current financial year."
Textile industry
‘1st’ for women

Labour Reporter

A PAID maternity leave agreement — a first for Western Cape textile, clothing or leather industries — has been concluded with South African Nylon Spinners (SANS) in Bellville.

The agreement for 250 women allows for four months’ paid maternity leave and two months’ unpaid leave.

Negotiated by the National Union of Textile Workers (NUTW), it provides that during paid leave, employees will receive 32% of their salary, which, combined with 45% Unemployment Insurance Fund (UIF) payments, will give them 77% of their salary.

Other terms are:

☐ No loss of annual leave, sick leave and annual bonus due to maternity leave;

☐ Medical and pension contributions paid during unpaid leave;

☐ Re-employment at the same rate of pay.
ARWA, recently reversed as Hendlers after the transformation of Durco, has acquired two yarn companies for R4-million.

The purchase of Capelon Yarns and Zak-
lan Yarns — specialists in texturing of yarns — will be settled by the issue of 1.5 million Arwa shares. The two companies are expected to strengthen Arwa's position in the textile industry.

Arwa shares traded at 35c on Friday. The sellers have guaranteed profit of not less than R1-million for the year to December this year.

The deal will increase the net asset value of Arwa from 4c to 5c and raise earnings in the current year from 3c to 5c.
Union accuses firm of ‘sweethearting’

By DICK USHER
Labour-Reporter

AN unusual unfair labour practice action has been opened in which one union accuses a company of “sweethearting” for a rival union.

Papers in the action by the National Union of Textile Workers (NUTW) have been served on Rotex Fabrics which, it is understood, is claimed to have given special privileges to the Garment Workers’ Union (GWU).

NUTW wants the Industrial Court to grant a status quo order, restoring the previous labour practices at the factory where it was recognised as the collective bargaining representative.

The NUTW has had an agreement since last year with Rotex.

However, NUTW members and officials have complained that the factory management was trying to exert influence on workers to join the GWU.
MORE THAN 300 WORKERS began a strike at the S B H Cotton Mills factory in Epping yesterday, after management issued written warnings to two employees who had left their work stations to relieve themselves.

A National Union of Textile Workers spokesman said a work stoppage began on Tuesday night, with strikers demanding that the warnings be withdrawn and the rule be dropped.

The factory's personnel manager, Mr Kevin Gottsch, said yesterday that machine operators had to inform the foreman if they wished to leave their workplace "for whatever reason".
Textile workers strike over pay

Labour Reporter

BETWEEN 250 and 300 workers at Narrow Fabrics in Steenberg and Wilmu Narrow Fabrics in Salt River have stopped work in support of wage demands.

Mr Norman Daniels, general secretary of the Textile Workers Industrial Union, said wage negotiations broke down when members rejected the company's pay offer.

He said the union had asked for an across-the-board increase of R20 a week and the inclusion of attendance bonuses in the basic wage.

Minimum wage

Mr Kevin Sherry, chairman of the Shop Stewards Council, said the Steenberg workers had downed tools on Tuesday and those in Salt River had followed suit last night.

He said the minimum wage at both factories was R35 a week — although many workers earned more.

"Workers feel dissatisfied over the 'appalling' low wages.

Committed

"The trade union remains committed to negotiating a fair and acceptable agreement for its members.

"We hope negotiations for a settlement will re-start shortly," said Mr Daniels.

The owner of the two factories was not immediately available for comment."
Fabrics strike: Union steps in

Labour Reporter

The Western Cape executive of the 20,000-strong National Union of Textile Workers (NUTW) has urged management to settle with workers striking at two Peninsula fabrics factories.

Between 100 and 200 workers at Narrow Fabrics factory in Steenberg and Wilmill Narrow Fabrics in Salt River struck on Tuesday over a wage dispute.

Branch secretary of the Cosatu-affiliated NUTW, Mr Ebrahim Patel, said last night failure to settle dispute would compel the entire Cape trade union movement to push for an improvement of workers' present wage of R24 a week (R1.18 an hour).

Mr Michael Raphael, managing director of the factories, said this week that the original demand of R20 across-the-board was met by management on August 21.
FINANCE

Glodina to seek main board listing

FINANCE STAFF
Glodina Holdings Limited, South Africa’s leading manufacturer of household towelling products, is to seek a listing during October in the clothing, footwear and textiles sector of the JSE.

This follows an announcement last week by the Natal-based group of a R4 million acquisition of Lanatex Weaving.

The Glodina Group was recently restructured, having become the holding company of Dano Textile Industries.

Group managing director Mr Emanuel Luiz said Glodina is on target to increase after-tax income by not less than 116 percent to R4,26 million for the year ending December 1987, with an estimated turnover of R55 million.

Glodina is to offer 4,9 million ordinary shares by way of a public offer of 2,9 million shares and a preferential offer of 2 million shares to executives, employees and business associates. The offer is scheduled to open next month.

First National Merchant Bank Limited are the merchant bankers, while the sponsoring brokers are Fergusson Bros Hall, Stewart & Co and PLJ van Rensburg and Partners.

Mr Luiz said the listing will enable Glodina to increase its capital base, fund the acquisition of Lanatex and reduce its financial gearing to fulfill the considerable growth potential that exists in the terry-towelling sector of the textile industry.

"The company has consistently performed ahead of trends in the textile industry with carefully planned strategic marketing and manufacturing policies having successfully steered us through the tough recessionary period experienced by the industry during 1984 and 1985."
Fabric workers continue strike

Workers at two fabric-manufacturing factories in Steenberg and Salt River continued their work stoppage yesterday after wage negotiations between the Textile Workers' Industrial Union and management broke down last week.

TWIU general secretary Mr N Daniels said that between 250 and 300 workers went on strike at the Narrow Fabrics factory in Steenberg and Wilmuti Narrow Fabrics in Salt River when the company's wage increase was rejected. The union had requested a R20-a-week increase and the inclusion of the attendance allowance into the basic wage.

But the managing director of the two factories, Mr Michael Raphael, said last night that not more than 100 workers were involved in the dispute.
Strikers accept pay settlement

Labour Reporter

EMPLOYEES at two textile factories who went on strike for higher wages have accepted an immediate R10-a-week pay increase.

About 250 members of the Textile Workers' Industrial Union went on strike last week at Wilmall Narrow Fabrics, Salt River, and Narrow Fabrics at Steenberg.

According to Mr Norman Daniels, the union's general secretary, the workers accepted a settlement which gave them a R10-a-week increase from September, a further R5 in January and R5 in April.

Further negotiations would start in April and May next year for increases effective from June.

The existing attendance bonus would be incorporated into the basic wage and there would be no victimisation of strikers, said Mr Daniels.
Textile workers call off strike

ABORT 250 workers at Wilmill Narrow Fabrics, Salt River, and Narrow Fabrics, Steenberg, called off a week-long strike yesterday after accepting an immediate R10-a-week pay increase.

The managing director of the factories, Mr Mike Raphael, said a settlement was reached on Sunday night and conveyed to the workers yesterday morning.

The factories, he said, were virtually back to normal.

The general secretary of the Textile Workers' Industrial Union, Mr Norman Daniels, said that the union negotiated an immediate R10 increase, a further R5 increase in January and a R5 increase in April next year.
100 Peninsula textile workers on strike

BY VYO BAVIANA

Texto da indústria e de trabalhadores de tecido
A major row has broken out over the formation of a large new national union in the clothing and textile sectors.

The 60,000-strong Garment Workers' Union (GWU), the largest in the Western Cape, deeply resents the manner of its exclusion from the union.

And the chairman of the South African Federation of Textile, Garment and Leather Workers' Unions, to which all the unions involved are affiliated, called it "a selfish manoeuvre."

Mr. Cedric Peterson, assistant general secretary of the GWU, condemned the groups which had agreed to form the union and said "it's obvious that they never wanted us."

ON TRACK

The decision to form the new union was taken in Durban last week by the National Union of Textile Workers (NUTW), the Garment Workers' Industrial Union (GWIU) and the National Union of Garment Workers (NUGW).

Mr. Peterson said his union had gone to a federation meeting in Durban last week convinced that unity moves were on track and it would be up to the GWU to decide if they wanted to be part of the new union.

"We wanted the launch date to be May 1 next year, for obvious symbolic reasons, but the other unions were pushing for it all to happen by the end of the year," he said.

"But after ourselves and the GWU, who are also involved in unity talks, agreed to compromise the NUTW was forced to admit they did not want us for a whole string of ideological reasons."

COMPLETE WASTE

"It has all been a complete waste because it's now obvious that right from the start they never wanted us."

Mr. Desmond Sampson, chairman of the federation, said it was extremely disappointing that one big union could not have been effected.

"A great opportunity has been lost to unite all these workers in a one struggle against the monolithic stranglehold the bosses have on this industry."

"The reasons advanced for not wanting the GWU were not really acceptable when one bears in mind that great prize."

NEW DIRECTION

"The federation worked tremendously hard to facilitate a merger which would have created the third largest union in South Africa."

"The new union would have brought new directions and policies to the industries, but it seems those who went ahead were not brave enough to take the plunge of accepting GWU in a merger," he said.

The new union, which will have about 70,000 members, will be launched in Durban on November 7.
Firm favoured one union, court told by another

By DICK USHER, Labour Reporter

A DISPUTE between two trade unions in which a company is accused of favouring one has come before the Industrial Court.

The National Union of Textile Workers (NUTW) applied to the court for a status quo order directing the company, Rotex of Atlantis, to restore labour practices at the factory under which it was recognised as the sole representative of employees.

In papers before the court yesterday Mr. Ebrahim Patel, branch secretary of the NUTW, submitted that the company deliberately set out to subvert the position and role of the NUTW there and had improperly brought pressure to bear on the NUTW members to shift their allegiance to a "sweetheart union", the Garment Workers' Union of Western Province (GWU).

The NUTW was recognised at the factory after it won a ballot during 1986 involving the GWU. Rotary agreed that the NUTW would be the collective bargaining representative and would negotiate wages and conditions of employment with it.

Threatened

Mr Patel said that from about March the NUTW started receiving complaints from members.

Rotex management, either independently or in collusion with the GWU, attempted to persuade NUTW members to resign, gave the GWU access to the factory to recruit members and threatened some employees with victimisation if they did not resign from the NUTW.

Mr Patel also claimed that Rotex suddenly stopped deducting union dues from wages of certain members.

Following these events he received a copy of a letter from the GWU to the NUTW's national secretary stating that most workers at the company had elected to join the GWU and they had officially applied to Rotex for recognition.

He was also told by the management that from July 14 the GWU would be recognised as the collective bargaining agent.

He submitted that the GWU's agreement with Rotex remained in force and it was incumbent on the company not to dispense unfair advantages to unions favoured by it.

For the GWU, assistant general secretary Mr Cedric Peterson denied the claims made by the NUTW.

Majority

He said that had his union been aware of any such actions by the company they would not have taken advantage of them because this would have been a form of "union-bashing". Both he and the GWU were absolutely opposed to any such actions.

But by July it was clear that the GWU had a majority of 101 members at the company while the NUTW's membership had declined from 92 in June 1986 to 40.

He denied collusion between the GWU and Rotex and said he and the union were absolutely opposed to interference by the management in union affairs.
PYCQONI leaves 3100 m each to five girls

Toys: Leave the newspaper
Court rule to restore textile union's rights

Labour Reporter

THE Industrial Court has found there was a strong possibility of collusion between an Atlantis textile company and the Garment Workers' Union which led to the company withdrawing recognition of a rival union.

The court ordered Rotex to restore to the National Union of Textile Workers (NUTW) recognition withdrawn in favour of the Garment Workers' Union, pending a final settlement of the dispute.

The NUTW brought the case against Rotex and the GWU after the company withdrew its recognition, claiming that the GWU had gained majority membership at the factory.

The NUTW claimed this was the result of "sweethearting" and pressure by Rotex on NUTW members to join the GWU.

"Grossly irregular"

In his judgment, Mr. Pierre Roux, vice-president of the court, said "the facts presented by the applicants, which included facts indicative of the company's unfair labour practice of favouring GWU in canvassing members of this union, are either admitted or not seriously refuted."

Mr. Roux said the GWU's counsel, Mr. J. Short-Smith, had found himself unable to contest that the company acted unproperly and conceded that the papers made out a case of company officials conducting themselves on occasion "in grossly irregular and unfair fashion."

The court consequently has little sympathy with the GWU should its order have the effect of negating, such collective bargaining rights as it may have thought to have obtained by unfair collusive means," said Mr. Roux.
Textile strike resolved, workers reinstated

Workers at Daring Textiles near Atlanta called off their three-day work stoppage yesterday, after management agreed to discuss the settlement of their dispute over payment for eye tests and spectacles before October 13.

The 250 workers who were dismissed on Tuesday morning have been reinstated after negotiations with the Textile Workers Industrial Union (TWIU), and they will not lose any benefits, TWIU general secretary Mr. Norman Daniels said last night.
Ballot settles dispute of rival unions

A LENGTHY dispute between two unions over which should represent workers at an Atlantis textile factory has been settled by ballot.

The ballot at Rotex Fabrics between the National Union of Textile Workers (NUTW) and the Garment Workers’ Union of the Western Province was held under the scrutiny of attorneys representing both sides and was won by the NUTW by 109 votes to 43.

The ballot followed an action in the Industrial Court recently in which the NUTW, which had a recognition agreement at the plant, claimed that factory management had favoured the GWU — the largest union in the Western Cape — to ensure that it replaced the NUTW.

Mr Ebrahim Patel, an NUTW spokesman, said it was a significant victory for the union.

"Workers want strong assertive unions able to take up the fight for a living wage."

In its action the NUTW said its replacement by the GWU had been an unfair labour practice and asked the court to restore the situation that had previously applied.

NUTW had been recognised at the plant since it won a ballot in mid-1986 to test the competing claims of the two unions.
Romatex earnings shows 95% growth

JOHANNESBURG — The Romatex textile group yesterday announced a 95% growth in earnings per share to 126.5c and bumped up its dividend for the year ended September 30 from 26c to 50c.

At the halfway stage in March, the company reported a 187% growth in earnings, but warned the pace could not be expected to last as the base on which the improvement was measured had started to rise in the second half of the previous year.

Earnings in the second half were nevertheless well up at 86.3c a share, 72% higher than the previous year's 50c.

Turnover grew by a modest 13% to R551.6m, but operating profit surged ahead by 67% to R57.8m.

Pre-tax profits were 97% higher at R54.5m, but the tax bill more than doubled and after-tax profits were 90% better at R23.7m.

The interim report attributed the good performance to an increase in demand for its fabrics division, which made a major contribution to profits, and to improved results from all other divisions.

Looking to the year ahead, the directors forecast a further improvement in earnings.

— Sapa
1988 looks set to be an interesting year for clothing, furniture unions

EVENTS in two industries — clothing and furniture — should be particularly interesting next year.

In the garment industry, all eyes seem to be directed towards the Congress of South African Trade Unions (Cosatu).

Last weekend saw the emergence of a strong new national union in the clothing and textile industries affiliated to Cosatu, the Amalgamated Clothing and Textile Workers' Union (Actwusa).

This weekend the Clothing Workers' Union (Clown), after being somewhat dormant for a while, is holding its third annual congress.

And the Garment-Workers' Union (GWU) and the Natal-based Garment Workers' Industrial Union are hoping that they'll have their plans for amalgamation advanced enough to be able to complete it by the end of the year.

The scene could be set for some inter-union rivalry.

Membership of the GWU and all Cosatu affiliates in the Western Cape is within a few thousand of each other.

In the interests of its own influence Cosatu would have to crack the GWU's dominance of the clothing industry.

The GWU is alive to this possibility and has been looking over its shoulder at the National Union of Textile Workers (NUTW), one of the unions which formed Actwusa. Last week's Clothesline had two articles cautioning workers about NUTW, the Cosatu affiliate which showed them the door at talks earlier this year which would have brought them in with the unions now forming Actwusa.

But in spite of this the GWU hasn't closed the doors on moving into Cosatu, according to assistant general secretary Cedric Peterson.

Meanwhile Clown, in the pamphlet advertising its meeting, says: "We expect this to be a watershed conference because we will have to discuss the conversion of Clown into an authentic union with paid-up members as opposed to merely signed-up members as is the case to a large extent at the moment."

"Cosatu lays down paid-up membership as a condition of affiliation."

In the furniture industry things are a little different. The existing union, the National Union of Furniture and Allied Workers (Nufaw), recently affiliated to the National Council of Trade Unions (Nactu).

This is South Africa's second largest union grouping and has recently been consolidating in the Western Cape.

But the latest Work in Progress reported that two Cosatu affiliates, the National Union of Metalworkers and Paper, Wood and Allied Workers' Union (Pwawu), "have made great strides in ending the closed shop system in the furniture industry."

They have concluded a recognition agreement with Afcol, the biggest furniture company in the country.

"For Pwawu the agreement is a consolidation of its campaign to drive Nufaw out of the industry," said the report.

In the Western Cape, Pwawu has held at least one meeting for furniture workers and the drive against Nufaw appears to be on
Trading good in all divisions

Tongaat-Hulett doubles earnings

From MICK COLLINS

JOHANNESBURG — Attributable earnings for the Tongaat-Hulett group increased by an impressive 161% to R51.2m, or 69.8c a share for the half-year ended September 30.

As a result the interim dividend has been increased to 18c a share compared with the 10c paid last year, and 34c for the full year.

This followed good trading in all divisions which saw turnover increase by 25% to R1.295m for the six months. Operating profit rose 31% to R112m (R85.5m).

The directors are forecasting earnings for the current financial year to be "of the order of" 150c a share compared with last year's 85.3c.

Reduced average borrowings and lower interest rates accounted for the reduction in interest paid which fell from R33.3m in the 1986 half-year to R27.2m for the six months.

After-tax profit increased by 94% compared with an 80% increase at the pre-tax level as the tax rate fell from 48.3% to 36.3%.

Group borrowings were R497m compared with the R594m at September 30, 1986, and were expected to be reduced to about R350m by March 31, 1988.

The results of the textile division had improved significantly.

"The sugar division is performing well and in spite of flood damage is forecasting improved production."

Directors said that while pre-tax profits would exceed those of last year, the sugar division's tax shield had now been fully utilized and its contributions to profits would be lower than last year.

"Demand for bricks has shown an encouraging upturn in recent months and the contribution to group profits from the building materials division will reflect a significant improvement on last year.

"The foods division is achieving improved results and will report higher earnings for the year."

An analyst at E D Rogers said the results were good but the debt level had not decreased as much as expected. However, interest cover had increased from 2.5 to 4.1 times which was favourable.

"The company has previously forecast earnings of 150c a share and analysts are looking for 160c. The share is down to 875c from 1,850c and has lots of recovery potential."
Business Report

Romatex shows 95% growth

JOHANNESBURG — A modest improvement in trading conditions helped the Romatex group last year but the spectacular 95% growth in earnings owes more to increased efficiency, making management wary of forecasting high growth in the current year to September 1988.

Chairman Jack Ward points out in his annual statement that consumer confidence has not been fully restored and that “we do not see a marked increase in real growth in the economy in 1987/88”.

He nevertheless expresses confidence in achieving a “further growth in profits in the current year”.

Ward points out that organic growth will require further investment and Romatex, along with most companies in the textile sector, is loathe to commit itself to heavy investment in the face of the uncertainties of government tariff policies and hesitant consumer demand.

The group will nevertheless more than double its investment in capital projects this year but Ward warns that “borrowings will be carefully monitored in the present political and economic climate as it would not be prudent to gear up to target levels unless outstanding investment opportunities become available.” — Sapa
Cape textile workers threaten strike ballot

MORE than 2,000 workers from the cotton textile manufacturing industry yesterday rejected their employers' latest 45c wage increase offer.

The decision was taken at a rally at the University of the Western Cape.

Mr. Ibrahim Patel, a spokesman for the Amalgamated Clothing and Textile Workers Union of South Africa (Actwusa), said workers from SA Nylon Spinners (Pty) Ltd, in Bellville, the major yarn manufacturer in the Western Cape, employing more than 1,200 hourly-paid workers, also rejected the management's offer of an 18.5% across-the-board increase and an extra week's Christmas bonus.

Actwusa and the Western Province Cotton Textile Manufacturers' Association meet again tomorrow for their third and final Industrial Council meeting. If they fail to reach an agreement the 5,000-strong cotton textile industry could face a strike ballot.

Workers, he said, were demanding 25% across-the-board and three weeks' holiday instead of the present one week's leave.
Mediators called in

Labour Reporter

MEDIATORS have seven days to settle the dispute in the cotton textile industry and if this fails the union may call the first industry-wide legal strike.

A spokesman for the Amalgamated Clothing and Textile Workers Union (Actwusa) said employers agreed to mediation yesterday after the third conciliation meeting at the industrial council failed.

About 5,000 workers, members of Actwusa, are in dispute with employers over several issues, including wages and working hours. Agreement has been reached on union demands for death and funeral benefits.

The union has asked for a 65c-an-hour increase across the board. Employers have offered 45c. It is seeking a 44-hour work week while employers want to retain the 45-hour week.

Informal support for a strike was given at a meeting of about 1,400 members at the University of Western Cape on Sunday.

Another wage dispute between Actwusa and South African Nylon Spinners at Bellville, involving about 1,100 employees, was to go to its first conciliation meeting this afternoon.
Labour relations become increasingly important for clothing employers

On these developments Jocum said: "It is hoped that good labour relations will not become a football to be kicked around in the game between unions."

He said later that one of his major concerns for 1988 would be to encourage all employers to pay more attention to sound labour relations.

"There are some whose policies are sound and there are others who could improve," he said.

GOOD LOOK

"And it is important for the health of the whole industry that every employer should take a good look at himself and make sure that he is up to date with the latest developments in labour relations."

"The whole industry is weakened if there are problems anywhere in the industry."

"Even if you have your own house in order you still have problems if the house next door is on fire."

"And smallness is no excuse for not taking a close interest in labour relations."

"Even the small manufacturers who employ 10 people should take the same interest in a good relationship with staff as those who employ 1 000."

"It's just good business sense, poor labour relations and communication with staff lead to dissension on the factory floor and poor productivity," said Jocum.

And, with a potential inter-union struggle looming, the industry also faces the negotiation of a new main agreement with Gawu next year.

Employers concede privately that they will have to give away more than they did in the past.

But they are presently perplexed by the dispute with the union over disciplinary, grievance and retrenchment procedures.

"They raised these issues about six months earlier, dropped them, and now conditions have improved and the immediate need for them has receded they have been revived," said one.

It was unlikely that Gawu, which is not practised in such matters, could raise enough fire to call a strike over the dispute.

So the most probable outcome (if it were to go that far) would be for the Industrial Court to order employers to negotiate procedures.

But, by the time that had been ordered negotiations for the new agreement would be in the oiling and procedures could be dealt with.

"So many of us are a bit puzzled about what they're trying to do," he said.
WP textile industry set for first legal strike

Labour Reporting

LAST-ditch attempts to prevent the first legal strike in the Western Province textile industry have failed. A legal deadlock between employers and labour has been declared and the Amalgamated Clothing and Textile Workers Union (Actwusa) will ballot its 5,000 members in the industry to decide on further action.

Both parties agreed to mediation after a dispute was declared, but this failed to achieve a resolution and the industrial council declared a legal deadlock.

"During mediation, concessions were offered by both parties. These concessions were, however, not acceptable to both parties in the final analysis and were subsequently withdrawn," the Textile Manufacturers Association said.

"The basis for the dispute is primarily on hours of work, leave, public holidays, shift allowances and wage levels. The union, in accordance with its legal entitlement, has given notice of its intention to hold a strike ballot."

If members vote in favour of a strike, it is expected to start early next year as textile factories close tomorrow for their annual holiday.
MANUFACTURING - TEXTILES

1988
Probing into textile industry, rounded off in EL factory

by ANDREW AUSTIN

EAST LONDON — The Deputy Minister for Economic Affairs and Technology, Dr T. G. Alant, and the Deputy Director General of Trade and Industry, Mr A. J. Myburgh, "rounded off" investigations into the clothing and textile industry yesterday at Da Gama's in East London.

Together with the MP for East London City, Mr Piet de Pontes, they visited textile factories here and in Zwartkop.

"We decided to undertake this trip which started in Durban and continues to Cape Town, because we wanted more background information," Dr Alant said.

"The Department of Trade and Industry is investigating the cotton industry with a view to further development in the field.

"The export market is the driving force for further development in the clothing and textile industry," he said.

Mr De Pontes said that it was important that the government kept an interest in the textile industry in the Border area, because that industry employed the most people in the area.
NEARLY 300 Teconit employees, previously working for the company in Parow, have accepted a R50 000 retrenchment deal negotiated by their union.

The settlement follows the closure of Knitwear Industries at the end of last year.

The management told the Garment and Allied Workers' Union that the closure and its intention to lay off 235 workers.

The union threatened to seek a court interdict and the company agreed to transfer all workers to its Claremont plant.

This was not acceptable and workers started a stayaway. They demanded that management negotiate a retrenchment package.

After the management issued an ultimatum for workers to return within 48 hours, the union declared a dispute and threatened action in the Industrial Court.

A series of negotiations followed over worker demands, including a permanent free bus service from Parow, in which Teconit offered a bus service until April or a R36 000 retrenchment package.

A final offer of the R50 000 package was accepted.
Textile industry faces first national strikes

The first national strikes in the textile industry are looming in two sectors involving about 10,000 workers.

The Amalgamated Clothing and Textile Workers' Union has declared disputes with employers in the Cape-based cotton textile industry and the Natal-based textile manufacturing industry.

In the cotton textile industry a dispute was declared late last year after wage negotiations for the industry deadlocked.

The union gave notice of its intention to hold strike ballots and last weekend held meetings to inform members about the negotiations and the implications of a strike.

In the textile manufacturing industry strike ballots among the 5,600 workers covered by the industrial council will be held in the next few days, according to union general secretary Mr. John Copelyn.

"Ridiculously low"

He said the employers' wage offer was "ridiculously low" and workers would be forced to accept increases as low as R3.75 a week.

"These increases are totally out of line with the general trend of wage increases negotiated by our union."

"This is the lowest final offer we have been confronted with in all our negotiations recently," he said.

The biggest employer is the Frame Group, employing about 3,600 of the industry's workers.

Mr. Copelyn said other employers, wary of impending strikes, had agreed to plant-level negotiations.

"In all these negotiations the settlements have been way in excess of what the Frame Group is offering," he said.
Textile workers start voting on strike today

By DICK USHER, Labour Reporter

THE first ballots about a possible strike in the cotton textile industry were to be held in factories today.

A spokesman for the Amalgamated Clothing and Textile Workers' Union (Actwusa), representing the industry's 5,500 workers, said ballots would be held at Tygerberg Spinners, Svenmil and Home Textiles.

Ballots at other factories will be held in the next few days.

Second dispute

The ballots are part of the required procedures for a strike and follow a deadlock in the industrial council over wage negotiations.

In a second dispute involving Actwusa, workers in the textile manufacturing industry have voted for a strike.

Mr Peter Richardson, vice-chairman of the Textile Manufacturers' Association, said today the union had agreed to a meeting on February 14th to attempt a resolution of the deadlock.

He rebutted a statement by Actwusa that employers had offered an increase of R3.75 a week at the lower grades.

"The association made two proposals to the union, one of which was for a wage increase and another which also included a long-service allowance."

"The second proposal did offer a basic wage increase in line with that mentioned, but taking the long-service allowance into account it represented a significant benefit to employees — at considerable cost to employers."

Present negotiations were for a six-month period, he said.

"Realistic" offer

On an annual basis the employers' offer represented a 15 percent increase which he described as "realistic, given the state of the industry, compared with other industries in different circumstances."

Union allegations about management's action since 1986 at the Frame Group, of which he is human resources director, were unfair and unfounded.

The group employs about 3,000 of the industry's workers.

"Since then there have been considerable improvements to wages and other conditions of employment of which the union is well aware."

"I am satisfied Frame's record speaks for itself," said Mr Richardson.
ABOUT 1 400 Berg River Textiles employees in Paarl were locked out by management yesterday when they began a stoppage after a dispute over arrangements for a strike ballot.

Balloted members of the Amalgamated Clothing and Textile Workers' Union of South Africa (Actwusa) in various factories, including Tygerberg Spinners, Stellenbosch, and Romatex Home Textiles, this week indicated that 99% were in favour of a strike, spokesman Mr Ebrahim Patel said.
Pay increase for textile employees

Labour Reporter

WAGE increases of 17 and 25 percent have been negotiated at two factories in the textile industry.

At one factory workers have been given May Day and June 16 as paid holidays and at the other they will be unpaid holidays.

The Amalgamated Clothing and Textile Workers Union (Actwusa) said that at Nettex in Bellville increases of between R27 and R32 had been negotiated on the basic weekly minimum.

At Kaymac Industries in Atlantis a new starting wage for factory operator staff of R181.70 a week has been negotiated and a new basic wage after probation of R209.30.
BTI: long-term repercussions

KAY TURVEY

textile manufacturers, clothing manufacturers and retailers assisted by the BTI.

An acute bottleneck in yarn and fabric supplies from local sources in 1986 resulted in the BTI reducing import duties on fabrics, abolishing the 10% surcharge on fabrics and lifting the ceiling on imports in response to pleas from the clothing industry as demand vastly exceeded supply.

However, the textile industry—trying to redress the bottleneck—had begun investing in additional equipment and expanding capacity. A number of companies reduced product volumes for export. Subsequently, the delayed effects of substitute imports were felt in 1987 and textiles were caught heavily overstocked.

Benefit

To rectify the situation, the BTI consequently banned the importation of piece goods in September 1987. Vollmer said this temporary banning of importation of piece goods, could adversely affect clothing manufacturer's balance sheets and profits could start to look shaky this year.

However, clothing manufacturers stood to benefit if the BTI favoured low-price imported fabrics, and output in this industry should increase, providing benefits of reduced prices are passed on to the consumer. Yet, if imports were restricted in the pending BTI decision, a drop in earnings for clothing manufacturers was predicted in 1988.

Vollmer said the encouragement of imports could shrink the local textile industry by at least 30% with massive layoffs taking place.
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Strike in textile industry averted

Daily Dispatch Reporter

EAST LONDON — The possibility of a national strike in the textile industry was averted this week when workers accepted the Textile Manufacturers Association (TMA) final offer on wage increases and conditions of employment.

The agreement applies to some 3 800 employees of the Frame Group, including those in East London, among others in the industry.

The package includes three basic wage increases over an 18 month period, revised night shifts, increased long service bonuses, annual bonuses and agreement on shift patterns.

In terms of the new agreement, workers on grade one will receive an immediate R6 per week increase, R6 per week in July and a further R6.25 per week in January 1989.

In addition, a long service allowance of 50c per week, per year of service, is to be introduced immediately.

The industrial council minimum wage at the lowest grade was R75.85 per week in peri-urban areas such as East London, although employers such as Frame have historically paid more than the minimum rate.

The vice-chairman of the TMA, Mr Peter Richardson, said the employers had only increased their offer on the basis that the union agreed to extend the wage agreement to cover an 18 month period.

"The TMA is pleased to have averted a strike which would have been costly to both workers and employers," he said.

The general secretary of the Amalgamated Clothing and Textile Workers Union of South Africa (Actwusa), Mr John Copelyn, said he was "very pleased with the package".

"We believe that this is a fair and successful compromise."

Three unions previously competed in the textile industry, until two of them merged last year to form Actwusa, and the third was expelled from the industrial council.

The wage dispute arose out of a deadlock between Actwusa and the TMA at industrial council negotiations in October last year.

The union instituted an overtime ban and work-to-rule. The issue remained unresolved after a ten-hour meeting held on February 5.

Mr Copelyn said the threat of a national strike had been "a very real possibility" until a final offer by management on February 9, when the TMA "agreed to all the union's demands tabled at the meeting on February 5".
Mr. Reddy said in a statement that the company had not been aware of the strike action before the workers had started it. He also added that the workers had been offered a 5% increase in wages, but this was not enough to satisfy the workers. The company's management had also offered to negotiate with the union, but the workers had rejected this offer. The union had also demanded a 10% increase in wages, but the company had refused to agree to this. The strike had lasted for two months.
Strebel surges on after dismal debut

The Cape-based Strebel group — it made its JSE debut shortly after the market crash last year — has beaten its pre-listing forecasts, interim earnings rising by 69% to R2.5-million.
Earnings for half-year to December 1987 are nearly as much as the R2.9-million the group achieved for the year to June 1987. But the comparison is distorted by recent acquisitions.

Tax rate up
Fred Strebel, group managing director of the up-trimmed and accessory manufacturer and supplier, says Strebel is already 88% up on budget for the current year.

The increased profits translate to a 60% lift in earnings a share of 10.4c.
The tax bill shot up by 55% to R1.99-million from R582 000 the previous year.
The group is now on a 30% tax rate.
Mr. Strebel says tax increased because the group's decentralisation concessions for its factory at Atlantis, Cape, have expired.

But Paarlberg-based Sidleytex, which the group acquired from July 1987, has assessed losses which will ease the tax load in the current year.
The group's interest bill soared by 13% to R228 000 because of the restructuring, but was not large compared with the profit.
An extraordinary item of R73 000 on the income statement comes from profits of Sidleytex. This lifted retained income to R2.55-million from R1.66-million.

Mr. Strebel says the group is cash rich and still on the acquisition path.

"We are continually looking for suitable acquisitions which can be comfortably funded out of existing resources."

Bottom line
The group's latest acquisitions, Sidleytex and Hereford Industries, a weaving and zip manufacturer, are contributing to the bottom line, says Mr. Strebel.
The acquisitions along with aggressive marketing and increased market penetration helped to raise turnover by 77%.

"Volumes of sales are up in line with the consumer trend in clothing. About 60% of our sales are to the clothing industry and 40% is in haberdashery, hats, belts, buckles and tapes.

"The clothing industry is reasonably buoyant and our order books continue to grow."

The Strebel group's business includes supplying webbing and tapes to the Defence Force.

It is about to move into lavish headquarters on Woodbridge Island, Milnerton.

Mr. Strebel bought the plush residence of the De Villiers
Frame group up 59 per cent

JOHANNESBURG — The Frame group, manufacturers of textiles and clothing, has substantially increased net earnings in the six months to December, compared with the same period of 1988.

Holding company Frame Group Holdings increased earnings before extraordinary items by 53.1 per cent from R23.9-million a share previously to R32.6-million. While Consolidated Frame Textiles showed a 42.6 per cent improvement from R14.1-million a share to R20.1-million.

Turnover of the reorganised group improved on the eight per cent to R131.4-million, while operating income was R131.1-million (R108.3-million).

Frame Group Holdings' attributable earnings, at R61.1-million, were 27 per cent higher than the comparable period, which the directors said reflected some of the benefits of the reorganisation initiated at the end of 1986.

Attributable earnings of Consolidated Frame Textiles were up 22.4 per cent to R11.1-million.

The directors say that sales and profits in Consolidated Waverley Textiles were mainly boosted by good volume sales in blankets, volumes, and healthy increase.

However, Consolidated Cotton Corporation and Consolidated Apparel Manufacturers, together comprising over 75 per cent of group sales, were badly affected by the Natal floods in October, as well as by the strike action which followed.

"These events combined to cause the loss of several weeks' production. The knock-on effect of the re-planning and re-scheduling of orders will continue to impact on our business until March 1989," they state.

The board said the heavy inventories of imported fabrics and garments led to curtailment of order books for apparel fabrics throughout the textile industry and that the company would not be immune to these influences. In the light of these factors, the board felt it prudent not to forecast an increase in earnings for the year to June, 1989. — Sapa.
AVI well ahead of expectations

By Ann Crotty

Anglovaal Industries has reported an excellent performance for the six months to end-December achieving a 69 percent earnings improvement on a 29 percent increase in turnover.

Turnover was up from R1.4 billion to R1.6 billion while operating profit was up from R183 million to R242 million which meant that operating margins were up from 8.2 percent to 10.2 percent.

A sharp reduction in interest, a slightly lower tax rate and an increased contribution from associated companies all helped to boost earnings 69 percent to R55.6 million.

An increase in the number of shares in issue meant that the increase in earnings per share was diluted to 40 percent, equivalent to 25c.

The performance was well ahead of most expectations on the basis of the results announced by the Group's major interests, analysts had been looking for an increase in earnings per share of around 30 percent. That the figures are much stronger, suggests that the wholly-owned subsidiaries turned in excellent results.

This in turn suggests that the group's four unlisted textile companies have made a strong recovery from the losses they suffered in previous years.

The increase in operating margins is an exceptionally good performance given the very strong base from which it was achieved. It presumably reflects a combination of tighter asset management, improved capacity utilisation and price increases.

In a reasonably strong economic environment, capacity utilisation often increases and there also tends to be less resistance to price increases.

Interest payments were down a sharp 38 percent to R9.7 million as a result of a reduction in borrowings and lower interest rates.

The Group's balance sheet at end-December shows a 9 percent increase in long-term debtors to R174 million but this is more than compensated for by the 24 percent reduction in current interest-bearing debtors to R54 million.

All of which helped to reduce the debt/equity ratio to 19.6 percent from 29.8 percent at the previous interim stage.

Net asset value was up 29 percent to R23.17 which represents a 27 percent premium on the current share price of R26.50.
Trimtex moves into non-woven front row

NEW listing Trimtex Holdings, which has a tightly held position in its specialist field of back-up-to-the-textile and clothing industry, is widening its operations.

In a R1.5-million deal, Trimtex has taken control of Pinetown-based Procure to give it a front-row position in the non-woven textile market.

This is a high-tech product which would be difficult, if not impossible, to manufacture entirely in SA.

Trimtex managing director, Isay Goldberg, says it would take at least R1-million to set up a plant similar to the one it has acquired.

"We are set to become a major supplier of non-woven products outside of the clothing industry."

Non-woven products are widely used in disposable medical products.

Mr Goldberg says "Our aim in this acquisition is to become the major supplier to the SA market and to expand our customer base beyond the traditional clothing sector."

Traditionally, Trimtex has dominated the huge market for linings for suits, collar linings and shoulder pads and similar products which go into a finished garment.

Towards the end of last year, it bought Tricot Fasteners, which is the sole manufacturer in SA of the loop-and-loop fastener — similar to what is known as Velcro.

Mr Goldberg says the market for group products is expanding enormously.

The acquisitions will give the group a new base from which to expand.

"The latest acquisition was made too late in the current financial year — ending March 31 — to have any material effect on our results."

But "significant earnings benefits" should come in the next financial year.
SOUTH Africa has suspended its trade agreement with Turkey because of complaints that the deal would hurt the textile and clothing industry.

A spokesman for the Board of Trade and Industries, which has been hearing appeals from the Textile Federation of SA and the National Clothing Federation, said the cancellation of the 9% customs tariff rebate on Turkish imports was only a temporary measure "pending the outcome of further talks with Turkey" He declined to elaborate.

Free ports

SA has been accused of using free trade ports in Turkey for beating sanctions and this could be one reason for the board's action.

The industry, however, believes that the Government has realised that by granting the huge rebate, it acted contrary to its White Paper on the Kleu Commission which reported on a new industrial strategy for SA.

Instead of taking a shotgun approach to formulating a strategy, each industrial sector will be dealt with separately. Being the most labour-intensive, the textile and clothing industry was the first sector to be subjected to the rifle approach. A report on how the industry should be reshaped is expected to be published soon.

Both federations feared that the rebate could harm SA industry. Importers would have been able to bring in Turkish clothing at a cheaper price than it could be made in SA.

Several importers went to Turkey this week to seek supplies.

A. Ramazanzoglou, a senior consultant at International Business Services (IBS), said from Istanbul this week that the rebate would mean that Turkish goods of all descriptions would cost much less than those of SA's other trading partners.

He said the IBS advertising campaign in SA to promote trade and to reduce Turkey's unfavourable position had drawn favourable response. The IBS planned to set up a Turkish-SA Chamber of Commerce.

Favourable

"We have received several inquiries from South African importers, mainly for tiles and textiles, and it looks as if we can provide these at a lower cost than Spain and Italy."

SA is estimated to have exported more than R200-million worth of goods to Turkey last year, importing only R20-million in return. The imbalance led to the rebate being introduced under the 1965 protocol of the General Agreement on Tariffs and Trade (GATT).
Court order restrains textile union workers

DURBAN — At least 300 workers at Romatek's Romayarns factory here downed tools last week in protest over the alleged demotion of a fellow union member, an Amalgamated Clothing and Textile Worker's Union of South Africa (ACTWUSA) spokesman, Mr John Eagles, said at the weekend.

Management has obtained a court order requiring union representatives to appear in court today and, if workers have not yet resumed work, to provide justification for this.

The union will be served with an interdict, in effect, preventing workers from embarking on further illegal strike action, a management spokesman said.

According to the spokesman, the worker was "promoted" on a temporary basis and returned to his normal position after a specified period of time had elapsed — DDC
Frame to retrench 1 850 workers

DURBAN - The Frame group yesterday announced plans to retrench about 1 850 of its 21 000 employees, "as part of a plan to re-organize with the aim of becoming competitive in local and international markets".

Frame's human resources director, Peter Richardson, said, "we know it will create hardship and it's not an easy decision to make, but unfortunately there is no viable alternative".

No date has been set for the cut back, Richardson said. "The retrenchment programme has been discussed at length with the Amalgamated Clothing Textile Workers Union of SA (Actwusa).

"Formal notice of the plan was served yesterday in terms of agreements with the union."

Richardson said its cuts would affect employees at mills at Jacobs, Mobeni, New Germany, East London and Ladysmith.

All workers will receive compensation. The effective date is still "being negotiated". — Sapa
Frame ‘forced to retrench 1 850 workers

By Dave Canning

Candidly admitting that its returns on capital are unattractive to investors and that “benign neglect” has caused inefficiency, textile giant Frame has prescribed the retrenchment of 1 850 of its 21 900 workers to try to remedy the situation.

Amplifying on what group personnel director Peter Richardson described in a statement yesterday as “abysmal returns”, financial director Stephen Leggat said today they were 10 percent up on an historical basis and five percent on the basis of replacement cost.

“The immediate objective of the retrenchment programme is to raise this to 25 percent on an historical basis within two to three years,” said Mr Leggat.

“It takes a while for these things to work through, if the whole exercise were achieved immediately, we would see no benefit by the financial year end on June 30.

Market share

“Even if the programme was in place by early in July — which is unlikely — the full impact will not be apparent by the following year-end.”

Frame was losing market share, he said, in the sense that the size of the market was growing while its sales levels were not. “In effect, that means we are going backwards.”

Textile sales were “highly competitive” with fabric from low-cost producers like Taiwan and Turkey making the market hotter. In addition, sanctions meant the group was rapidly being shut out of traditional export markets, such as Australia and the United States which was “getting worse by the day.”

While it was unclear exactly what categories of employee would lose their jobs, said Mr Leggat, the brunt of the exercise would be felt on the factory floors and to a lesser extent in the administrative areas.

Cuts would affect mills at Jacobs, Mobi, New Germany, East London and Ladysmith.

Union involvement in the production areas would make the exercise more difficult for the company but it should be understood by workers that sacrifices had to be made to make the entire operation “viable.”

“If the business isn’t viable we risk getting into a spiral of losing customers and laying off workers. It was imperative that we take drastic action and get it right once, not let the situation drag on for years in the hope that it will eventually sort itself out,” he said.

“We know it will create hardship, and it’s not an easy decision to make, but unfortunately there is no viable alternative,” said Mr Richardson.

The Amalgamated Clothing and Textile Workers’ Union said retrenched workers would receive compensation of at least one week’s pay for each year or part thereof of service. They also would get back contributions to the company provident fund, plus interest.
Textile union to oppose proposed retrenchments

DURBAN. — The Amalgamated Clothing and Textile Workers' Union has decided to oppose the Frame Group’s decision to retrench 1,850 workers.

A special national council meeting of the union was called at the weekend after Frame's human resources director, Mr Peter Richardson, said last week that unless the company took action by cutting staff to arrest a spiralling cost base, there was a "real prospect of structural damage being done to the business", which could lead to "forced closure in certain areas of operation".

The union’s general secretary, Mr John Copelyn, said it wasn’t that Frame was not making a profit but that it was not making enough profit.

"The jobs of these workers are going to have to be done by the remaining workers," Mr Copelyn said.

It was a typical case of tightening the screws on workers who were already over-exploited.

Mr Copelyn said that in the absence of an agreement between them Frame threatened to conduct the retrenchments without the union.

The Frame Group's industrial relations manager, Mr Keith Robson, said the company was disappointed with the union's statement. — Sapa.
Union rejects Frame firings

JOHANNESBURG. — The Amalgamated Clothing and Textile Workers' Union of SA has rejected the Frame group's decision to retrench 1 850 workers as "fraudulent".

Shop stewards rejected the retrenchments at a national council meeting on Saturday and resolved to oppose the plan vigorously.

The 1 850 workers to be entrenched represent about 9% of the Frame group's 21 000-strong workforce.
Romatex turns in a strong performance

Romatex has turned in a strong performance for the first half of its current financial year, with attributable profits at R18.8 million, compared with R10.8 million in the comparable period last year.

Turnover rose from R256.2 million to R294.7 million. The interim dividend has been raised by 67 percent to 25c.

Dividend policy remains based on cover of about 2.5 times, which is related to earnings after comprehensive deferred tax.

In line with its Barlow Rand Group parent, Romatex has revised its accounting policy to reflect partial deferred tax, as opposed to comprehensive deferred tax.

On the partial deferred-tax basis, earnings per share were 70 percent higher at 77.6c against 45.7c for the equivalent 1987 period and 140.4c for the entire 1987 financial year.

Based on the previous comprehensive policy, earnings per share were up by 72 percent at 67.1c.

Says chairman Jack Ward: “We are confident of achieving a further growth in profits in the coming year, although the interim report does warn that the improvement for the year as a whole will not match that of the first half.” — Sapa
Debonair in the clouds

By Ruth Golombo

CAPF-based bedroom and household chemicals marketer Debonair has more than doubled its profits in the first quarter of the fiscal year, with net profits of Rs 3.5 million for the three months to February, compared to Rs 1.6 million a year ago.

Debonair's chairman and managing director, B. S. Reddy, said the company had achieved a record performance due to increased sales and improved margins.

The company's sales revenue increased by 23% to Rs 16.5 million in the quarter, driven by strong demand for its products in the domestic market.

Debonair's share price has also shown a significant rise, gaining over 30% in the past three months.

Pattern

If Debonair, or any other large holding company, were interested in further boosts to its value, it would not need to look any further than its subsidiaries, which are key to its earnings.

Debonair owns several companies that are part of the CAPF group, including Nirma, which manufactures household chemicals, and Debonair itself.

The company's diversification strategy has paid off, as it has been able to capitalize on the growing demand for its products.

The market for household chemicals is growing rapidly in India, with the government's push for hygiene and cleanliness driving demand.

Conclusion

Debonair's performance in the first quarter of the fiscal year is a testament to its strong management team and effective business strategy.

The company is well-placed to continue its growth in the coming quarters, with a solid base of customers and a strong product line.

Lacks of value down the line

By David Carle

CONGLOMERATES know that the shares of their listed subsidiaries are cheap — but none will confess to an interest in buying them up.

In the past three or four years, Barlow Bros has been on the minority list of Federated Bank, PricewaterhouseCoopers and, through Nampac, Metal Box. Analysts say the stocks lost, at least 12% of their earnings, a bargain for Nampac because SA Brewery is putting some more beer into some cans.

In addition to price, minority ownership has many attractions. Barlow Bros is one of the few SA companies that is not subject to takeover.

The word from Barlow Bros is that these take-outs were not motivated by strategic considerations, but rather by the desire to take out the minority director, or minority for the sake of it.

Barlow Bros is considering buying Newco's 10% stake in Highbury Steel to take it up to 45%.

One wonders whether it is not tempted to take out the entire minority. Much depends on the price it has to pay, but there are other riders this transaction could be set at a premium in the market price.

It is a tempting idea," says a high official of the company. "There is no doubt that an improved domestic economy, together with better dollar prices, will raise the share price of this company, and the share price of Highbury Steel have also been unchanged."

Sainsbury has an attractive potential minority position in its subsidiaries, where the ABCom and Barlow Bros are over 4.5 million pounds for each 6.5 and Stratford 8.5 million.

The work from Darton Davies of Sainsbury is that it has a potential for its various interests, Sainsbury is not interested in increasing its stakes, even though some companies are unprofitable.

"One should not be greedy," says Mr. Davies of Sainsbury. "We believe that the market will eventually appreciate the value of companies such as Pricewaterhouse Coopers, and that some positions in higher PEs could be acquired for others more lightly rated.

"Sainsbury's strategy is not to bet on concrete moves. It moves with the times. In 1986, the share price was high that Barlow Bros would sell some of its wholly-owned operations, notably Medfield Steel, which needed to cut its losses and whose management would probably be better motivated in the medium term."

The Sainsbury view appears to be that if companies are undervalued on the JSE, it is for the investment people in Sandan to act.

In Gencer value also abounds Else where in 5.5 times earnings, Kohler and in on a PE of 6.5, Badgers 5.5, Treck 7.5 and that jewel in the crown Siemens 8.5.

Chairman Derek Kepp says Gencer has enough greenfield investments to keep its mind off minority take-overs, however attractive they may seem.

There are opportunities in Anglo- American industries as well, with South Atlantic 7.5 times earnings, Hol on a PE of 8.5, Cemex on 7.5 and TW Beckett only 7.5.

Britain may like to have a look at the minority slice in Mekor (3.5 times capital gains) 8.5.

SA Breweries believes that OK on 8.5 times earnings and its interest in furniture, Amf (2.5) and Afco (2.5), are cheap, but would not contemplate buying the companies.

"The beer division is our core business, so we have 100% of that but we reckon it would demote management of the other subsidiaries if they were wholly-owned," says financial director Selwyn Markowitz. "We think the market will eventually recognize these values in the subsidiaries, as it did in SABS itself.

It appears that the world stock market crash has militated against further minority buyouts for now.

Cash flow

However, if cash continues to flow into mining houses, institutions and commercial and industrial companies, if yields on fixed interest instruments remain lower than inflation and greenfield investments remain risky and unattractive, minority take-overs are certain.

The point to remember is that a holding company buying a share for five times earnings is receiving a return on investment of 20% — after tax and excluding the real prospect of long-term capital gains. Such holdings can match this type of return in houses.

It is therefore worthwhile loading up on the undervalued shares of the subsidiaries of big conglomerates now.
Debonair delights

Finance Staff
Cape-based bedroom and household textiles manufacturer Debonair group has increased both turnover and earnings by 162 percent for the year to end-February 1988.

The company's results published today shows turnover, up from R5,6 million to R18,2 million, while earnings per share have risen from 3,3c to 8,5c, despite the weighted number of shares in issue rising to 12,3 million against last year's 8 million.

The board has proposed a maiden dividend of 3,5 cents per share for the year.

Pre-tax profits for the year of R1,96 million have increased by 488 percent, which, after tax, has increased the company's distributable reserves from R385,000 to R1,49 million.

Debonair MD Ian Foster attributes the much improved results largely to improved trading and the absorption of Transvaal-based household linen manufacturer Dreyer and Stratham.

Foster believes that the current economic upswing will continue throughout the current financial year and is thus optimistic that Debonair will maintain its growth path.

"In addition, we plan to continue seeking suitable acquisition opportunities with an eye to achieving further market penetration and broadening our product range."
and leasing cover is high at 5.8 times.

Glodina products command a premium because of their quality, which is also shown in full order books. Shifts are being worked.

**Activities:** Offers a broad range of high quality weaving products and kitchen linen.

**Control:** The Balliton family holds 67%.

**Chairman:** A J S Balliton, managing director.

**E Luz**

**Capital structure:** 18,8m ords of 1c each.

**Market capitalisation:** R11m.

**Shares:** Market price 170c. Yields 8.5% on dividend. 21.1% on earnings. PE ratio 4.7. Cover 2.6. 12-month high 225c; low 140c.

**Trading volume last quarter:** 718,000 shares.

**Financial:** Year to 31 December '87

<table>
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<tr>
<th>Debt</th>
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<td>Int &amp; leasing interest</td>
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<tr>
<td>Total cover</td>
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**Performance:**

| Return on cap (%) | 34.3 |
| Turnover (Rm)    | 50.9 |
| Pre-int profit (Rm) | 10.1 |
| Pre-tax margin (%) | 19.8 |
| Taxed profit (Rm) | R5.3 |
| Earnings (c)     | 28.4 |
| Dividends (c)    | 14.4 |
| Net worth (c)    | 131.9 |

24 hours a day, seven days a week

In the smaller, lower-priced division, demand is also strong and shortage of capacity will be helped by the transfer of 10 weaving machines from the group's manufacturing reserve to this factory. "This will increase the market potential of Lanaxtex by 30% and, as a result, the group can expect to achieve higher contributions from this division during 1988," says MD Emanuel Luz.

But Luz plans to concentrate on quality. "We will continue with our philosophy of producing the highest quality and give further attention to improving productivity and containing costs."

There is also export potential, according to Luz. "While maintaining a firm base within SA, Glodina will seek export opportunities and has recently appointed an export consultant."

Luz says the company should exceed its budgeted R12m pre-tax profit, as Glodina cannot meet the demand for its products. At a price of 170c, the share is on an historic dividend yield of 8.5% and a p/e of 4.7, against the clothing sector average of 6 and 6.7 respectively. In view of the strong possibilities for this company, a re-rating would seem in order.

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**GLODINA**

**Good quality**

Glodina, listed in October last year, had an excellent year in the 12 months to December. Though turnover was below that forecast in the prospectus, taxed profit was R5.3m against a forecast of R4.3m.

The reason was a factory fire, which obviously meant loss of sales, but an insurance claim for lost profits and wages recovered helped the pre-tax profit. Last year Glodina produced a taxed profit of R5.3m from turnover of R50.9m.

Performance was good, shown in return on equity of 45.6% and 34.3% on capital. Though the debt equity ratio is 0.63, interest...
First real growth

Romatex, being a supplier of a number of textiles, floor coverings and automotive products, is tied to the fortunes of the furniture, motor and building sectors and, as they have performed well in the six months to December, the company continued the strong growth of the previous year.

Steep swings

EPS increased 70% to 77.6c, compared with the previous year's 94% growth, but the group's problem has been cyclical. Its customers are in sectors which tend to react quickly to economic changes and the company decided last year to move into other areas, which may partly protect it from an economic downturn. Increasing investments in Berg River Textiles and Island View Storage gave Romatex greater exposure to semi-durables.

MD Ian Mackenzie had expected the interest bill to rise in the latest six months, but it fell from R1.8m to R0.4m between the six months to March 1987 and to March 1988.

This was achieved despite a rise in short-term debt from R1.1m to R21.7m, as funds had to be borrowed to pay tax of R20m at end-March.

Improved recovery of overheads led to better operating profit margins, assisted by strict attention to asset management and working capital control, while the tax rate was little changed at 39.5% (38.8%).

To conform with Barlow policy, Romatex has changed from comprehensive to partial basis of providing for deferred tax, so tax fell from R14.3m to R11.8m.

According to Mackenzie, earnings growth will slow for the year as a whole, partly because growth will be off a higher base and partly because unutilised capacity has fallen.

Though he thinks strong growth could still be achieved, an economic slowdown may end the first real growth experienced in years. Government's efforts to slow down the economy could have a negative effect on the company's profits. An increase in required HP deposits would affect motor car sales as well as those of carpets and furniture. Eliminating private leasing schemes for motor cars could also dampen sales," Mackenzie says. Another problem could be higher interest rates, though the balance sheet, with a debt/equity ratio of 14%, remains strong.

Romatex's historic p/e of 6.4 is very similar to that of the sector as a whole (6.6), which seems fair in the circumstances.

ROMATEX'S CLIMB

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<th></th>
<th>Mar '87</th>
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<td>Earnings (c)</td>
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<td>Dividends (c)</td>
<td>15</td>
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Louis van der Merwe
The question now is whether trading activity can be lifted in line with the 20% expansion in capacity. Economic growth is again looking uncertain, and a weaker rand could again threaten inflation and the company’s costs.

**Order Book**

For his part, chairman Rolf Gerber says that the order book is full for the first half of 1988 and, although not yet open for the second half, many enquiries for orders have been received. “This would indicate that the present improvement in the economy is likely to continue through 1988,” he says.

He adds, however, that inflation remains a matter for concern. Apart from cotton, the activities: A vertically integrated textile mill which spins cotton and cotton synthetic blends of medium to fine count yarns for the weaving and knitting trade.

**Capital**

- Koninklijke Nyonadel N V has control
- Chairman: R Gerber, Managing Director
- CP Riding
- Market capitalisation: R23.9m
- Share market: Price 350c (H-general), 375c (E-general), 5.1% on earnings, PE ratio, 2.0, 12-month high, 840c, low, 400c.
- Trading volume last quarter, 11,400 shares.

**Financial:** Year to 31 December

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<td>Pre-int margin (%)</td>
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<td>200.6</td>
<td>227</td>
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The price of which is expected to rise by over 30% for the 1988/1989 crop, cost increases of other materials are dependent on changes in the rand exchange rate.

Last year saw fabric imported at disruptive prices, leading to heavy cancellations from local retailers and clothing manufacturers. Although the company was able to resell into other market areas, thereby maintaining full working hours and avoiding retrenchment, its sensitivity to the cost of raw materials partly explains the unseasonable profits flowing.

Mool River’s EPS showed the first significant improvement in seven years, reaching 68.6c after oscillating between 50c and 60c.

**ISSUES**

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208 69

FINANCIAL MAIL MAY 6 1988
**Beatrix Mines Limited**

(incorporated in the Republic of South Africa – Company Register No. 77/0113806)

Share capital Authorised – 150,000,000 ordinary shares of no par value

Issued – 85,000,000 ordinary shares of no par value

Directors S P Ellis (Chairman) A D Bote F S Clarke B P Gilbertson L Hewitt G C Kraft, G Mudie* N C Officer
P de V Rudenyn* B A, South

Auditors E K Bartlett J H Burke C T B Dempsey P J Eustace T C Rees J V Roberts D J D Ross

*Results

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**Report for the quarter ended 31 March 1988**

<table>
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<th>Quarter ended</th>
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<td>R'000</td>
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**INCOME STATEMENT**

- **Income**
  - Interest received: 1,162
  - Royalty: 14,731
  - Dividend: 16,312

- **Interest paid and sundry expenditure – net**
  - 2,444

- **Income before taxation**
  - 13,549

- **Taxation**
  - 6,876

- **Income after taxation**
  - 6,673

- **Retained income at beginning of period**
  - 49,274

- **Distributable income**
  - 11,357

- **Dividend paid**
  - 11,357

- **Retained income at end of period**
  - 49,274

**BALANCE SHEET**

- **Capital employed**
  - Share capital: 131,466
  - Retained income: 11,357

- **Long-term liabilities**
  - 131,466
  - 49,274

- **Employment of capital**
  - Fixed assets: 77,843
  - Loan to Buffelsfontein Gold Mining Company Limited: 67,810
  - Net current assets: 145,653

- **Current assets**
  - 82,780
  - 103,994

- **Current liabilities**
  - 39,058
  - 64,880

- **Long-term liabilities**
  - Balance at end of period: 78,186

- **Repayments due within one year**
  - 31,836

- **Interest paid during the period**
  - 1,980

The loans that are in US dollars, namely R35,148 million ($18 million), are fully covered.

The loan to Buffelsfontein Gold Mining Company Limited will be repaid by the further issue of preference shares in Buffelsfontein during the quarter.

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**REMARKS:**

(i) The figures for the March 1988 quarter are unaudited. Those of the December 1987 quarter have been adjusted following the company’s year-end on 31 December 1987.

(ii) The report has been approved and signed on behalf of the company by two directors.

(iii) A dividend of 38 cents per share was paid on 29 January 1988.

(iv) The recently-announced Minimum Taxation on Companies (MTC) is in effect an additional provisional taxation payment, which can be set-off against subsequent taxation payments. This taxation will have no effect on the company.

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**DATES TO REMEMBER**

- Last day to register for dividends: Friday May 13
  - Adcock 110c, Acom 7c
  - Aroma 2,25c, Autopage 2,5c, Banprop 4,27c
  - Budget 5c, Citizen 0,75c, CMH 5,4c, Clyde 2,6c, Drop-Inn 2,6c, Fidbank 5c, FirstBk 3,4c, Meters 2,25c, Nedbank 13c, Pepsor 29,5c, Qualtrye 8c, RNS Prop 0,2831, Shoprite 50c, Sycom 28,1c, Umdoni 3c

- **Meetings:**
  - Monday May 9: Sappi
  - Tuesday May 10: ENSGN (Cape Town)
  - Wednesday May 11: Bersers (Cape Town), Da Gama (Zwel'isha), Durus (Sandton), Farm-Ag (S) (Canelands); Fugit, Hiveld, Minetec, Rale (S) (Canelands)
  - Friday May 13: Pressed (S).

**Meeting of Shareholders:**

All meetings are in Johannesburg unless otherwise stated.

S = Special meeting.

**A = 8 months**

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**Moore River Textiles**

- Source: JDD Graphics

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**FINANCIAL MAIL MAY 6, 1988**

- Louis Venter
Textile industry told to put its house in order

TEXTILE products may possibly be imported from Turkey following talks with that country, Deputy Minister of Economic Affairs and Technology, Theo Alant, said in last night.

He told a Western Cape Textile Federation meeting that since SA had to import a portion of its textiles, this could be done from countries with which SA had friendly trade ties.

Alant warned the local textile industry to get its house in order, increase its productivity, and restrain price increases to compete with imports and to export competitively.

The local textile industry had enjoyed tariff protection for more than 60 years but it would appear that the industry's competitive ability had declined rather than increased, he said.

Local demand

"Therefore we must work together on a scheme to improve this situation. This is exactly what the Board of Trade and Industry is attempting to encourage."

Alant said he hoped the industry would co-operate with the board by participating in a scheme which was designed to increase local demand by providing cheaper products, as well as to promote exports.

The whole industry is waiting anxiously for the report from the Board of Trade, and early July was set as the expected date on which it would be available.

Alant gave his word that it would not be implemented without consultation with the textile industry.

He also gave his word that even if imports of textiles do come from Turkey, that country would not be allowed to become the avenue for products from other exporting countries such as Far East.

Financial Staff and Sapa
DA GAMA

Full order book

Da Gama received the National Productivity Award for its achievements in 1986, and appears to have further improved efficiencies in the year to end-December. EPS almost doubled off a high base, returns are excellent and the balance sheet is ungeared.

The company is one of SA’s largest textile manufacturers, with two factories in the Ciskei and one in SA. The Ciskei companies have tax advantages in that only a withholding tax of 15% is paid on dividends to the parent company. All four main divisions - apparel, home sewing, home fashion and industrial - concentrate on necessities rather than fashion fabric.

MD Harry Pearce says the company operated at near full capacity during 1987 and operating cost recoveries, with improved efficiencies, helped lift margins. Asset management was well controlled, the company has negligible borrowings and the year-end cash balance of R7.1m had by end-April increased to R13m.

Pearce says the 1987 year results were achieved despite rising imports of cheap fabric, mainly from the People’s Republic of China.

The Board of Trade and Industry is expected soon to announce findings on the textile and clothing industries. Management is hoping for adequate duty protection against disruptive imports. A positive decision could further enhance the company’s potential and continued rand depreciation would also help. However, the cotton price has been fixed at R3.50/kg for the year to April 1989, so currency weakness would only influence the next price fixings.

Shorter lead times

Pearce says the company started the year with a full order book and looks forward to “another successful year.” Business held up well for the first four months, and margins are slightly above those of last year. Laser engraving equipment is on order for delivery in May. This, with computer-aided design equipment, saves manpower and should allow shorter delivery lead times.

Though acquisitions are being considered, continued organic growth is being targeted.

Activities: Manufacture and make-up of cotton and synthetic fibre textiles goods

Control: The directors hold control

Chairman: J A Harman, chief executive T H Pearce

Capital structure: 50c 2m; all of 2c each

Market capitalisation: R231m

Share market: Price 460c; yield 6.8% on dividend, 15.9% on earnings, PE ratio, 6.3; cover, 2.3; 12-month high, 830c; low, 325c.

Trading volume last quarter: 873 000 shares

Financial: Year to December 31

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Performance:

Return on cap (%) | ’85  | ’86  | ’87  |
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<td>Profit (Rm)</td>
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<td>Dividends (c)</td>
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<tr>
<td>Net worth (c)</td>
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<td>151</td>
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Lance Venter

FINANCIAL MAIL MAY 13 1988
Tongaat doubles earnings

Own Correspondent

DURBAN — Tongaat-Hulett came close to doubling its earnings in the year to March. The dividend has been lifted by 50% for a total of 22c a share, which fell to R300 million at the year-end, compared with R331 million last year, says financial director Ted Garner.

"Attributable earnings of 163,2c a share were 62.2c better than forecast six months ago. Interest cover has improved to 4.7 times, significantly up on last year's 3.5 times," he says.

A 20% increase in turnover for the year to R2.6 billion produced tax profits of R124.8 million, despite a 33% percent increase in the tax bill.

The board says the strong recovery in earnings noted at the half-way stage continued into 1998 and that with encouraging prospects in the current year, further improvement in earnings can be expected.

Major contributors to the results, apart from better market conditions, were last year's rationalisation programme and a reduced level of borrowing, combined with lower interest rates.

The performance of the sugar division was watered down by the absorption of the Felixton Mill tax shield, with the result that there was little growth in this area.

Building materials showed an increase as a result of growing demand, while foods, starches and sweeteners turned in satisfactory profit improvements."
Schaffer's exit heralds new Frame era

By Dave Canning

DURBAN — The Frame textile group has reached its second watershed in two years with the resignation of chief executive Justin Schaffer

In July 1986, the Natal-based firm shed the last vestiges of the era of founder Philip Frame when Mr Frame's three right-hand men — Selwyn Lurie, Sidney Peimer and Archie Berman — resigned as joint managing directors

Their departure followed years of often acrimonious relations with shareholders critical of the group's cagery style of management and the poor returns on capital invested

But in truth, these directors were doing nothing more than abiding by the spirit of Philip Frame's will to continue his policies — keeping down wages and dividends and ploughing a maximum amount back into the business

Shareholders believed they deserved a better return on their funds. To Mr Frame's wage policy is widely attributed responsibility for the start of the 1973 wage strikes in Durban

In 1985, a long legal wrangle over Mr Frame's will was settled and the group embarked on a more adventurous and rewarding course with Johannesburg company director Mervyn King at the helm of the controlling Frame Trust

Share prices of the many companies soared as speculators took advantage of rumours of a takeover of the group

But it didn't happen and instead the group structure was radically overhauled. Four listed companies emerged under one holding company and a revaluation put total assets at more than R1 billion, placing the group among the 16 biggest quoted companies on the JSE

Nine months later, Messrs Lurie, Peimer and Berman were succeeded on their way with a sweetener of R2 million each in restraint of trade agreements

Economist and business management specialist Justin Schaffer came from SA Nylon Spinners to take the reins as sole managing director

For him it was a return to the old firm and his second appearance on the Frame board

Now 56, Mr Schaffer had joined the group 28 years earlier as a production engineer and within two years had been placed on the board by Mr Frame

A few years later, he left Frame to join colleagues in founding Durapenta in Pinetown

In 1975, he sold that company to AECI and moved with AECI to Cape Town to head SA Nylon Spinners

Back with Frame in the second half of this decade, Mr Schaffer presided over further consolidation of interests within two quoted companies and later the sale by the Frame family trust of the bulk of its shares in the holding company for R234 million to a spread of insurance companies and institutions

Properties were sold off and a plan implemented to spend R120 million by 1992 boosting production capacity, productivity and quality

In about the last public move before Mr Schaffer's resignation, Frame announced it was retrenching 1 850 workers in an effort to improve its historically poor return on assets

Although there has been no confirmation, it is understood that the number has been reduced substantially, possibly to 1 200
**Activities**. Vertically integrated manufacturer of textiles and garments

**Control**. Directors control 58.6% of the equity

**Chairman and managing director**. E Gordon

**Capital structure**. 15.1m ords of 10c. 40 000 red cum preference of R10. Market capitalisation R13.5m

**Share market**. Price 90c Yields 3.3% on dividend, 13.7% on earnings*, PE ratio, 7.3*, cover, 4.1 12-month high, 125c, low, 70c. Trading volume last quarter, 14 000 shares.

**Financial**. Year to January 1 '88

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**Performance**

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<td>Pre-int margin (%)</td>
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<td>Dividends (c)</td>
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<tr>
<td>Net worth (c)</td>
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*Seven month financial period
†Annualised

notes that the forward order position “is extremely encouraging,” although he adds a lengthy condemnation of activities of Turks, Swazis, Basotho, and the South African government for pursuing or permitting “backdoor” and other imports.

Manufacturer Tide Fabrics, which sells one-third of its fabrics to outside customers, saw a small decline in turnover; this resulted from government suspension of duty provisions in September 1986, and subsequent quadrupling in grants of import permits in the first seven months of 1987. Government took remedial action towards the end of 1987.

Tide’s order book has been improving in recent weeks. Volume exports of garments increased by 9%, however the proportion of basic underwear exports increased from 40%-60% of the total. Policy in current uncertainties is not to export above 8% of group turnover. Total turnover figures in the pro forma review are expressed merely as percentage changes on previous years, the 1988 result being an improvement of 14%.

Ital Print, which prints textiles, produced its highest ever after-tax profit. A rotary print facility is to be installed to pursue the objective of expansion into the household textile market. Sandale Clothing has consolidated operations under one roof, which is expected to enable it to continue earnings improvement this year.

Meritex appears to have successfully transformed a tottering Welfit Oddy structure into a reasonable looking investment. Gordon is looking for improved after-tax profits this year. These rose from R1.57m to R2.82m for the last 12-month period. Without a more complete record, the share is difficult to assess. However, on present information the counter does not appear to be overvalued.

David Ross

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**MERITEX**

**Interest gained**

Welfit Oddy, with motor engineering and property interests, was last year turned into Meritex. The transformation involved the sale of engineering interests and properties at a book loss of R4.9m, and the replacement of the share capital of 800 000 50c shares by 15.1m 10c shares, the latter enabling acquisition of the Meritex clothing and textile interests.

This first report for the seven months to end-January offers two sets of figures the historic record of the financial transformation, which is subject of our table, and a brief pro forma audited financial review, treating the company as though it had been Meritex for the past five years. While the earnings figure in our table is annualised from the seven month’s financial report, the pro forma review shows earnings for the 12-month period at 19c.

Garments produced from Meritex fabrics have in the past accounted for 70% of group turnover, while last year garment turnover rose by 21%. Chairman and MD Ed Gordon
Awaiting the moment of truth

Mervyn King has had a varied, productive life: now he must tackle Frame

There will inevitably be those who ponder on the wisdom of appointing a judge to re-suscitate such a large and complex entity as the Frame textile group. And it is entirely right that they should. For judges are seldom men of affairs but Mervyn King is not your common or garden jurist. He is well versed in company law, knows the group well, having served as its legal advisor, and has some remarkable and diverse commercial achievements to his name since he left the bench, on which he sat (some say to his credit) for only two years.

However, there are those well acquainted with the group who have misgivings about the departure of Justin Schaffer, whose strength they consider to have been operational skills. "King is an excellent conceptualiser about structures and acquisitions, but he does not have operational conceptualising," questions a stockbroker. Another wants to know what will happen when he brings an operational MD to task. He believes the MD could well turn around and say that King knows nothing of the subject.

Interestingly — if hardly surprisingly — King's associates have a more positive view. They see him as someone who can handle business community who have known him since his entry into commerce. One says that he was very close to the coalface in the Tradegro turnaround, especially in the early stages. Another says that his intention is to turn the executive chair of Frame into a line job.

What is the truth? At this stage one can only weigh the different opinions and look at King's record.

He started as an attorney specialising in corporate law. He became an advocate, was one of SA's youngest appointments as Senior Counsel, and followed this by becoming one of the youngest judges. He dismisses conjecture on his early departure from the bench by saying that the whole topic was well canvassed at the time (1980).

King was then offered a number of positions, including one by Nate Krish, which he accepted. "That was when I learned to swim," according to King. "I enjoyed that period. I had no experience of acquisition and I was involved with all the acquisitions, as a non-executive director of the companies. But, as is well-known, Krish hit problems."

"The various trading divisions were all in one company and then the economy turned and interest rates soared," King developed a plan for salvaging the group and sold this to major shareholder Sanlam, which, together with the big banks, agreed to come up with R175m. Sanlam and the group's management asked him to take over. He became CEO of what was renamed Tradegro and chairman of the individual companies in the group.

His plan was to create individual companies from the divisions and list them. Peripheral businesses were sold — "We had a mattress factory and an ice-cream factory" — and the minds of the CEOs of the operating companies well focused on their own businesses.

Though few would yet describe the group as fully rejuvenated, in many respects the plan worked. After an attributable loss of R49m in his first year as CEO, the group made a profit of R30m last year and the results to be announced soon are expected to be appreciably better.

One reason for Tradegro's improvement was the purchase of Frasers. King makes the reasoning behind the acquisition sound simple. "It had several divisions which fitted in with the businesses of Tradegro and, also, it could not let it fall into the hands of a competitor."

The takeover is regarded as a major coup by those in Tradegro. Though King says the acquisition has bedded down, he adds that additional benefits have still to be felt.

But the extra work resulting from the takeover led to the appointment of a group MD, the choice falling upon Sanlam's trouble-shooter Donald Masson, who joined Tradegro in March. King then became chairman of Tradegro.

Though this could be seen as a vote of no confidence in King, and his leaving could be construed as an answer, such a suggestion is denied by all parties. King is to remain non-executive deputy chairman of Tradegro, Checkers, Rusfern and Metro A source in Sanlam suggests that the fact that Masson has been asked to join the board of Frame suggests that the two men get on well (others may see it as evidence of Sanlam's concerns for its investment there). But the same executive says that their skills are complementary. Masson has more operating strength, while King is more strategic and oriented towards public affairs. This seems to reinforce the questions about King's operating ability.

However, Tradegro and Sanlam people see King's concentration on corporate and strategic affairs as a strength. They emphasise that the turnaround of Tradegro was a team effort, and that King is excellent at motivating people. "You can't have a successful team effort if the top man is not a team man who can motivate others," says one top executive.

Another, who has worked for King since he became CEO of Tradegro, says King's ability to delegate is a strength as far as those in operating capacities are concerned. He leaves them to get on with the job without interference, but insists on being well-informed, demanding that they tell the facts and nothing but the truth.

With additional benefits from the restructuring and the acquisition of Frasers still to come, why should King leave now?

King has been deeply involved in the
whole Frame Group affair. After having done some work for Philip Frame as a legal adviser, he was an adviser to the family after Frame’s death and became a trustee when Frame’s appointees resigned in 1983. The same year, King joined the boards of the Frame companies. In 1986 the then joint MDs resigned. Schaffer became group MD that August.

According to King, the break with Schaffer came as a result of disagreement between him and the Frame board on three main issues, whether the business should be centralised or decentralised, whether to merge with another textile manufacturer, and, lastly, whether to dispose of a strategic unit within the group. The board was against the last two suggestions and, with King’s emphasis on leaving operating CEs to run their own businesses, he is obviously against centralisation.

The executive at Frame asked King to replace Schaffer. King felt under an obligation to assist, not only because of being a trustee, but because the trustees sold control to several institutions — Old Mutual, Sanlam, Liberty, Southern, UAL and ABCI pension fund — last year, at close to peak-of-the-market prices (the family still holds about 10%).

As Masson had moved in at Tradegro, King felt he could leave without creating a vacuum. "Had the offer been made six months earlier, I could not have accepted," he says. King admits that he has been asked why he should take such a risk and possibly destroy what has been until now a highly successful career. His answer is that he does not wish to walk away from a situation. He likes a challenge.

His intention is to decentralise and make each company, which has its own CE and infrastructure, focus on its business. There are three cornerstones to his plan: cost base, quality and service, which he wants to see in action rather than spoken about.

This seems to be more or less the same philosophy he adopted at Tradegro. One Tradegro executive suggests that King will appoint the right people and stay in the corporate head office.

King’s interests extend beyond work. Apart from being chairman of the SA Executive Cricket Club, he is also director of the Transvaal Cricket Council, trustee of Wits University Sports Trust, a member of the SA Property Owners’ Association, a trustee of the SA Foundation, lectures at Wits Business School, helped develop and raised funds for the ridge trail bearing his name, and is chairman of Operation Hunger.

A controversial business appointment is that of non-executive chairman of AA Life, which was made the year, but as King points out, he has been a non-executive director of AA Life for years. As such, he at least by implication is included in the trenchant structures made of the AA Life board by the Melamet inquiry. King has vigorously denied that the non-executive directors were in any way remiss.

What can be expected of a man who is obviously highly regarded by colleagues, but about whom some analysts express doubts over his ability to run the Frame business? A stockbroker points out that there is still enormous recovery potential in the Frame Group, which could spontaneously become manifest. It could then be difficult to assess how much was due to King and how much was intrinsic.

Be that as it may, the group clearly needs a catalyst, in undertaking that task, King faces his biggest challenge.

The fact is that, whatever his personal contributions, he has a record of heading companies during periods of recovery. He’s entitled to the credit, as he would have taken the blame had things gone wrong. And essentially the recoveries have stemmed from improved trading, not financial legerdemain. Surprisingly few acquisitive entrepreneurs can say as much. Even King’s mentor, Natie Ksh, in retrospect seems likely to be remembered more for his unquestioned ingenuity in shuffling assets than for his ability actually to run companies.

Pat Kenney
Textile trade report is still under wraps

THE INVESTIGATION by the Board of Trade and Industries into the local clothing and textile industry — first begun in September 1986 — had reached an advanced stage but there is still no prospect of early action.

Petrus Wolmarans, chief director of the Board of Trade, refused to comment further when approached about the investigation, other than to say that when it was finalized the recommendations would still have to be approved by the Cabinet.

Perturbed

Local manufacturers were hopeful that new measures would afford them the same kind of advantage as those against imports than the current temporary import permit system and previous half-hearted protectionist measures have done.

Retailers and wholesalers, on the other hand, were perturbed that any new package favouring local manufacturers would only present them with further problems.

Manufacturers have always argued that cheap imports from countries with centrally-planned economies, and others whose foreign exchange earning strategies are based on exporting subsidised and sub-economically produced textiles, greatly damage a local industry which provides employment for many tens of thousands of people.

They also have to keep abreast of new technological developments. The Frame Group, for instance, invested R45m on capital equipment in the financial year ending June 1986.

While they were continuing to invest heavily, the return on capital employed was unsatisfactory, claimed former Frame CE Justin Scaffer in commenting on the group's 1987 results. These reflected a rate of return on total assets for the year.

Hyman Regenbaum, joint MD of retail clothing group Boyman, is less than sanguine about the situation. He says the local industry doesn't have the capacity to meet total demand, nor can it supply the top end of the market with the quality it needs.

‘Inadequate’

He also contends that prices are bound to go up — sentiments echoed by Basil Weyers, MD of Pep Stores, who stated in his annual report in April: “Perhaps our greatest problem has been the procurement of textiles. Not only is output from local mills totally inadequate, but we have also experienced great difficulty in obtaining import permits.

“Compounding this, totally unrealistic duties on knitwear imports were introduced during the financial year. Again, local capacity is insufficient to meet demand and we were forced to import, resulting in sharp increases which our customers can ill afford.”

This is a sad commentary from both sides on the state of affairs in the clothing and textile industry.

In the light of the country's balance of payment problems and the increasing emphasis towards import replacement, however, the Board of Trade has no option but to end its apparent procrastination and come out in support of the local industry.

In turn, manufacturers will have to take note of the market's grave reservations and do everything possible to get their house in order.
A CONCERTED EFFORT

Three
days
ago

The
London
office
for

Unipan Group.

UNIPAN EARNINGS UP 15%
GLODINA Holdings is well on the way to meeting its pre-listing forecasts, with interim attributable income to end-June up 68.9% to R2.7m (R1.6m).

A maiden dividend of 6c was declared.

A lower tax rate at 47.5% (32.2%) due to the purchase of new capital equipment and a reduction in finance charges had much to do with the strong bottom-line growth as turnover rose 18.5% to R27.2m (R22.9m) and margins declined from 16.9% to 16.8%.

The decline in margins was largely due to the implementation of a maintenance and upgrading programme and the three-month delay in increasing prices.

Operating income showed a 15.9% rise to R14.5m (R8.9m) and pre-tax income rose 30.8%.

Earnings per share on a much expanded capital base increased by 25% to 14.5c (11.6c).

While this may appear to be far off the forecast 34.1c, the directors say that traditionally 60% of group turnover and profit are derived in the second half of the financial year.

MD Emmanuel Luzi said he was confident the group will achieve a year-end increase of 25% in earnings per share.

The second half will also benefit from the acquisition of the terry manufacturing capacity of the Framed group which will give the group entrance into a new market.

Expansions include the commissioning of a second factory in Qwa Qwa for the manufacture of low cost products. The older looms from the Hammarsdale factory will be moved to Qwa Qwa and will be replaced with efficient high-speed machines.

"This move, although it may have a slight impact on production will enable the group to increase market share because of favourable cost structures based on decentralisation benefits," says the directors.

Modernisation of the Hammarsdale plant will cost R3m.
Glodina lifts earnings

By Sven Forsman

A lower tax bill — based on investments in new capital equipment — and a successful programme of resource management enabled Glodina Holdings to report a 69 percent increase in after-tax profit to R2.7 million for the six months to June.

Earnings per share was 14.5c.

Managing director Emnled Luz says in the annual report he expects the group to achieve a year-end increase of 25 percent in earnings per share.

"The second half of the year traditionally accounts for 60 percent of the group’s turnover and earnings.

The textile group’s income before tax was 31 percent up on the same period last year with turnover up 29 percent at R722 million.

Mr Luz says the R3 million modernisation programme under way at the Hammarsdale plant, as
public. That doesn't stop the two sectors continuing to trade arguments.

The textile industry, which has seen import penetration increase from 12% in 1984 to more than 28%, maintains the reduction in duties, from 25% to 20%, was the prime cause. The clothing industry counters that local textile producers could not meet demand, adding it wants duties reduced further.

The decline of the rand should act as a natural protection against imports, but Textile Federation CE Stanley Shagman claims it doesn't help local producers: "Local raw material costs are linked to world prices," he explains.

The National Clothing Federation (NCF) claims the problem lies in the inability of textile producers to meet market requirements. The NCF has repeatedly asked the textile industry for shorter production runs as part of a quick response policy. According to the latest NCF figures, around 33% of all confirmed textile orders were more than two weeks late.

NCF CE Hennie Van Zyl says only 3% of SA clothing production is exported; a factor which he attributes to the industry's high input costs, of which up to 60% is the cost of fabric.

"If we could get textiles at world prices, we could become internationally competitive. Freer imports would harm the textile industry in the short-term, but with more exports, there would be a greater cake to share."

Van Zyl sees no inconsistency in simultaneously asking for protection for clothing. "Each industry should be treated on its own merits and clothing is second to none as a creator of small business."

He points out that of SA's 1 400 clothing manufacturers, 420 employ less than five people and 700 less than 20.

Both the NCF and Textile Federation have been sharp critics of the plan to reduce tariffs on Turkish goods to 3%. At their request, government abandoned the across-the-board rebate. According to the July 29 Government Gazette, people wishing to make use of the duty rebate must apply to the BTI to determine how much they will be allowed to import.

Says Van Zyl: "If this means Turkish goods will be included under the present import quota and will simply replace clothing from other countries, it won't mean a flood of cheap imports."

But Seardel director Mike Getz says the import quota system is already circumvented through the independent states, which are subject to the same duties as the RSA but can set their own import quotas. "It is unfair that TBVC-based companies have access to cheap materials and we don't."

Textile Federation's Shagman argues that textiles should be protected on strategic grounds as SA is still a developing country. He warns that new textile plants will continue to stand idle if nothing is done to curb imports.

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**CLOTHING AND TEXTILES**

**War of the words**

Surprise, surprise! The clothing and textile industries can't agree on what they want to see in the Board of Trade and Industry's (BTI) report on the clothing pipeline.

The BTI has completed its investigation of the clothing and textile industries — although the findings have still to be made.
Textile industry heads for an upturn next year

THE SA textile industry was headed for an upturn in the coming year as home clients turned to local sourcing in the face of sanctions, a weak rand, and the need for security and continuity of supply.

This was revealed by Joop de Voest, head of Marketing & Planning Consulting Services, at an investment conference organised by stockbroking firm Frankel Kruger yesterday. He said in some sectors demand for locally sourced yarn, fabric and finished articles was already exceeding supply.

The leap in demand had come about in spite of imports to date and manufacturers initially finding it difficult to firm up commitments to their clients for the first quarter of 1989.

There was "no doubt" that renewed pressure would be brought to bear on the textile supply pipeline, de Voest said. This would lead to a renewed assault on the duty and tariff system, despite looming balance of payments problems and the economic restrictions these would trigger.

The impending scenario was reminiscent of the 1986 drive towards local sourcing which had characterised the fall in the rand, he said. At that stage, virtually every textile producer was solidly "booked out".

However, correcting this supply/demand imbalance would not be all plain sailing, de Voest said, highlighting certain problem areas like low productivity, lack of skilled expertise, rising raw material prices, and inadequate marketing drive.

Regarding exports, de Voest said many local concerns were notching up important orders, though they were hesitant to fully commit themselves for fear of not being able to meet local demand.

De Voest's thinking was echoed by Frankel Kruger research analyst Heidi Vollmer. She said the JSE's textile index had recently become exchange-rate sensitive, tending to be contra-cyclical to broad economic trends.

"If, as current trends suggest, the economy may soon be peaking, the textile industry should take off again," she said.
By TOM HOOD  
Business Editor

A R23-million investment in modernisation and expansion is to be made by Berg River Textiles, the biggest employer in Paarl.

The giant factory, employing 1700, is a leading manufacturer of cotton fabrics and products.

The company believes the industry could receive a shot in the arm from official policy to encourage cotton growing to provide farmers with an alternative crop to maize which is in surplus.

"That is going to stimulate the need for the local textile industry to absorb the cotton, both for import replacement and for export," says managing director Koos Redelinghuys.

The factory produces yarn, cloth for the fashion industry and government departments and a top range of bedroom linen.

The R23-million is to be spent over the next financial year.

Romatek group acquired a 50 percent stake in the then ailing Berg River Textiles in 1983 and took over the balance two years later.

The investment was influenced by the contra-cyclical attributes offered by BRT to counter Romatek's concentration in floor coverings and it has performed to expectations.

The plant and equipment, however, was well worn and, in the words of Mr Redelinghuys, "about a third needed immediate replacing, another third could be nursed for a while longer and a third could be retained."

"This state of affairs seriously inhibited our ability to meet our fundamental business objective — to manufacture top quality products and deliver them with the quickest response to our customers."

The first phase — immediate replacement — was completed in 1985 at a cost of about R12-million and a further R4-million has since been spent on plant additions.

The company has started the R23-million Phase 2, which is due to be completed by July 1989.

"This phase will increase production by about 14 percent but the prime benefits will be felt in improved productivity and quality and in the ability to respond rapidly to market demand," says Mr Redelinghuys.

The investment will affect all sectors of production and it will be focused on modern high technology machines.

"The industry is changing all the time and, to remain competitive with the rest of the world, we much change too," said Redelinghuys.

On completion, BRT will have an annual production of 60 000 tons a year, making it South Africa's largest.

Major concern

"Our major concern is the 10 percent surcharge on imports because all the plant is coming from Europe. The surcharge could add about R33-million to the bill which would seriously affect the project's viability," said Redelinghuys.

The Board of Trade has instituted many enquiries into and changes in the textile tariff situation over the past few years. These have led to uncertainty and have delayed decisions to press ahead.

However, cotton is seen as an important agricultural product and the government aims to encourage cotton growing to provide an alternative to maize which is in surplus. But one obstacle is the local cotton price, which is currently almost 10 percent below the world price, adds Mr Redelinghuys.

Cotton giant

"We have been growing at a rate of 20 percent annually, but our production has slowed to 7 percent above last year's. We require a market for our products," said Redelinghuys.
Cotton industry agreement is of much interest

This agreement struck this week to Restructure the cotton textile industrial council has many aspects of interest.

The Restructuring was negotiated between the Cape Province Textile Manufacturers Association, an affiliate of the Congress of South African Trade Unions (COSATU), and the Amalgamated Clothing and Textile Workers Union (ACTWU), an affiliate of the Congress of South African Trade Unions (COSATU).

Immediately, it was probably the first time a Cosatu union has negotiated a restructuring of an industrial council and the first time one has insisted on inheriting an association.

The employers agreed which is significant, that it does not force the existing non-members to join, but it sets the stage for the restructuring.

The Labour Relations Amendment Act of 1995 also covers the restructuring of industrial council agreements.

The all-inclusive clause, covering the restructuring of individual industry agreements, is the most important aspect of the agreement.

under the agreement, the restructuring of the existing agreements is subject to consultation with the parties concerned.

A strike on any dispute, and the employers agreed that no strike at all plants would occur or continue while employers would have to give notice of strikes.

The clause states that in the event of a dispute no strike would occur or continue while employers would have to give notice of strikes.

Responsibility

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Union establishes rights over rival

Labour Reporter

A SNAP ballot at an Atlantis textile company has been won by the Amalgamated Clothing and Textile Workers Union, according to a union spokesman.

The ballot followed an application this week in the Industrial Court for an urgent interdict alleging unfair labour practices by the company, Capelon Yarns.

At a hearing on June 27 the court granted an interim order re-establishing the union’s rights at Capelon and calling on the rival, the Garment and Allied Workers Union (Gauu), to show cause why it should not be joined as second respondent in a final order.

The spokesman said the urgent application was brought when the company later gave access to Gauu officials.
Unispin adds to product range

Unispin has acquired the short-staple spinning business of Industry Ltd, its plant and equipment in Fort Elizabeth. The acquisition plus additional investment needed to have a short-staple spinning operation up and running to Unispin's standards will cost $20 million to be funded from available resources.

MD Chris Smithson says, "Short-staple spinning represents about 60 percent of the total yarn spinning industry and opens a massive market to Unispin in the synthetic and natural cotton sector.

"We see the potential in this sector as such that it could ultimately overtake worsted spinning of knitting and industrial yarns as Unispin's major business and could, in turn, lead the group into the weaving industry."

INDEPENDENT

"Unispin is a yarn supplier — the largest independent knitting and industrial yarn supplier in the country and we see these developments as a natural extension of our product range and service to our customers," he says.

He says Unispin's range being synthetically-based with a small proportion of natural fibres, concentrates on the winter market, whereas cotton is the big seller in summer.

Unispin has followed a policy over the years of steady re-investment in plant and equipment, providing the company with modern facilities and a highly competitive operation, he says. It has acquired a 370 000 square metre property next to its existing premises and conversion work has already started. The new facilities should be operational by January. - Sapa
New deal fears

The textile industry is anxiously awaiting publication of the Board of Trade and Industry (BTI) recommendations for the restructuring of the “textile pipeline,” due out by the end of the year.

The final draft has already been circulated to industry constituents, although it is not yet available to the public. The FM understands, though, that the BTI will try to encourage growth in clothing exports by allowing garment manufacturers greater access to cloth imports.

That’s not likely to go down well with local textile producers. But the textile industry is expected to be compensated through a complicated system of subsidies and rebates.

The textile industry is fighting a rear-guard action to prevent the new system from being introduced. At the same time it is lobbying to restore higher import tariffs which were temporarily suspended in September 1986.

The net effect of the tariff relaxation has been to encourage a flood of cloth imports. More than 225m metres of cloth was imported in 1987 — double the 112m metres imported in 1986 — and so far this year imports are up by at least a further 40%.

The textile industry now has a formidable and charismatic spokesman in the form of Mervyn King, who takes over as fulltime executive chairman of the Frame Group on October 1. According to King, “The group can’t afford to commit significant sums to modernisation and expansion until it knows precisely where it stands on imports.

“If there are no restrictions on grey cloth imports then we will import directly and finish it here. This product can be landed at a lower price than it can be produced locally and our competitors are already importing.

“But we would be shrinking our responsibility to cotton growers, spinners and weavers. If the government wants SA to continue having a fully integrated textile industry it must do something about imports — otherwise Frame will end up as a finishing operation and a huge property owner.”

The clothing industry, though, claims this is short-sighted. Says National Clothing Federation (NCF) executive director Henrie van Zyl: “In the long run a prosperous export-orientated clothing industry will lead to an expansion of the textile industry. But in order to make clothing competitive we need access to yarn at world prices.”

Consolidated Cotton MD Mike Boucher is “utterly unconvinced” that such an export industry can be built. “Clothing is a high-visibility item and it would be difficult to conceal its SA identity. This identity is much less significant in the case of yarn which isn’t going straight to the consumer.”

He says customs regulation 47.003 already permits the clothing industry to import yarn purely for re-export purposes, duty-free, but it is hardly used by the clothing industry.

King considers any attempt to build an export-led clothing industry as “groping in the dark,” adding it is unlikely the local industry could compete with the Far East. Says King: “They have a 48-hour week compared to 42 hours here, and they have a work ethic in which they devote their lives to their employers.”

Even the domestic market, he claims, hasn’t benefited from cheap imports. “One of the justifications given for access to cheap cloth is that the clothing industry claims it wants to clothe the Third World population. Yet no one can say clothing prices have gone down.”

Clothing export success stories have been rare in SA. Those who have been successful have found a niche near the top of the market, such as Rex Trueform and Meritech.

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BOTSWANA SODA ASH

A definite announcement on AECI’s joint soda-ash venture with the Botswana government can be expected within the “next week or two,” according to an AECI spokesman.

With a few “minor details” still to be tied up, it looks as if the 300 000 t/year plant, to be situated on the Sua Pan, should be a reality in a few years from now.

The plant should comfortably accommodate SA’s annual soda ash requirements of 260 000 t/year, used mainly in the steel, glass and paper industries. Salts and other chemicals may be produced as by-products.

AECI spokesman Robbie Vermont says total plant costs will be “below US$400m.” Final details on financing, pricing, shareholdings and profit-sharing should be made public when the official announcement is made.

As clothing and textile consultant Joop de Voest says, “Clothing companies are usually strong on production and sales but poor on marketing. They often have a poor understanding of the domestic market — let alone the rest of the world.”
CLOTHING and TEXTILES

Import frame-up

The clothing industry has reacted strongly to the textile industry's requests for curbs on imported cloth (Business September 23).

National Clothing Federation (NCF) president Terence Kinneir has accused Frame chairman Mervyn King of delivering "veiled threats" to the Board of Trade and Industry (BTI) and trying to move it further away from free trade policies.

"Generous protection not only totally violates the principles contained in government's White Paper on an industrialisation strategy for SA, but also substantially raises the cost of clothing to the SA consumer," he says.

He claims the price of textiles has, over the past four years, increased faster than both the clothing industry's own selling price and the inflation rate.

He also believes, in contrast to King, there are export markets to be won in clothing and points out the NCF has just returned from an extensive tour to the Far East, where it identified lucrative export markets.

"All leading clothing exporters to the East have a common characteristic. They have easy access to imported fabric at world prices and most of them run a textile deficit and clothing surplus on their balance of payments."

But King reiterates the points he made in the FM. "I highlighted the very grave implications inherent in the BTI's approach to regulating the textile industry. The clothing industry has had access to duty-free fabric for years through rebate facility 470 03 which they haven't used to develop a substantial export market. So what's new?"

Of Kinneir's reaction, he says: "We feel he insists on promoting sectarian interests when we should really consider the best interests of the SA economy."
Well utilised

Activities: Manufactures and supplies hand and industrial knitting yarns

Control: Directors have control

Chairman: R Wachsberger, managing director C Snyman

Capital structure: 35m brds and 10m cumulative redeemable prefs of 1c each Market capitalisation R49m

Share market: Price 140c Yields 10,0% on dividend, 28% on earnings, PE ratio, 3,6 12-month high, 270c, low, 130c Trading volume last quarter, 339 000 shares

Financial Year to June 30

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<tr>
<td>Debt cover</td>
<td>0,08</td>
<td>1,1</td>
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</tbody>
</table>

Performance

Return on capital (%) | 6,0 | 15,2 |
Turnover (Rm) | 19,4 | 76,7 |
Pre-int profit (Rm) | 4,2 | 14,9 |
Pre-int margin (%) | 21,7 | 19,5 |
Taxed profit (Rm) | 3,2 | 13,7 |
Earnings (c) | 13,8 | 39,2 |
Dividends (c) | 0 | 14 |
Net worth (c) | 126* | 146 |

* According to the prospectus

After considerable controversy at the time of listing, it seems that Unispun has well utilised the funds it raised and has slightly surpassed its forecast EPS of 38,1c

It was suggested at the listing that the company had priced its shares too finely and one of the criticisms was that most of the proceeds were used to offset loans to the company from the main shareholders Chairman Robert Wachsberger maintains that

hindsight shows if the shares were not priced at 300c, less capital would have been acquired, resulting in a poorer balance sheet.

Results have been helped by the company not being liable for tax. Another R21,5m (R20,2m) is available for offsetting against future taxable income. This should last until 1990, though a full tax rate will not be paid even then, as the company will benefit from investment in plant and machinery and exporters' allowances. Notional tax will be instituted on a sliding scale, using a rate of 15% in the current year and increasing this by 15% per annum thereafter to even out the impact on earnings.

The balance sheet is sound, with a debt equity ratio of 0,21 and cover of 1,1 Performance ratios are also acceptable. Return on capital is 15,2% and the pre-interest margin of 19,5% is better than average. Cash flow has increased from R3,7m to R15m and funds on call and deposit amount to R14m.

Wachsberger says the R2m investment in plant for short staple cotton spinning is of major importance. He suggests this product should enjoy strong growth in the Nineties, as the market is substantially larger than the worsted market. From next year industrial and hand-knit yarns will contribute equally to turnover.

Wachsberger makes no firm forecast, but says the company was ahead of budget at the end of the first quarter. On a p.e of 3,6 and dividend yield of 10%, the share looks under-priced.

Lous Venter
Textile giant for Atlantis

By TOM HODD
Business Editor

A NEW R5,5-million factory to double the capacity of Brits Textile Products will be officially opened at Atlantis tomorrow.

The 20-year-old company, part of the Seardel group, is the country's leading high-loft non-woven producer.

Brits started as a manufacturer of pillows and fibrefill but later expanded by installing high-tech bulk non-woven equipment.

An earlier Antanus factory was commissioned in 1977 in Sturve Street and the new 7 000 m² building includes "third generation" non-woven production equipment from Europe.

The company was acquired by Seardel Investment Corporation in 1986, when a new line to double capacity at that time was commissioned under the guidance of the managing director, Mr Kim Copstick-Dale.

For four years Brits has had a co-operation agreement with a German company, the world's leading producer of high-loft non-wovens, which gave access to international technology and the installation of a plant to produce thermo-bonded high bulk non-wovens.

Brits was awarded the Seardel chairman's award as the group's top performer in 1988.

Mr Copstick-Dale said today: "To take full advantage of our technology agreement we need the correct equipment and this will enable various manufacturers to use our products with confidence for either the local or export market.

"The doubling of capacity once more enables us to innovate with our customers and meet their every need. We can now view the future with the greatest of confidence."

The factory and office building in John Street, Atlantis, comprising 5 000 m² of extension and 2 000 m² of revamped space, was completed by project managers City Developments (Pty) in 18 months.

Mr Aaron Searl, chairman of Seardel, and Mr Chris de Bruin, chairman of Brits Textile Products, will speak at the opening ceremony.

Mewa in R7-million takeover deal

CONTROL of Mewa, a Cape-based investment holding company whose subsidiaries make and distribute stainless steel products and which was involved in merger discussions with Bannat earlier this year, is to change hands in a R7,1-million deal.

Finacial services group Supreme Bond Trust is acquiring a 79,47 percent interest in Mewa from the Rabie family for 72,5c a share, excluding the dividend. Minorities will be offered 70,5c a share.

Mewa shares were traded at 60c before suspension yesterday after a special deal involving 4,5-million shares.

Pre-tax profits for the six months to August are warranted to be not less than R1,8-million. For the previous financial year ending February, Mewa reported pre-tax profit of R2,5-million, attributable earnings of R1,3-million from turnover of R112,5-million.

After acquiring 59,5 percent of the shares in retailer Beares Limited, majority shareholder Prefecr is to offer minorities R4 a share (the price it paid) and de-list the company.

Shareholders were advised at the end of August of preliminary agreement to the R9,6-million deal, and final agreement was announced today.

"De-listing has been decided on because the listing has never really been used," says chief executive Mr Terry Rosenberg, who became group executive chairman of Beares earlier this year.

Ventures has reported a 44 percent increase in turnover and a 24 percent advance in earnings to R17,4-million (R14-m) for the six months to end-August.

Altech benefited from the acquisition and organic growth reported in Fintech and Power-tech. But earnings performance was hurt by a squeeze on margins and by a sharp turnaround in the group's interest payment position.

Turnover was up 44 percent to R1 055-million (R730-million) and operating income by 30 percent to R113,7-million (R87,7-million).

Altech, hit by the cutback in Post Office expenditure, showed a 5 percent drop in turnover to R256-million (R268-million) but reported a 10 percent increase in operating income to R66,8-million (R60,7-million) as margins picked up.

Maggie Rowley
Expansion for Atlantis factory

BRIT'S Textile Products, a member of the Seaward group is celebrating its 30th anniversary and the opening tomorrow of its new factory and offices in John Van Niekerk Street, Atlantis.

The new 7,000 sq ft factory was completed by Project Managers, City Developments, in a record 18 weeks.

Sophisticated new machinery has been installed, allowing Brit's Textile Products to double its present capacity of high bulk nonwoven fibre (fibrefill) in which it specialises.

"Our production line will be one of the fastest in the world for high bulk nonwovens," said managing director, Mr. Kim Capstick-Dale.

The equipment will also provide scope for new markets such as stitched fabrics for duvet linings and pillow linings, industrial applications and nonwovens for the building industry.

"Our machinery was in the main imported from Italy, Germany and Great Britain, with a part of the plant being built on site under supervision of Jim Bailey, our technical manager," said Kim Dale. "This resulted in a saving of about R5 million.

"The high degree of technology at our plant will cut production costs and enable us to produce products of European standard," said Gerry Couchman, national sales manager.

"In the past our customers had to use imported fibrefill in certain grades as we were unable to produce these grades or the quality demanded. We will now be able to replace these imports at a fairly high degree."" incorporated in Brit's Textile's new complex will be a research laboratory to provide quality control. The company will engage in a constant quest for new products and totally new end uses, said Kim Dale.

"We are not alone in this industry. A recent discovery, for example, is that citrus farmers can prevent ants from climbing up tree trunks and eating oranges simply by tying strips of nonwoven fibre around the trunks," he said. "There are other technical applications, many too obscure to mention."

"At present our main users are clothing manufacturers, household textile manufacturers and upholsterers, to whom we supply on a national basis."

"We offer a great variety of high bulk products, ranging from 90g to 300g per sq m, and our company philosophy is to concentrate on quality and cost effectiveness."

As fibrefill is normally hidden from view inside the end product, the buyer often has to guess the quality from the price. In the case of a duvet, for instance, the fibrefill can range from 150g to 400g so we are trying to encourage our top and customers to advertise the weight on their packaging.

"We are approved suppliers to the major retail chains and I think this gives an indication of the quality we provide."

Brit's Textile Products is associated with the West German company, Sander Vliesstoffwerk GmbH, one of the world's leading producers of high bulk nonwovens, said Kim Dale.

"Sander keeps us up to date with what is happening internationally in the nonwovens field, one of the fastest-growing and fastest-changing industries. It is a source of technology which has enabled our development to take place."

To commemorate the official opening of the new factory a reception will be held for customers and suppliers at John Van Niekerk Street, Atlantis, tomorrow at 12.30 pm.
Romatex earnings hit record levels

JOHANNESBURG — The Romatex Group is reaping the rewards of the substantial capital expenditure programme it has pursued in recent years with profits hitting record levels in the past year and expected to be at least maintained in the current year.

Earnings for the year ended 30 September, 1988 are up by 54% at 217,2c a share off a high base which follows earnings growth in the 1987 and 1988 financial years of 50% and 60% respectively.

At the half-way mark, the company reported 70% higher earnings and the interim dividend was up by 67%, but the directors warned that results for the year as a whole would not match this.

The directors say in comment with the results “The good performance is an endorsement of the policy of strong investment which commenced during the recessionary years of 1983-86.”

The Romatex Group has invested some R120m in capital expenditure over the past four years to introduce new products, to expand and upgrade existing operations and to reduce its dependence upon some of the more cyclical sectors of its business.

The benefits of the large capex investment are highlighted by the better operating margin with operating profits up by 80% for the year at R36,4m on a 22% improvement in turnover to R574,4m.

The capex has been funded from internal resources as is evident from the fact that borrowings remain low at under R2m.

The switch from the comprehensive treatment of deferred tax reduced the previous year’s tax charge by R3,6m — boosting that year’s earnings by 14,6c — and the rate on the new basis in the 1988 financial year was virtually unchanged with tax rising by much the same level as profits at 55,2%.

After adjusting for associated companies and outside shareholders, attributable profits are 94% up at R51,7m — an impressive performance.

Extraordinary losses amounted to 2,2c a share.

The group is continuing with its policy of substantial investment and has already committed a further R38,7m in the current year.

This, together with previous investment, is expected to show benefits again this year when, in spite of an anticipated decline in trading conditions resulting from the new fiscal measures to contain consumer spending.

“The expenditure will at least be maintained.”

Romatex shares are currently priced at about 820c at which level they yield 26,3% — equivalent to a 13,2c dividend and 8,2% on the 76c dividend.

These compare with averages for the actuaries indices of the clothing and textile sector of 16,4% and 6,3% respectively.

The profit growth of 54% resulted from a real increase in demand for consumer durable and semi-durable goods, enabling the group to improve capacity utilisation and thus benefit from the capital expenditure undertaken during the past few years.

In spite of the increased levels of trading and continued high capital expenditure in the current year, net borrowings remained at last year’s low level of less than R2m.

A full report on trading results and the Group financial position will be contained in the annual financial statements which will be released on or about 16 November 1988.

As a result of the benefits of previous capital expenditure now emerging, it is anticipated that earnings will be at least maintained in the current year despite new measures taken by Government aimed at protecting the balance of payment and containing consumer spending.

The board has declared a final dividend of 50c a share which brings the total dividend declared for the year to 75c (1987, 50c).

Notice is hereby given that dividend No 89 of 50c a share (1987, 35c) being a final dividend for the year ended September 30, 1988 has been declared payable to shareholders registered in the books of the company at the close of business on November 11, 1988.

The transfer books and register of members will be closed from November 12, 1988 to November 27, 1988 (both dates inclusive) and dividend warrants will be posted to shareholders on or about December 9, 1988 — Sapa.
Da Gama textiles sail with the wind

By Sven Forssman

An expected shift in demand from imported fabrics to local textiles because of the declining rand will greatly benefit textile manufacturer Da Gama.

Growth should be generated by the informal sector and by rising demand for household textiles, especially at the lower end of the market.

Da Gama will have to expand, however, to cope with increased demand because it has been operating at 100 percent capacity for the past five years.

The historical picture of Da Gama is one of exceptional growth. Turnover for the year to December 1987 was R210 million, nearly double that of 1984.

Earnings showed a compound growth rate of 13.8 percent in the same period.

Average

The share price at R7.50 has risen more than 60 percent from its low of R3.25 in November. It is on a P/E ratio of 6.7 times, compared with the sector average of 4.5.

Da Gama's dividend yield of 6.2 percent is in line with the sector's average of 6.9, but it is forecast to increase to 7.7 in the current financial year and to 9.4 percent in 1989.

Da Gama has plans to expand over the next five years, but at a conservative rate.

As the group has about R30 million in cash on hand, it is well-placed to make acquisitions. Gearing at the interim stage was only 0.6 percent.

Capital expenditure next year is expected to be R20 million and will be spent on capacity expansion and replacement of plant and equipment.

On a market rumour that Da Gama may be interested in taking a stake in Frame, financial director Mr. Nick Pietersma says a deal between the two companies would be a wonderful tie-up, but that there is nothing on the cards.

Conditions

"There are obvious synergies, but I do not believe the conditions are right. Maybe in about five years' time," he says.

Frankel Kruger analyst Ms Heidi Vollmer says Da Gama has outperformed the industrial, overall and clothing and textile indices over the past year.

She says the group's low tax rate - it is expected to average 20 percent in the current financial year because the group's Chinese operations form approximately 70 percent of its activities - its cashflush position and increased capacity all contribute to enhancing prospects.

"Another advantage," Ms Vollmer says, "is that very little of the group's raw materials are imported."
Romatex expects to benefit from Capex

DURBAN. — The benefits of heavy capital expenditure, which heavily boosted the Romatex group's performance in the past two years, are expected to play a vital role this year in offsetting the effects the government's moves to cool the economy may have on the company's performance, Romatex's retiring chairman Jack Ward, said in his annual report.

He forecast "marginally increased profits in the current year".

Romatex achieved successive attributable profit growths of 66%, 95% and 54% in the past three years, much of which was attributable to the capital growth projects of the past four years.

In the past financial year, R41.7m was spent in capital expenditure and "an even greater amount is expected to be invested in 1988/89 with borrowing increasing accordingly."
King calls for protection for textile industry

From JON BEVERLEY

THE clothing industry has not been able to develop a worthwhile export market even though there is a trade regulation which allows it to import cheaper fabrics — its efforts have been hampered because it cannot compete with prices and labour conditions in other countries.

This is one of the main points made by textile chief and chairman of the Frame Group, Mervyn King, in the group's annual report.

King said under current economic and political conditions the "put SA first" slogan was appropriate and it meant that "we must support our local industries. We need to think South African and buy South African. We cannot afford to import products which we can produce in SA."

Outlining the situation he said that in September 1986 the government, through the Board of Trade and Industries, had reduced textile duties as a temporary measure pending a report on the re-structuring of the textile industry.

This had resulted in a doubling, in value and volume, of textile imports in 1987 — a situation which continued in the first six months of this year.

"All this has been to the detriment of the textile industry in South Africa and has placed present capital investments and levels of employment in jeopardy."

Mr King pointed out that Trade Regulation 470.03 had always allowed clothing manufacturers access to cheaper overseas fabrics suitable for export.

However exports had not developed.

Clothing manufacturers could not compete with countries with 48 hour work weeks, relatively lower wages, much higher productivity levels and work ethics which brought factory and living areas closer, higher training, access to raw materials at world prices, no sanction restraints, free access to world markets and subsidized entry to others, much lower inflation and lower interest rates.

The textile industry had contributed R3 800m to the national economy last year — with an import content of R400m.

He asked "at this critical time in the economic history should any attempt be made to restructure an industry making such a contribution to our economy by utilizing methods of which the ultimate outcome is unknown?"

Sanctions

He said that the textile industry required certainty, but this was lacking and it affected capital investment running into tens of millions of rand.

Right now the textile industry needed to be protected by adequate tariffs so it could supply a market that was affected by sanctions and a weakening rand.

The major players in the textile pipeline, from farmer to retailer, should then be allowed to work out their future together, he said.

On prospects for the Frame Group, he said that they were budgeting for an improved performance in the current year as a result of reducing the cost base.

The group was constantly addressing its quality and service levels, but "the long-term future of the group will be significantly influenced by the authorities' attitude towards textile imports."

No financial forecasts were made in Mr King's report. For the operating company — Consolidated Frame Textiles — turnover, in the year to June 30, was up 6% to R700m, operating income was down 12% to R45.7m, pre-tax income down 4% at R32.9m, and attributable earnings down 12%.

Earnings per share were 54.8c (62.6c) and dividends were held at 34c (34c). The net asset value was up slightly to 1 683c (1 680c) a share, but the JSE price at the year-end, at 530c, was on the 1987 year-end value of 1 050c.
Textile industry needs no protection, says Mike Getz

THE greatest handicap to the development of clothing exports has been the lack of competitively priced fabrics from key SA suppliers, says Mike Getz, former President of the National Clothing Federation.

Replying to a call from Mervyn King, new chairman of the Frame group, for more protection for the textile industry, Getz says this would “perpetuate a system which has led to a fall in output and jobs throughout the manufacturing sector for almost a decade.”

He says the decision to reduce duties on imported textiles in 1986 was “a direct result of poor delivery, indifferent quality and sharp price hikes” from local suppliers.

“In key fabric categories the supply situation was so serious as to amount to unavailability.

“Had the Board of Trade not taken that decision, shortages would have become even more serious. Regrettably, that situation resulted from a system of protection that precluded effective response to the market developments by many domestic fabric suppliers.”

Answering the claim that textile manufacturers needed more certainty to justify investment in new plant and training, Getz says that waiting times for basic fabrics have already “moved well into, and beyond, the second quarter of 1989.”

Very shortly major mills would be fully booked with availability of fabric “stretching deep into 1989 and early 1990.”
For S's Textile Industry

Traumatic Twill Mill Tooms
Arwa, Berkshire in R11-million deal

THE hosiery division of Berkshire International has been sold to textile group, Arwa, in an R11-million deal.

Berkshire said it had decided to dispose of its hosiery division to concentrate on its core business of quality fashion garments and to take full advantage of opportunities arising out of its acquisition of Gallant Clothing Manufacturers in September.

Arwa has bought all rights to the trade name Berkshire and the clothing company, Berkshire International, has agreed to change its name by March.

In terms of the deal, Arwa will pay for the hosiery division through the issue of 3793 193 new shares which will be placed by Duros on Arwa's behalf.
Major Textile Union Mooted

Labor Supply

On January 16, the largest textile union of the South African Textile Industry called a meeting of all its branches to discuss the formation of a major textile union. The meeting was attended by representatives from all major textile unions in the country. The union leaders believe that the formation of a major textile union would provide better representation for workers and improve their bargaining power.

New Year

By Dick Usher